

BANK BRADESCO  
Form 6-K  
November 03, 2010

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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 November, 2010  
Commission File Number 1-15250**

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

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

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

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

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

Yes  No

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## Forward-Looking Statements

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

Factors which could modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers in loan operations, with the consequent increase in the allowance for loan losses; loss of funding capacity; loss of 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 motive.

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 nine months of 2010 are presented below:

1. Adjusted Net Income<sup>(1)</sup> in the period was R\$7.120 billion (an increase of 23.9% from R\$5.747 billion in the same period of 2009), corresponding to earnings per share of R\$2.38 accrued over twelve months and Return on Average Shareholders' Equity<sup>(2)</sup> of 22.5%.
2. Adjusted Net Income was composed of R\$4.995 billion from financial activities, which represented 70% of the total, and R\$2.125 billion from insurance, private pension and savings bond operations, which accounted for 30% of the total.
3. On September 30, 2010, Bradesco's market capitalization stood at R\$114.510 billion<sup>(3)</sup>, while the value of preferred shares rose by 19.6%<sup>(4)</sup> in the last twelve months.
4. Total Assets stood at R\$611.903 billion in September 2010, an increase of 26.0% from the balance in the same period in 2009. Return on average assets was 1.7%.
5. The Total Loan Portfolio<sup>(5)</sup> stood at R\$255.618 billion in September 2010, up 18.6% from the same period in 2009. Operations with individuals totaled R\$92.905 billion (up 23.0%), while operations with companies totaled R\$162.713 billion (up 16.2%).
6. Total Assets under Management stood at R\$838.455 billion, an increase of 24.3% from September 2009.
7. Shareholders' Equity was R\$46.114 billion in September 2010, increasing by 18.6% from the balance in the same period a year earlier. The Capital Adequacy Ratio (Basel II) stood at 15.7% in September 2010, 13.5% of which under Tier I Capital.
8. In the first nine months of 2010, Interest on Shareholders' Equity and Dividends in the amount of R\$4.160 billion were paid and provisioned, of which R\$2.408 billion were related to income generated in the period (R\$938 million in interim and monthly dividends paid and R\$1.470 billion provisioned) and R\$1.752 billion to income from fiscal year 2009 (R\$43 million monthly paid on January 4, 2009 and additional payments of R\$1.709 billion paid on March 9, 2010).
9. The Efficiency Ratio<sup>(6)</sup> stood at 42.5% in September 2010 (40.9% in September 2009) and the "adjusted-to-risk" ratio stood at 53.3% in September 2010 (55.8% in September 2009).
10. Insurance Written Premium, Pension Plan Contributions and Savings Bonds Income totaled R\$22.056 billion in the first nine months of 2010. Technical provisions stood at R\$82.363 billion, equal to 31.1% of the Brazilian insurance market (period: August/10).
11. Investments in infrastructure, information technology and telecommunication amounted to R\$2.694 billion in the first nine months of 2010, growth of 8.1% compared to the same period in 2009.
12. In the nine month period of 2010, taxes and contributions, including social security, paid or provisioned, amounted to R\$10.766 billion, of which R\$4.398 billion corresponded to taxes withheld and collected from third parties, and R\$6.368 billion corresponded to taxes levied on the activities of Bradesco Organization is active in the first nine months of 2010, equal to 89.4% of Adjusted Net Income.
13. Banco Bradesco has an extensive distribution network in Brazil, with 6,374 Branches, PAB mini-branches and PAAs (3,498 Branches, 1,233 PABs and 1,643 PAAs). Customers can also use 1,559 PAEs, 31,759 ATMs in the Bradesco Dia&Noite network, 24,887 Bradesco Expresso service points, 6,194 Banco Postal (Postal Bank) branches and 9,248 ATMs in the Banco24Horas (24HourBank) network.

(1) According to the non-recurring events described on page 08 of the Report on Economic and Financial Analysis; (2) Excludes the effects from asset valuation adjustments registered under shareholders' equity; (3) R\$127.6 billion considering the total number of shares (less treasury shares) x closing quote for preferred shares on last day in period (most net share); (4) Considering the 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 (6) Accumulated over 12 months.



14. In the first nine months of 2010, employee payroll plus charges and benefits totaled R\$5.717 billion. Social benefits provided to the 92,003 employees of the Bradesco Organization and their dependents amounted to R\$1.332 billion, while investments in training and development programs totaled R\$68.286 million.
15. In August 2010, Odontoprev S.A. and its parent companies Bradesco Seguros S.A. and ZNT Empreendimentos, Comércio e Participações Ltda. entered into a Memorandum of Understanding with BB Seguros Participações S.A. to start a strategic alliance for the development and sale of dental insurance.
16. In August 2010, Bradesco and Banco do Brasil entered into a Memorandum of Understanding with Caixa Econômica Federal seeking the participation of the latter in a company to be formed in order to manage "Elo", the new Brazilian brand of credit, debit and prepaid cards to be offered to account holders and non-account holders of the respective banks.
17. In September 2010, Bradesco entered into an agreement with CPM Braxis and its shareholders to transfer the controlling interest in CPM Braxis to Capgemini S.A., through which it acquired 55% of shares issued by CPM Braxis.
18. Main Awards and Recognitions in the third quarter of 2010:
  - Bradesco received the Escore GAMMA 7 awarded by Standard & Poor's Governance Services for its strong corporate governance standards. The highest Escore GAMMA Governance rating ever awarded worldwide was a 7+.
  - Bradesco continued as a component of the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange in 2010, an indicator that lists the best companies worldwide in terms of Corporate Governance and social and environmental responsibility practices;
  - Bradesco was chosen one of the 100 Best Companies of the Year in the "2010 Organizational Human Development Indicator Award" ;
  - Grupo Bradesco de Seguros e Previdência was a general leader in the annual *Valor 1000* in the following rankings: Insurance, Life and Pension Plan and Health (*Valor 1000* magazine);
  - For the 6<sup>th</sup> time, Bradesco Saúde received the *Estadão RH* Top of Mind award in the health insurance" category (Estado de São Paulo newspaper / Felix Editora);
  - Organização Bradesco was chosen as the Best Bank in HR and Social Responsibility, Best Insurance Company and Best Health Company in the annual publication *As Melhores da Dinheiro* (IstoÉ Dinheiro magazine); and
  - For 11 years, Bradesco has been one of the 100 Best Companies to Work for in Brazil (Época magazine).
19. In relation 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 for 53 years has been developing a broad social and educational program that operates 40 schools across Brazil. In 2010, a R\$268.010 million budget will provide over 660 thousand service events, of which 112 thousand were provided to students in its own schools. In addition, the 50 thousand elementary education students are also provided with uniforms, school supplies, meals and health and dental assistance, all free of charge. Over 550 thousand students will be served through the Virtual School, its e-learning portal, through the Digital Inclusion Centers (CIDs) and through programs conducted under strategic partnerships, like *Educa+Ação*.





## Main Information

|  | 3Q10     | 2Q10     | 1Q10     | 4Q09     | 3Q09     | 2Q09     | 1Q09     | 4Q08     | Variation %    |                |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------------|----------------|
|  |          |          |          |          |          |          |          |          | 3Q10 X<br>2Q10 | 3Q10 X<br>3Q09 |
| Statement of Income for the Period - R\$ million   |          |          |          |          |          |          |          |          |                |                |
| Net Income - Book  | 2,527    | 2,405    | 2,103    | 2,181    | 1,811    | 2,297    | 1,723    | 1,605    | 5.1            | 39.5           |
| Adjusted Net Income  | 2,518    | 2,455    | 2,147    | 1,839    | 1,795    | 1,996    | 1,956    | 1,806    | 2.6            | 40.3           |
| Total Financial Margin   | 8,302    | 8,047    | 7,689    | 7,492    | 7,587    | 7,560    | 7,115    | 5,924    | 3.2            | 9.4            |
| Gross Loan Financial Margin  | 5,833    | 5,757    | 5,630    | 5,373    | 5,150    | 4,979    | 4,576    | 4,256    | 1.3            | 13.3           |
| Net Loan Financial Margin  | 3,774    | 3,596    | 3,442    | 2,678    | 2,242    | 1,861    | 1,814    | 2,368    | 4.9            | 68.3           |
| Expenses with Allowance for  |          |          |          |          |          |          |          |          |                |                |
| Loan Losses  | (2,059)  | (2,161)  | (2,188)  | (2,695)  | (2,908)  | (3,118)  | (2,762)  | (1,888)  | (4.7)          | (29.2)         |
| Fee and Commission Income  | 3,427    | 3,253    | 3,124    | 3,125    | 2,857    | 2,911    | 2,723    | 2,698    | 5.3            | 20.0           |
| Administrative and Personnel   |          |          |          |          |          |          |          |          |                |                |
| Expenses   | (5,301)  | (4,976)  | (4,767)  | (4,827)  | (4,485)  | (4,141)  | (4,007)  | (4,230)  | 6.5            | 18.2           |
| Premiums from Insurance, Private Pension Plans   |          |          |          |          |          |          |          |          |                |                |
| Contribution and Income from Savings Bonds   | 7,697    | 7,163    | 7,196    | 8,040    | 6,685    | 6,094    | 5,514    | 6,204    | 7.5            | 15.1           |
| Balance Sheet - R\$ million  |          |          |          |          |          |          |          |          |                |                |
| Total Assets   | 611,903  | 558,100  | 532,626  | 506,223  | 485,686  | 482,478  | 482,141  | 454,413  | 9.6            | 26.0           |
| Securities   | 196,081  | 156,755  | 157,309  | 146,619  | 147,724  | 146,110  | 130,816  | 131,598  | 25.1           | 32.7           |
| Loan Operations <sup>(1)</sup>   | 255,618  | 244,788  | 235,238  | 228,078  | 215,536  | 212,768  | 212,993  | 213,602  | 4.4            | 18.6           |
| - Individuals  | 92,905   | 89,648   | 86,012   | 82,085   | 75,528   | 74,288   | 73,694   | 73,646   | 3.6            | 23.0           |
| - Corporate  | 162,713  | 155,141  | 149,226  | 145,993  | 140,008  | 138,480  | 139,299  | 139,956  | 4.9            | 16.2           |
| Allowance for Loan Losses (PLL)  |          |          |          |          |          |          |          |          |                |                |
|  | (16,019) | (15,782) | (15,836) | (16,313) | (14,953) | (13,871) | (11,424) | (10,263) | 1.5            | 7.1            |
| Total Deposits   | 186,194  | 178,453  | 170,722  | 171,073  | 167,987  | 167,512  | 169,104  | 164,493  | 4.3            | 10.8           |
| Technical Provisions   | 82,363   | 79,308   | 77,685   | 75,572   | 71,400   | 68,828   | 66,673   | 64,587   | 3.9            | 15.4           |
| Shareholders' Equity   | 46,114   | 44,295   | 43,087   | 41,754   | 38,877   | 37,277   | 35,306   | 34,257   | 4.1            | 18.6           |
| Funds Raised and Managed   | 838,455  | 767,962  | 739,894  | 702,065  | 674,788  | 647,574  | 640,876  | 597,615  | 9.2            | 24.3           |
| Performance Indicators (%) on Adjusted Net Income (except when otherwise stated)                   |          |          |          |          |          |          |          |          |                |                |
| Adjusted Net Income per Share  |          |          |          |          |          |          |          |          |                |                |
| - R\$ <sup>(2)</sup>   | 2.38     | 2.19     | 2.07     | 2.02     | 2.04     | 2.06     | 2.07     | 2.04     | 8.7            | 16.7           |
| Book Value per Share   |          |          |          |          |          |          |          |          |                |                |
| (Common and Preferred) - R\$   | 12.26    | 11.77    | 11.45    | 11.10    | 10.49    | 10.04    | 9.51     | 9.22     | 4.2            | 16.9           |
| Annualized Return on Average Shareholders' Equity <sup>(3)(4)</sup>                                |          |          |          |          |          |          |          |          |                |                |
|  | 22.5     | 22.8     | 22.2     | 20.3     | 21.5     | 23.3     | 24.1     | 23.8     | (0.3) p.p      | 1.0 p.p        |
| Annualized Return on Average Assets <sup>(4)</sup>   |          |          |          |          |          |          |          |          |                |                |
|  | 1.7      | 1.7      | 1.7      | 1.6      | 1.6      | 1.7      | 1.7      | 1.9      | -              | 0.1 p.p        |
| Average Rate - (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - |          |          |          |          |          |          |          |          |                |                |
|  | 7.9      | 8.2      | 8.1      | 8.1      | 8.3      | 8.2      | 7.8      | 7.0      | (0.3) p.p      | (0.4) p.p      |

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Permanent Assets)

Annualized

|  |         |        |         |         |        |        |        |        |           |           |
|--|---------|--------|---------|---------|--------|--------|--------|--------|-----------|-----------|
| Fixed Assets Ratio - Total                             |         |        |         |         |        |        |        |        |           |           |
| Consolidated   | 16.7    | 20.9   | 19.8    | 18.6    | 15.4   | 15.1   | 14.1   | 13.5   | (4.2) p.p | 1.3 p.p   |
| Combined Ratio - Insurance                             |         |        |         |         |        |        |        |        |           |           |
| (5)  | 85.3    | 84.7   | 85.2    | 85.3    | 88.9   | 85.5   | 86.2   | 89.7   | 0.6 p.p   | (3.6) p.p |
| Efficiency Ratio (ER) (2)                              |         |        |         |         |        |        |        |        |           |           |
|  | 42.5    | 42.0   | 41.2    | 40.5    | 40.9   | 41.5   | 42.5   | 43.3   | 0.5 p.p   | 1.6 p.p   |
| Coverage Ratio (Fee and Commission                     |         |        |         |         |        |        |        |        |           |           |
| Income/Administrative and Personnel Expenses) (2)      | 65.1    | 64.9   | 66.0    | 66.5    | 66.4   | 67.3   | 67.2   | 68.4   | 0.2 p.p   | (1.3) p.p |
| Market Capitalization - R\$ million (6)                |         |        |         |         |        |        |        |        |           |           |
|  | 114,510 | 87,887 | 100,885 | 103,192 | 98,751 | 81,301 | 65,154 | 65,354 | 30.3      | 16.0      |
| Loan Portfolio Quality % (7)                           |         |        |         |         |        |        |        |        |           |           |
| PLL / Loan Portfolio                                   | 7.4     | 7.6    | 8.0     | 8.5     | 8.3    | 7.7    | 6.3    | 5.7    | (0.2) p.p | (0.9) p.p |
| Non-Performing Loans (>60 days (8) / Credit Portfolio) |         |        |         |         |        |        |        |        |           |           |
|  | 4.6     | 4.9    | 5.3     | 5.7     | 5.9    | 5.6    | 5.2    | 4.4    | (0.3) p.p | (1.3) p.p |
| Delinquency Ratio (> 90 days (8) / Loan Portfolio)     |         |        |         |         |        |        |        |        |           |           |
|  | 3.8     | 4.0    | 4.4     | 4.9     | 5.0    | 4.6    | 4.2    | 3.4    | (0.2) p.p | (1.2) p.p |
| Coverage Ratio (> 90 days (8))                         |         |        |         |         |        |        |        |        |           |           |
|  | 191.8   | 188.5  | 180.8   | 174.6   | 166.5  | 169.1  | 152.4  | 165.6  | 3.3 p.p   | 25.3 p.p  |
| Coverage Ratio (> 60 days (8))                         |         |        |         |         |        |        |        |        |           |           |
|  | 162.0   | 155.8  | 151.3   | 148.6   | 139.4  | 137.9  | 122.3  | 130.7  | 6.2 p.p   | 22.6 p.p  |
| Operating Limits %                                     |         |        |         |         |        |        |        |        |           |           |
| Capital Adequacy Ratio - Total Consolidated (9)        |         |        |         |         |        |        |        |        |           |           |
|  | 15.7    | 15.9   | 16.8    | 17.8    | 17.7   | 17.0   | 16.0   | 16.1   | (0.2) p.p | (2.0) p.p |
| - Tier I   | 13.5    | 13.9   | 14.3    | 14.8    | 14.3   | 14.3   | 13.2   | 12.9   | (0.4) p.p | (0.8) p.p |
| - Tier II  | 2.3     | 2.1    | 2.6     | 3.1     | 3.5    | 2.8    | 2.9    | 3.3    | 0.2 p.p   | (1.2) p.p |
| - Deductions   | (0.1)   | (0.1)  | (0.1)   | (0.1)   | (0.1)  | (0.1)  | (0.1)  | (0.1)  | -         | -         |

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|   | Sep10  | Jun10  | Mar10  | Dec09  | Sep09  | Jun09  | Mar09  | Dec08  | Variation %      |                  |
|---|--------|--------|--------|--------|--------|--------|--------|--------|------------------|------------------|
|   |        |        |        |        |        |        |        |        | Sep10<br>x Jun10 | Sep10<br>x Set09 |
| Structural Information - Units                                |        |        |        |        |        |        |        |        |                  |                  |
| Service Points  | 52,015 | 49,154 | 46,570 | 44,577 | 42,563 | 41,003 | 39,275 | 38,027 | 5.8              | 22.2             |
| - Branches  | 3,498  | 3,476  | 3,455  | 3,454  | 3,419  | 3,406  | 3,375  | 3,359  | 0.6              | 2.3              |
| - Advanced Service Branch (PAAs) <sup>(10)</sup>              | 1,643  | 1,592  | 1,451  | 1,371  | 1,338  | 1,260  | 1,183  | 1,032  | 3.2              | 22.8             |
| - Mini-Branches (PABs) <sup>(10)</sup>                        | 1,233  | 1,215  | 1,200  | 1,190  | 1,194  | 1,192  | 1,184  | 1,183  | 1.5              | 3.3              |
| - Electronic Service Branch (PAEs) <sup>(10)</sup>            | 1,559  | 1,565  | 1,564  | 1,551  | 1,539  | 1,528  | 1,512  | 1,523  | (0.4)            | 1.3              |
| - Outplaced ATM Terminals <sup>(11)</sup>                     | 4,104  | 3,827  | 3,664  | 3,577  | 3,569  | 3,516  | 3,389  | 3,296  | 7.2              | 15.0             |
| - Outplaced Banco24Horas ATMNetwork Terminals <sup>(11)</sup> | 8,113  | 7,358  | 6,912  | 6,486  | 5,980  | 5,558  | 5,068  | 4,732  | 10.3             | 35.7             |
| - Banco Postal (Postal Bank)                                  | 6,194  | 6,177  | 6,110  | 6,067  | 6,038  | 6,011  | 5,959  | 5,946  | 0.3              | 2.6              |
| - Bradesco Expresso (Correspondent Banks)                     | 24,887 | 23,190 | 21,501 | 20,200 | 18,722 | 17,699 | 16,710 | 16,061 | 7.3              | 32.9             |
| - Bradesco Promotora de Vendas (Correspondent Banks)          | 773    | 743    | 702    | 670    | 753    | 822    | 884    | 883    | 4.0              | 2.7              |
| - Branches / Subsidiaries Abroad <sup>(12)</sup>              | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 12     | -                | -                |
| ATMterminals  | 41,007 | 39,766 | 38,772 | 37,957 | 37,178 | 36,430 | 35,443 | 34,524 | 3.1              | 10.3             |
| - Own   | 31,759 | 31,387 | 30,909 | 30,657 | 30,414 | 30,191 | 29,764 | 29,218 | 1.2              | 4.4              |
| - Banco24Horas  | 9,248  | 8,379  | 7,863  | 7,300  | 6,764  | 6,239  | 5,679  | 5,306  | 10.4             | 36.7             |
| Credit and Debit Card <sup>(13)</sup> - in million            | 140.7  | 137.8  | 135.6  | 132.9  | 88.4   | 86.3   | 85.2   | 83.2   | 2.1              | 59.2             |
| Employees <sup>(14)</sup>                                     | 92,003 | 89,204 | 88,080 | 87,674 | 85,027 | 85,871 | 86,650 | 86,622 | 3.1              | 8.2              |
| Employees and Interns   | 9,796  | 8,913  | 9,605  | 9,589  | 9,606  | 9,439  | 9,292  | 9,077  | 9.9              | 2.0              |
| Foundation Employees <sup>(15)</sup>                          | 3,756  | 3,734  | 3,713  | 3,654  | 3,696  | 3,645  | 3,674  | 3,575  | 0.6              | 1.6              |
| Clients - in millions   |        |        |        |        |        |        |        |        |                  |                  |
| Checking Accounts   | 22.5   | 21.9   | 21.2   | 20.9   | 20.7   | 20.4   | 20.2   | 20.1   | 2.7              | 8.7              |
| Savings Accounts <sup>(16)</sup>                              | 38.5   | 37.1   | 36.2   | 37.7   | 35.1   | 33.9   | 34.2   | 35.8   | 3.8              | 9.7              |
| Insurance Group   | 34.6   | 33.9   | 33.8   | 30.8   | 30.3   | 29.1   | 28.6   | 27.5   | 2.1              | 14.2             |
| - Policyholders   | 30.0   | 29.3   | 29.2   | 26.3   | 25.8   | 24.6   | 24.1   | 23.0   | 2.4              | 16.3             |
| - Pension Plan Participants                                   | 2.0    | 2.0    | 2.0    | 2.0    | 2.0    | 2.0    | 2.0    | 2.0    | -                | -                |
| - Savings Bond Clients  | 2.6    | 2.6    | 2.6    | 2.5    | 2.5    | 2.5    | 2.5    | 2.5    | -                | 4.0              |
| Bradesco Financiamentos                                       | 3.4    | 3.5    | 3.8    | 4.0    | 4.1    | 4.0    | 4.2    | 4.9    | (2.9)            | (17.1)           |

- (1) Includes sureties and guarantees, advances of credit card receivables and credit assignments (receivables-backed investment funds and mortgage-backed receivables);
- (2) In the last 12 months;
- (3) Excludes the asset valuation adjustments 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) Calculated in accordance with the new Basel Capital Accord (BIS II);
- (10) 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;
- (11) Considering overlapping service points within the Bank's own network: In September 2010 - 1,670, June 2010 - 1,547, March 2010 1,490, December 2009 1,455, September 2009 1,452, June 2009 1,431, March 2009 1,379 and December 2008 1,313;
- (12) In October 2010, the Banco Bradesco S.A. Nassau Branch was merged by Bradesco Grand Cayman Branch,
- (13) Includes pre-paid, Private Label, *Pague Fácil* and Banco Ibi as of the fourth quarter of 2009;
- (14) Considering Ibi Promotora employees: In September 2010 - 2,294, June 2010 - 2,142, March 2010 - 2,187 and December 2009 - 2,126;
- (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       |         |                   |            |                  |            |           |            |
|---------------------|---------|-------------------|------------|------------------|------------|-----------|------------|
| International Scale |         |                   |            | Domestic Scale   |            |           |            |
| Individual          | Support | Domestic Currency |            | Foreign Currency |            | Domestic  |            |
| B/C                 | 3       | Long-Term         | Short-Term | Long-Term        | Short-Term | Long-Term | Short-Term |
|                     |         | BBB +             | F2         | BBB              | F2         | AAA (bra) | F1 + (bra) |

| Moody's Investors Service |                       |                           |            |                          |                |                   |            |
|---------------------------|-----------------------|---------------------------|------------|--------------------------|----------------|-------------------|------------|
| Financial Strength        | International Scale   |                           |            |                          | Domestic Scale |                   |            |
|                           | Foreign Currency Debt | Domestic Currency Deposit |            | Foreign Currency Deposit |                | Domestic Currency |            |
| B -                       | Long-Term             | Long-Term                 | Short-Term | Long-Term                | Short-Term     | Long-Term         | Short-Term |
| Baa2                      | A1                    | P - 1                     | Baa3       | P-3                      | Aaa.br         | BR - 1            |            |

| Standard & Poor's                         |            |                   |            |                     |            | R&I Inc.            | Austin Rating        |                |            |
|---|------------|-------------------|------------|---------------------|------------|---------------------|----------------------|----------------|------------|
| International Scale - Counterparty Rating |            |                   |            | Domestic Scale      |            | International Scale | Corporate Governance | Domestic Scale |            |
| Foreign Currency                          |            | Domestic Currency |            | Counterparty Rating |            | Issuer Rating       |                      | Long-Term      | Short-Term |
| Long-Term                                 | Short-Term | Long-Term         | Short-Term | Long-Term           | Short-Term | BBB -               | AA                   | AAA            | A - 1      |
| BBB                                       | A - 3      | BBB               | A - 3      | brAAA               | brA - 1    |                     |                      |                |            |

### Book Net Income vs. Adjusted Net Income

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

|  | R\$ million  |              |              |              |
|--|--------------|--------------|--------------|--------------|
|  | 9M10         | 9M09         | 3Q10         | 2Q10         |
| <b>Net Income - Book</b>                 | <b>7,035</b> | <b>5,831</b> | <b>2,527</b> | <b>2,405</b> |
| <b>Non-Recurring Events</b>              | <b>85</b>    | <b>(84)</b>  | <b>(9)</b>   | <b>50</b>    |
| - Partial Investment Sale <sup>(1)</sup> | (79)         | (2,409)      | (79)         | -            |
| - Additional PLL <sup>(2)</sup>          | -            | 1,480        | -            | -            |
| - Records of Tax Credits                 | (242)        | -            | -            | -            |

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|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| - Provision for Tax Contingencies                    | 397          | -            | -            | -            |
| - Provision for Civil Contingencies - Economic Plans | 182          | 801          | 71           | 75           |
| - Law 11,941/09 (REFIS) <sup>(3)</sup>               | (4)          | -            | (4)          | -            |
| - Tax Effects  | (169)        | 44           | 3            | (25)         |
| <b>Adjusted Net Income</b>                           | <b>7,120</b> | <b>5,747</b> | <b>2,518</b> | <b>2,455</b> |
| <b>ROAE % (*)</b>                                    | <b>22.2</b>  | <b>21.8</b>  | <b>24.5</b>  | <b>24.2</b>  |
| <b>ROAE(ADJUSTED) % (*)</b>                          | <b>22.5</b>  | <b>21.5</b>  | <b>24.4</b>  | <b>24.7</b>  |

(\*) Annualized;

- (1) In 3Q10 and 9M10, gross gain related to the partial sale of the investment in CPM Braxis. In 9M09, gross gain related to the partial sale of the investment in Cielo;
- (2) Considering R\$1.3 billion in the second quarter of 2009; and R\$177 million in the first quarter of 2009, both from credit cards; and
- (3) Net effect of payment of taxes, through an installment program and payment in one lump sum of tax debt - Law 11,941/09 (REFIS).

## Summarized Analysis of Adjusted Income

To provide 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. 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 |               |              |             |              |              |             |            |
|   | 9M10                         | 9M09          | Variation    |             | 3Q10         | 2Q10         | Variation   |            |
|   |                              |               | 9M10 x 9M09  |             |              |              | 3Q10 X 2Q10 |            |
|   |                              | Amount        | %            |             |              | Amount       | %           |            |
| <b>Financial Margin</b>   | <b>24,038</b>                | <b>22,262</b> | <b>1,776</b> | <b>8.0</b>  | <b>8,302</b> | <b>8,047</b> | <b>255</b>  | <b>3.2</b> |
| - Interest  | 22,973                       | 20,084        | 2,889        | 14.4        | 7,904        | 7,663        | 241         | 3.1        |
| - Non-Interest  | 1,065                        | 2,178         | (1,113)      | (51.1)      | 398          | 384          | 14          | 3.6        |
| PLL   | (6,408)                      | (8,788)       | 2,380        | (27.1)      | (2,059)      | (2,161)      | 102         | (4.7)      |
| <b>Gross Income from Financial Intermediation</b>                           | <b>17,630</b>                | <b>13,474</b> | <b>4,156</b> | <b>30.8</b> | <b>6,243</b> | <b>5,886</b> | <b>357</b>  | <b>6.1</b> |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 2,072                        | 1,499         | 573          | 38.2        | 703          | 786          | (83)        | (10.6)     |
| Fee and Commission Income   | 9,804                        | 8,491         | 1,313        | 15.5        | 3,427        | 3,253        | 174         | 5.3        |
| Personnel Expenses  | (6,769)                      | (5,886)       | (883)        | 15.0        | (2,411)      | (2,238)      | (173)       | 7.7        |
| Other Administrative Expenses   | (8,275)                      | (6,747)       | (1,528)      | 22.6        | (2,890)      | (2,738)      | (152)       | 5.6        |
| Tax Expenses  | (2,262)                      | (1,841)       | (421)        | 22.9        | (779)        | (734)        | (45)        | 6.1        |
| Equity in the Earnings (Losses) of Unconsolidated Companies                 | 67                           | 58            | 9            | 15.5        | 19           | 19           | -           | -          |
| Other Operating Income/Expenses   | (1,736)                      | (1,410)       | (326)        | 23.1        | (598)        | (588)        | (10)        | 1.7        |
| <b>Operating Income</b>   | <b>10,531</b>                | <b>7,638</b>  | <b>2,893</b> | <b>37.9</b> | <b>3,714</b> | <b>3,646</b> | <b>68</b>   | <b>1.9</b> |
| Non-Operating Income  | (18)                         | 172           | (190)        | (110.5)     | (10)         | (12)         | 2           | (16.7)     |
| Income Tax / Social Contribution  | (3,294)                      | (2,047)       | (1,247)      | 60.9        | (1,123)      | (1,161)      | 38          | (3.3)      |
| Minority Interest   | (99)                         | (16)          | (83)         | -           | (63)         | (18)         | (45)        | -          |
| <b>Adjusted Net Income</b>  | <b>7,120</b>                 | <b>5,747</b>  | <b>1,373</b> | <b>23.9</b> | <b>2,518</b> | <b>2,455</b> | <b>63</b>   | <b>2.6</b> |

(\*) Result of Insurance, Private Pension and Savings Bond Operations = Insurance, Private Pension 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.



### **Adjusted Net Income and Profitability**

In the third quarter of 2010, Bradesco's Adjusted Net Income was R\$2,518 million, an increase of 2.6% or R\$63 million from the previous quarter, which was primarily impacted by: (i) the growth in financial margin, due to increased operations (ii) a decrease in expenses with the allowance for loan losses, due to a drop in delinquency (iii) higher fee and commission income; (iv) increased personnel expenses related to the collective bargaining agreement; and (v) a growth in administrative expenses due to organic growth in the period.

Accumulated over the first nine months of 2010, adjusted net income totaled R\$7,120 million, a significant increase of 23.9% from the R\$1,373 million in the same period last year.

The main reasons for this result are described below in the analysis of the main income statement items, with the consolidation of the income accounts of Banco Ibi as of November 2009.

Shareholders' Equity was R\$46,114 million on September 30, 2010, increasing 18.6% from the same period a year ago. The Capital Adequacy Ratio stood at 15.7%, of which 13.5% was under Tier I Capital.

Total assets stood at R\$611,903 million in September 2010, up 26.0% in the last 12 months, driven by the expansion of operations and greater 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> increased by 1.3 p.p., reaching 53.3% in the third quarter of 2010, in line with the results of previous quarters, mainly due to decreased delinquency.

As for the ER accumulated over 12 months, increases seen in the last few quarters are mainly due to exceptional treasury gains and a decline in advertising and publicity expenses in the first three quarters of 2009 and led to an increase in the periods' indicators.

The quarterly ER increased from 41.5% in the second quarter of 2010 to 43.0% in the third quarter of 2010, mainly due to: (i) increased personnel expenses from higher salaries (collective bargaining agreement); and (ii) growth in administrative expenses, mainly due to the organic growth in the period.

(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 third quarter of 2010 was 43.1%; and

(2) Including PLL expenses, adjusted for granted discounts, loan recovery and sale of non-use assets, among others.

**Financial Margin**

The R\$255 million increase between the third quarter of 2010 and the second quarter of 2010 was due to:

the increase in income from interest-earning operations of R\$241 million, mainly the result of: (i) improved funding margin, due to increased interest rates; and (ii) higher results from credit card margin, impacted by greater business volume; and

increased income from non-interest margin of R\$14 million.

In the comparison of the first nine months of 2010 with the same period of 2009, financial margin improved by 8.0%, or R\$1,776 million, driven by:

the growth in income from interest-earning operations of R\$2,889 million, mainly due to the higher income from loan operations, which was positively impacted by the increased business volumes and margins;

offset by:

lower result from the non-interest margin, in the amount of R\$1,113 million, due to lower expenses with treasury/securities associated with recovery of the domestic and foreign markets, which allowed for important gains in the first nine months of 2009.

### Total Loan Portfolio

In September 2010, Bradesco's loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed securities) totaled R\$255.6 billion. This expansion of 4.4% in the quarter was due to: (i) growth of 6.7% in the SME portfolio; (ii) 3.6% in the Individuals portfolio; and (iii) 3.3% in the Large Corporate portfolio.

In the last twelve months, the portfolio expanded by 18.6%, of which (i) 27.5% in the SME portfolio, (ii) 23.1% in the Individuals portfolio and (iii) 7.6% in the Large Corporate Portfolio.

In the Individuals segment, the products registering the strongest growth in the last twelve months were: (i) payroll-deductible loans, (ii) credit cards (partially impacted by the merger of Banco Ibi in October 2009), (iii) BNDES/Finame onlending operations and (iv) real estate financing. In the Corporate segment, growth was led by (i) BNDES/Finame onlending operations, (ii) credit cards and (iii) real estate financing -corporate plans.

Including other loan risk operations from the commercial portfolio(1), that mainly impacted the

operations of large corporations (debentures and promissory notes), and totaled R\$15.1 billion in September 2010 (R\$12.0 billion in September 2009), total operations with credit risk amounted to R\$270.7 billion in September 2010 (R\$227.6 billion in September 2009), up 4.7% in the quarter and 19.0% in the last twelve months.

(1) For more information, see page 38 of Chapter 2 of this report.

### Allowance for Loan Losses (PLL)

In the third quarter of 2010, expenses with the allowance for loan losses stood at R\$2,059 million, down 4.7%, even considering the 4.4% growth in loan portfolio. This decrease was mainly the result of reduced delinquency thanks to the country's improved economic and business scenario.

In a comparison of the first nine months of 2010 with the same period in 2009, PLL expenses totaled R\$6,408 million, down by 27.1%, a result of a decline in delinquency, as well as increase in loan recovery of 81.2% in the period, totaling R\$1,954 million. Loan operations increased by 18.6% in the same period, demonstrating growth

accompanied by quality in Bradesco's loan portfolio.

**Delinquency Ratio > 90 days**

The delinquency ratio for credits overdue more than 90 days decreased for the fourth consecutive quarter, from 5.0% in September 2009 to 3.8% in September 2010, benefitting from the improved domestic economic scenario, which fueled growth with quality in the loan portfolio.

**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 September 2010 these ratios reached 162.0% and 191.8%, respectively, the highest ever in both series.

The balance of the Allowance for Loan Losses of R\$16.0 billion, in September 2010, which is considered an adequate level of provisioning, was made up of: (i) R\$13.0 billion in provisions

required by the Central Bank of Brazil; and (ii) R\$3.0 billion in additional provisions.

It is important to point out that the greatest evolution occurred in the balance of the generic provision, which has a more preventive characteristic due to clients' ratings and is not pegged to possible delays. Therefore, the provision tends to be in line with growth in the loan portfolio.

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### Results of Insurance, Private Pension and Savings Bonds Operations

Net Income in the third quarter of 2010 was R\$721 million, for Return on Average Equity of 28.9%, up 2.9% in comparison with the R\$701 million in the second quarter of 2010.

In the first nine months of 2010, Net Income was R\$2.125 billion, up 12.1% from the same period in 2009 (R\$1.895 billion), for Return on Average Equity of 26.6%.

|   | R\$ million (except when indicated otherwise) |        |        |        |        |        |        |        |             |           |  |  |
|---|---|--------|--------|--------|--------|--------|--------|--------|-------------|-----------|--|--|
|   | 3Q10  | 2Q10   | 1Q10   | 4Q09   | 3Q09   | 2Q09   | 1Q09   | 4Q08   | Variation % |           |  |  |
|   |   |        |        |        |        |        |        |        | 3Q10 X      | 3Q10 X    |  |  |
|   |   |        |        |        |        |        |        |        | 2Q10        | 3Q09      |  |  |
| Net Income  | 721   | 701    | 703    | 602    | 607    | 638    | 650    | 550    | 2.9         | 18.8      |  |  |
| Insurance Written Premiums,<br>Private Pension<br>Plan Contributions and Savings<br>Bonds Income                            | 7,697   | 7,163  | 7,196  | 8,040  | 6,685  | 6,094  | 5,514  | 6,204  | 7.5         | 15.1      |  |  |
| (*)   |   |        |        |        |        |        |        |        |             |           |  |  |
| Technical Provisions  | 82,363  | 79,308 | 77,685 | 75,572 | 71,400 | 68,828 | 66,673 | 64,587 | 3.9         | 15.4      |  |  |
| Financial Assets  | 92,599  | 88,515 | 86,928 | 83,733 | 79,875 | 76,451 | 73,059 | 71,309 | 4.6         | 15.9      |  |  |
| Claims Ratio  | 72.4  | 71.8   | 73.3   | 74.3   | 77.2   | 73.3   | 73.7   | 78.0   | 0.6 p.p     | (4.8) p.p |  |  |
| Combined Ratio  | 85.3  | 84.7   | 85.2   | 85.3   | 88.9   | 85.5   | 86.2   | 89.7   | 0.6 p.p     | (3.6) p.p |  |  |
| Policyholders / Participants<br>and Clients (in<br>thousands)   | 34,632  | 33,908 | 33,768 | 30,822 | 30,339 | 29,178 | 28,590 | 27,482 | 2.1         | 14.2      |  |  |
| Market Share from Premiums<br>from Insurance,<br>Private Pension Plan<br>Contribution and Income<br>from Savings Bonds (**) | 24.8  | 24.8   | 25.2   | 24.4   | 23.5   | 23.1   | 23.0   | 23.8   | -           | 1.3 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) in the total amount of R\$396 million (Health), 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

(\*\*) 3Q10 considers the latest data available by Susep (August 2010).

In the third quarter of 2010, the Groups total revenue (insurance premiums written, private pension contributions and savings bond income) increased by 7.5% compared to the previous

quarter and presented important improvements in the Life, Private Pension, Health and Savings Bond segments.



In the first nine months of 2010, production grew by 20.6% from the same period in 2009. This increase was fueled by the high performance of Savings Bonds, Auto and Health products, which increased by 25.6%, 23.8% and 22.3% respectively.

The net increase of R\$20 million in net income in the third quarter of 2010, over the previous quarter, was mainly due to growth of 7.5% in revenue.

Comparing the first nine months of 2010 with the same period in 2009, the Insurance Group grew by 12.1%, mainly due to: (i) the 20.6% increase in revenues; (ii) greater financial result; and (iii) a drop in claims of 2.3 p.p. offset by: (iv) increased expenses, due to the collective bargaining agreement of January 2010.

Based on figures for the year through August 2010, Net Income from the Insurance Group represented 38.1% of Net Income in Brazil's entire insurance industry and 47.4% of the net income of insurers associated with private banks (Source: Susep).

The insurance Group's technical provisions represented 31.1% of the insurance industry in August 2010, according to Susep and the National Supplementary Health Agency (ANS).

In terms of solvency, Grupo Bradesco de Seguros e Previdência complies with the Susep rules that took effect on 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 third quarter of 2010, Fee and Commission Income totaled R\$3,427 million, up 5.3% from the previous quarter. Income growth in the quarter was the result of: (i) increased revenue from credit cards, due to the growth in the card/customer base and increased interest in Visavale and Cielo; (ii) gains from capital market operations (underwriting/financial advising); (iii) increased revenue from fund management; and (iv) the net increase in new checking accounts.

In the comparison between the first nine months of 2010 and the same period in 2009, the 15.5% increase was mainly due to: (i) the excellent performance of the credit card segment, due to the larger card/customer base, including revenue from Banco Ibi and the effects of changes in interest held in the companies Visavale and Cielo; (ii) the increase in revenue from fund management; (iii) greater in income from loan operations; and (iv) the increase in income from checking accounts, which was driven by growth in business volume and a larger client base, which expanded by some 1.8 million accounts in the last 12 months.

**Personnel Expenses**

In the third quarter of 2010, the R\$173 million increase from the previous quarter was composed of an increase in expenses in the following portions:

structural amounting to R\$114 million, mainly due to: (i) the adjustment to increase salary levels in accordance with the collective bargaining agreement and update of labor obligations; (ii) increased expenses with salaries, compulsory social charges and benefits, reflecting the organic growth in the period, with an increase in the number of service points and the consequent hiring of a net total of 2,799 employees; and

non-structural in the amount of R\$59 million, related to increased expenses with: (i) employee profit sharing (PLR); and (ii) provisions for labor claims.

The R\$883 million growth in the first nine months of 2010 when compared with the same period last year is mainly due to:

a R\$618 million increase in the structural portion, due to: (i) the increase in salary levels; and (ii) the net increase of 6,976 staff members, which includes the merger of Banco Ibi.

the R\$265 million increase in the non-structural portion, basically resulting from: (i) increased expenses with profit sharing among administrators and employees (PLR); and (ii) increased expenses with the provision for labor claims.

Note: Structural Expenses = Salaries + Compulsory Social Charges + Benefits + Private Pension. Non-Structural Expenses = Employee Profit Sharing (PLR) + Training + Labor Provision + Severance Expenses.

### **Administrative Expenses**

In the third quarter of 2010, the 5.6% increase in administrative expenses in relation to the second quarter of 2010 was mainly due to a growth in expenses, mainly related to increased business and expansion of Bradesco's Customer Service Network.

In the comparison with the first nine months of last year, the 22.6% increase is essentially due to: (i) expansion of the Customer Service Network; (ii) increased business volume; (iii) contract adjustments; (iv) the impact of Banco Ibi merger; and (v) increased advertising and publicity expenses.

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

Other operating expenses, net of other operating income, totaled R\$598 million in the third quarter of 2010, up 1.7% or R\$10 million over previous quarter.

In the comparison of the first nine months of 2010 with same period a year ago, the R\$326 million increase in other operating expenses net of other operating income basically reflects higher expenses with: (i) the recording of operating provisions, especially for civil contingencies; (ii) goodwill amortization; and (iii) the operating expenses resulting from Banco Ibi merger in November 2009.

**Income Tax and Social Contribution**

In the third quarter of 2010, expenses with income tax and social contribution remained practically steady in comparison with the previous quarter.

In the comparison of the first nine months of 2010 with same period a year earlier, the increase of 60.9%, or R\$1,247 million, was due to greater taxable income in the year.

Tax credits from previous periods due to the increase of Social Contribution rates to 15% are recorded in the financial statements, up to the limit of corresponding consolidated tax requirements. The unused balance currently stands at R\$460 million. More details are available in note 34 of the Financial Statement.

**Unrealized Gains**

Unrealized gains totaled R\$11,168 million in the third quarter of 2010, a R\$1,942 million increase from the previous quarter. This increase was mainly the result of: (i) greater unrealized gains in the securities portfolio; and (ii) share appreciation, especially OdontoPrev shares.

## Economic Scenario

The global economy (especially developed economies) is experiencing a period of benign stagnation, defined by modest growth and a lack of inflationary pressures, which has led to low interest rates worldwide and high liquidity. This high liquidity is proving beneficial for the price of real assets and risk levels worldwide, especially in emerging economies, and at the same time is supporting the strong appreciation of currencies against the dollar. We are observing a series of initiatives by governments around the world aimed at preventing their currencies from strengthening, while developing countries have been adopting initiatives to restore economic growth. Our outlook for the international scenario remains favorable, with banking and sovereign debt risks remaining limited. We expect moderate but consistent growth in the global economy over the coming quarters.

Brazil's economy is benefitting from this scenario of benign stagnation in the global economy through two channels: the first through the low global inflation that the world is exporting to Brazil, allowing local interest rates to remain lower than originally expected, and the second through the high investment inflows into the country directed at both financial and business assets. We expect the coming quarters to continue to be marked by strong expansion in investments, consumption and income within an environment of low unemployment and high utilization of installed capacity.

Our scenario envisages strong economic growth of 7.5% for 2010, followed by reasonable expansion of 4.7% in 2011, which is more compatible with the country's long-term growth potential. Inflation should remain near the center of the inflation target (4.7%) throughout 2011 and not require further tightening of interest rates, which therefore should stay at 10.75%, in view of the deflationary scenario in the global economy. Credit and income should continue to expand robustly during 2011, ensuring a very favorable outlook for consumption and investment in future quarters.

**Main Economic indicators**

| <b>Main Indicators (%)</b>                        | <b>3Q10</b>  | <b>2Q10</b>  | <b>1Q10</b>  | <b>4Q09</b>  | <b>3Q09</b>  | <b>2Q09</b>  | <b>1Q09</b>  | <b>4Q08</b>  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interbank Deposit Certificate (CDI)               | 2.61         | 2.22         | 2.02         | 2.12         | 2.18         | 2.37         | 2.89         | 3.32         |
| Ibovespa  | 13.94        | (13.41)      | 2.60         | 11.49        | 19.53        | 25.75        | 8.99         | (24.20)      |
| USD Commercial Rate                               | (5.96)       | 1.15         | 2.29         | (2.08)       | (8.89)       | (15.70)      | (0.93)       | 22.08        |
| General Price Index - Market (IGP-M)              | 2.09         | 2.84         | 2.77         | (0.11)       | (0.37)       | (0.32)       | (0.92)       | 1.23         |
| CPI (IPCA IBGE)                                   | 0.50         | 1.00         | 2.06         | 1.06         | 0.63         | 1.32         | 1.23         | 1.09         |
| Federal Government Long-Term Interest Rate (TJLP) | 1.48         | 1.48         | 1.48         | 1.48         | 1.48         | 1.54         | 1.54         | 1.54         |
| Reference Interest Rate (TR)                      | 0.28         | 0.11         | 0.08         | 0.05         | 0.12         | 0.16         | 0.37         | 0.63         |
| Savings Accounts                                  | 1.79         | 1.62         | 1.59         | 1.56         | 1.63         | 1.67         | 1.89         | 2.15         |
| Business Days (number)                            | 65           | 62           | 61           | 63           | 65           | 61           | 61           | 65           |
| Indicators (Closing Rate)                         | <b>Sep10</b> | <b>Jun10</b> | <b>Mar10</b> | <b>Dec09</b> | <b>Sep09</b> | <b>Jun09</b> | <b>Mar09</b> | <b>Dec08</b> |
| USD Commercial Selling Rate (R\$)                 | 1.6942       | 1.8015       | 1.7810       | 1.7412       | 1.7781       | 1.9516       | 2.3152       | 2.3370       |
| Euro (R\$)  | 2.3104       | 2.2043       | 2.4076       | 2.5073       | 2.6011       | 2.7399       | 3.0783       | 3.2382       |
| Country Risk (points)                             | 206          | 248          | 185          | 192          | 234          | 284          | 425          | 428          |
| Basic Selic Rate Copom (% p.a.)                   | 10.75        | 10.25        | 8.75         | 8.75         | 8.75         | 9.25         | 11.25        | 13.75        |
| BM&F Fixed Rate (% p.a.)                          | 11.28        | 11.86        | 10.85        | 10.46        | 9.65         | 9.23         | 9.79         | 12.17        |

**Projections through 2012**

| <b>%</b>                               | <b>2010</b> | <b>2011</b> | <b>2012</b> |
|--|-------------|-------------|-------------|
| USD - Commercial Rate (year-end) - R\$ | 1.70        | 1.70        | 1.74        |
| Extended Consumer Price Index (IPCA)   | 5.30        | 4.71        | 4.50        |
| General Price Index - Market (IGP-M)   | 9.68        | 5.00        | 4.50        |
| Selic (year-end)                       | 10.75       | 10.75       | 9.25        |
| Gross Domestic Product (GDP)           | 7.50        | 4.68        | 4.40        |

## Guidance

### Bradesco's Outlook for 2010

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 the information available to the market as of the present date.

|   |                  |
|---|------------------|
| <b>Loan Portfolio</b>                   | <b>21 to 25%</b> |
| Individuals                             | 16 to 20%        |
| Corporate                               | 25 to 29%        |
| SMEs                                    | 28 to 32%        |
| Large Corporate                         | 22 to 26%        |
| <b>Products</b>                         |                  |
| Vehicles                                | 10 to 14%        |
| Cards                                   | 9 to 13%         |
| Real Estate Financing (origination)     | R\$7.5 bi        |
| Payroll Deductible Loans                | 32 to 36%        |
| <b>Financial Margin<sup>(1)</sup></b>   | <b>14 to 18%</b> |
| <b>Fee and Commission Income</b>        | <b>7 to 11%</b>  |
| <b>Operating Expenses<sup>(2)</sup></b> | <b>9 to 13%</b>  |
| <b>Insurance Premiums</b>               | <b>16 to 20%</b> |

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

(2) Administrative and Personnel Expenses.

**Statement of Income Book vs. Managerial vs. Adjusted****Analytical Breakdown of Statement of Book vs. Managerial Income vs. Adjusted**

Third quarter of 2010

|   | R\$ million                          |                   |           |           |              |             |          |          |                        |                                      |                                 |                                    |
|---|--------------------------------------|-------------------|-----------|-----------|--------------|-------------|----------|----------|------------------------|--------------------------------------|---------------------------------|------------------------------------|
|   | 3Q10                                 |                   |           |           |              |             |          |          |                        |                                      |                                 | Adjusted<br>Statement of<br>Income |
|   | Accounting<br>Statement<br>of Income | Reclassifications |           |           |              |             |          |          | Fiscal<br>Hedge<br>(8) | Managerial<br>Statement<br>of Income | Non-Recurring<br>Effects<br>(9) |                                    |
| (1)   | (2)                                  | (3)               | (4)       | (5)       | (6)          | (7)         | (8)      | (9)      | (10)                   | (11)                                 | (12)                            |                                    |
| <b>Financial</b>  |                                      |                   |           |           |              |             |          |          |                        |                                      |                                 |                                    |
| <b>Margin</b>   | <b>9,457</b>                         | <b>(229)</b>      | <b>35</b> | <b>12</b> | <b>(479)</b> | <b>-</b>    | <b>-</b> | <b>-</b> | <b>(582)</b>           | <b>8,214</b>                         | <b>88</b>                       | <b>8,302</b>                       |
| PLL   | (2,260)                              | -                 | -         | -         | 293          | (92)        | -        | -        | -                      | (2,059)                              | -                               | (2,059)                            |
| <b>Gross Income<br/>from Financial</b>  |                                      |                   |           |           |              |             |          |          |                        |                                      |                                 |                                    |
| <b>Intermediation</b>   | <b>7,197</b>                         | <b>(229)</b>      | <b>35</b> | <b>12</b> | <b>(186)</b> | <b>(92)</b> | <b>-</b> | <b>-</b> | <b>(582)</b>           | <b>6,155</b>                         | <b>88</b>                       | <b>6,243</b>                       |
| Income from<br>Insurance, Private<br>Pension Plan and<br>Savings Bond<br>Operations (*) | 703                                  | -                 | -         | -         | -            | -           | -        | -        | -                      | 703                                  | -                               | 703                                |
| Fee and<br>Commission<br>Income   | 3,358                                | -                 | -         | -         | -            | -           | 69       | -        | -                      | 3,427                                | -                               | 3,427                              |
| Personnel<br>Expenses   | (2,411)                              | -                 | -         | -         | -            | -           | -        | -        | -                      | (2,411)                              | -                               | (2,411)                            |
| Other<br>Administrative<br>Expenses   | (2,808)                              | -                 | -         | -         | -            | -           | -        | (82)     | -                      | (2,890)                              | -                               | (2,890)                            |
| Tax Expenses  | (859)                                | -                 | -         | -         | -            | -           | -        | -        | 63                     | (796)                                | 17                              | (779)                              |
| Equity in the<br>Earnings (Losses)<br>of<br>Unconsolidated Companies                    | 19                                   | -                 | -         | -         | -            | -           | -        | -        | -                      | 19                                   | -                               | 19                                 |
| Other Operating<br>Income/Expenses  | (999)                                | 229               | (35)      | (12)      | 186          | -           | (69)     | 82       | -                      | (618)                                | 20                              | (598)                              |
| <b>Operating<br/>Income</b>   | <b>4,200</b>                         | <b>-</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>     | <b>(92)</b> | <b>-</b> | <b>-</b> | <b>(519)</b>           | <b>3,589</b>                         | <b>125</b>                      | <b>3,714</b>                       |
| Non-Operating<br>Income   | (23)                                 | -                 | -         | -         | -            | 92          | -        | -        | -                      | 69                                   | (79)                            | (10)                               |
| Income Tax /<br>Social<br>Contribution and<br>Minority Interest                         | (1,650)                              | -                 | -         | -         | -            | -           | -        | -        | 519                    | (1,131)                              | (55)                            | (1,186)                            |
| <b>Net Income</b>   | <b>2,527</b>                         | <b>-</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>     | <b>-</b>    | <b>-</b> | <b>-</b> | <b>-</b>               | <b>2,527</b>                         | <b>(9)</b>                      | <b>2,518</b>                       |



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- (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 and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PLL Expenses - Allowance for Loan Losses ;
  - (5) Losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income were reclassified to the item PLL 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 and Savings Bond Operations = Insurance, Private Pension 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.

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Second quarter of 2010

| R\$ million  |                   |              |           |             |              |              |          |                        |                                      |   |                                    |              |
|--|-------------------|--------------|-----------|-------------|--------------|--------------|----------|------------------------|--------------------------------------|---|------------------------------------|--------------|
| 2Q10   |                   |              |           |             |              |              |          |                        |                                      |   |                                    |              |
| Accounting<br>Statement<br>of Income   | Reclassifications |              |           |             |              |              |          | Fiscal<br>Hedge<br>(8) | Managerial<br>Statement<br>of Income | Non-Recurring<br>Effects <sup>(9)</sup> | Adjusted<br>Statement<br>of Income |              |
|  | (1)               | (2)          | (3)       | (4)         | (5)          | (6)          | (7)      |                        |                                      |   |                                    |              |
| <b>Financial</b>   |                   |              |           |             |              |              |          |                        |                                      |   |                                    |              |
| <b>Margin</b>  | <b>8,527</b>      | <b>(102)</b> | <b>41</b> | <b>(18)</b> | <b>(447)</b> | <b>-</b>     | <b>-</b> | <b>-</b>               | <b>46</b>                            | <b>8,047</b>                            | <b>-</b>                           | <b>8,047</b> |
| PLL  | (2,319)           | -            | -         | -           | 268          | (110)        | -        | -                      | -                                    | (2,161)                                 | -                                  | (2,161)      |
| <b>Gross Income<br/>from Financial</b>   |                   |              |           |             |              |              |          |                        |                                      |   |                                    |              |
| <b>Intermediation</b>  | <b>6,208</b>      | <b>(102)</b> | <b>41</b> | <b>(18)</b> | <b>(179)</b> | <b>(110)</b> | <b>-</b> | <b>-</b>               | <b>46</b>                            | <b>5,886</b>                            | <b>-</b>                           | <b>5,886</b> |
| Income from<br>Insurance, Private<br>Pension Plan and<br>Savings Bond<br>Operations <sup>(*)</sup> | 786               | -            | -         | -           | -            | -            | -        | -                      | -                                    | 786                                     | -                                  | 786          |
| Fee and<br>Commission<br>Income  | 3,193             | -            | -         | -           | -            | -            | 60       | -                      | -                                    | 3,253                                   | -                                  | 3,253        |
| Personnel<br>Expenses  | (2,238)           | -            | -         | -           | -            | -            | -        | -                      | -                                    | (2,238)                                 | -                                  | (2,238)      |
| Other<br>Administrative<br>Expenses  | (2,662)           | -            | -         | -           | -            | -            | -        | (76)                   | -                                    | (2,738)                                 | -                                  | (2,738)      |
| Tax Expenses   | (729)             | -            | -         | -           | -            | -            | -        | -                      | (5)                                  | (734)                                   | -                                  | (734)        |
| Equity in the<br>Earnings (Losses)<br>of Unconsolidated<br>Companies                               | 19                | -            | -         | -           | -            | -            | -        | -                      | -                                    | 19                                      | -                                  | 19           |
| Other Operating<br>Income/Expenses   | (937)             | 102          | (41)      | 18          | 179          | -            | (60)     | 76                     | -                                    | (663)                                   | 75                                 | (588)        |
| <b>Operating<br/>Income</b>  | <b>3,640</b>      | <b>-</b>     | <b>-</b>  | <b>-</b>    | <b>-</b>     | <b>(110)</b> | <b>-</b> | <b>-</b>               | <b>41</b>                            | <b>3,571</b>                            | <b>75</b>                          | <b>3,646</b> |
| Non-Operating<br>Income  | (122)             | -            | -         | -           | -            | 110          | -        | -                      | -                                    | (12)                                    | -                                  | (12)         |
| Income Tax /<br>Social<br>Contribution and<br>Minority Interest                                    | (1,113)           | -            | -         | -           | -            | -            | -        | -                      | (41)                                 | (1,154)                                 | (25)                               | (1,179)      |
| <b>Net Income</b>  | <b>2,405</b>      | <b>-</b>     | <b>-</b>  | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b>               | <b>-</b>                             | <b>2,405</b>                            | <b>50</b>                          | <b>2,455</b> |

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- (4) Revenue from Loan Recovery classified under the item Financial Margin ; Expenses with Discounts Granted classified under the item Other Operating Revenues/Expenses and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PLL Expenses - Allowance for Loan Losses ;
  - (5) Losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income were reclassified to the item PLL Expenses - Allowance for Loan Losses ;
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  - (9) For more information see page 08 of this chapter.
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- (\*) Result of Insurance, Private Pension and Savings Bond Operations = Insurance, Private Pension 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.

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First nine months of 2010

| R\$ million   |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
|---|---------------|--------------|-------------------|-------------|----------------|--------------|----------|------------------|--------------------------------|---------------------------|------------------------------|---------------|
| Accounting Statement of Income  | 9M10          |              |                   |             |                |              |          | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |               |
|   | (1)           | (2)          | Reclassifications |             | (4)            | (5)          | (6)      |                  |                                |                           |                              | (7)           |
|   | (1)           | (2)          | (3)               | (4)         | (5)            | (6)          | (7)      | (8)              |                                | (9)                       |                              |               |
| <b>Financial</b>  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| <b>Margin</b>   | <b>25,986</b> | <b>(436)</b> | <b>111</b>        | <b>(66)</b> | <b>(1,166)</b> | <b>-</b>     | <b>-</b> | <b>-</b>         | <b>(479)</b>                   | <b>23,950</b>             | <b>88</b>                    | <b>24,038</b> |
| PLL   | (6,738)       | -            | -                 | -           | 631            | (301)        | -        | -                | -                              | (6,408)                   | -                            | (6,408)       |
| <b>Gross Income from Financial</b>  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| <b>Intermediation</b>   | <b>19,248</b> | <b>(436)</b> | <b>111</b>        | <b>(66)</b> | <b>(535)</b>   | <b>(301)</b> | <b>-</b> | <b>-</b>         | <b>(479)</b>                   | <b>17,542</b>             | <b>88</b>                    | <b>17,630</b> |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 2,072         | -            | -                 | -           | -              | -            | -        | -                | -                              | 2,072                     | -                            | 2,072         |
| Fee and Commission  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Income  | 9,631         | -            | -                 | -           | -              | -            | 173      | -                | -                              | 9,804                     | -                            | 9,804         |
| Personnel Expenses  | (6,769)       | -            | -                 | -           | -              | -            | -        | -                | -                              | (6,769)                   | -                            | (6,769)       |
| Other Administrative  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Expenses  | (8,034)       | -            | -                 | -           | -              | -            | (241)    | -                | -                              | (8,275)                   | -                            | (8,275)       |
| Tax Expenses  | (2,331)       | -            | -                 | -           | -              | -            | -        | -                | 52                             | (2,279)                   | 17                           | (2,262)       |
| Equity in the Earnings (Losses) of Unconsolidated                           |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Companies   | 67            | -            | -                 | -           | -              | -            | -        | -                | -                              | 67                        | -                            | 67            |
| Other Operating   |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Income/Expenses   | (3,258)       | 436          | (111)             | 66          | 535            | -            | (173)    | 241              | -                              | (2,264)                   | 528                          | (1,736)       |
| <b>Operating</b>  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| <b>Income</b>   | <b>10,626</b> | <b>-</b>     | <b>-</b>          | <b>-</b>    | <b>-</b>       | <b>(301)</b> | <b>-</b> | <b>-</b>         | <b>(427)</b>                   | <b>9,898</b>              | <b>633</b>                   | <b>10,531</b> |
| Non-Operating   |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Income  | (240)         | -            | -                 | -           | -              | 301          | -        | -                | -                              | 61                        | (79)                         | (18)          |
| Income Tax / Social Contribution and  |               |              |                   |             |                |              |          |                  |                                |                           |                              |               |
| Minority Interest   | (3,351)       | -            | -                 | -           | -              | -            | -        | -                | 427                            | (2,924)                   | (469)                        | (3,393)       |
| <b>Net Income</b>   | <b>7,035</b>  | <b>-</b>     | <b>-</b>          | <b>-</b>    | <b>-</b>       | <b>-</b>     | <b>-</b> | <b>-</b>         | <b>-</b>                       | <b>7,035</b>              | <b>85</b>                    | <b>7,120</b>  |

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- (3) Interest Income/Expenses from the financial segment were reclassified from the item Other Operating Revenues/Expenses to the item Financial Margin ;

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- (4) Revenue from Loan Recovery classified under the item Financial Margin ; Expenses with Discounts Granted classified under the item Other Operating Revenues/Expenses and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PLL Expenses - Allowance for Loan Losses ;
- (5) Losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income were reclassified to the item PLL Expenses - Allowance for Loan Losses ;
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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 and Savings Bond Operations = Insurance, Private Pension 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.

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First nine months of 2009

| R\$ million  |               |              |                   |              |              |          |          |                             |                                |                                      |                              |               |
|--|---------------|--------------|-------------------|--------------|--------------|----------|----------|-----------------------------|--------------------------------|--------------------------------------|------------------------------|---------------|
| Accounting Statement of Income   | 9M09          |              |                   |              |              |          |          | Fiscal Hedge <sup>(8)</sup> | Managerial Statement of Income | Non-Recurring Effects <sup>(9)</sup> | Adjusted Statement of Income |               |
|  | (1)           | (2)          | Reclassifications |              | (5)          | (6)      | (7)      |                             |                                |                                      |                              |               |
|  | (1)           | (2)          | (3)               | (4)          | (5)          | (6)      | (7)      |                             |                                |                                      |                              |               |
| <b>Financial Margin</b>  | <b>25,212</b> | <b>(362)</b> | <b>75</b>         | <b>(279)</b> | <b>(776)</b> | <b>-</b> | <b>-</b> | <b>-</b>                    | <b>(1,608)</b>                 | <b>22,262</b>                        | <b>-</b>                     | <b>22,262</b> |
| PLL  | (10,207)      | -            | -                 | -            | (61)         | -        | -        | -                           | -                              | (10,268)                             | 1,480                        | (8,788)       |
| <b>Gross Income from Financial Intermediation</b>                                      | <b>15,005</b> | <b>(362)</b> | <b>75</b>         | <b>(279)</b> | <b>(837)</b> | <b>-</b> | <b>-</b> | <b>-</b>                    | <b>(1,608)</b>                 | <b>11,994</b>                        | <b>1,480</b>                 | <b>13,474</b> |
| Income from Insurance, Private Pension Plan and Savings Bond Operations <sup>(*)</sup> | 1,499         | -            | -                 | -            | -            | -        | -        | -                           | -                              | 1,499                                | -                            | 1,499         |
| Fee and Commission Income  | 8,518         | -            | -                 | -            | -            | (123)    | 96       | -                           | -                              | 8,491                                | -                            | 8,491         |
| Personnel Expenses   | (5,886)       | -            | -                 | -            | -            | -        | -        | -                           | -                              | (5,886)                              | -                            | (5,886)       |
| Other Administrative Expenses  | (6,609)       | -            | -                 | -            | -            | 123      | -        | (261)                       | -                              | (6,747)                              | -                            | (6,747)       |
| Tax Expenses   | (2,024)       | -            | -                 | -            | -            | -        | -        | -                           | 183                            | (1,841)                              | -                            | (1,841)       |
| Equity in the Earnings (Losses) of Unconsolidated Companies                            | 58            | -            | -                 | -            | -            | -        | -        | -                           | -                              | 58                                   | -                            | 58            |
| Other Operating Income/Expenses  | (3,454)       | 362          | (75)              | 279          | 512          | -        | (96)     | 261                         | -                              | (2,211)                              | 801                          | (1,410)       |
| <b>Operating Income</b>  | <b>7,107</b>  | <b>-</b>     | <b>-</b>          | <b>-</b>     | <b>(325)</b> | <b>-</b> | <b>-</b> | <b>-</b>                    | <b>(1,425)</b>                 | <b>5,357</b>                         | <b>2,281</b>                 | <b>7,638</b>  |
| Non-Operating Income   | 2,254         | -            | -                 | -            | 325          | -        | -        | -                           | -                              | 2,579                                | (2,407)                      | 172           |
| Income Tax / Social Contribution and Minority Interest                                 | (3,530)       | -            | -                 | -            | -            | -        | -        | -                           | 1,425                          | (2,105)                              | 42                           | (2,063)       |
| <b>Net Income</b>  | <b>5,831</b>  | <b>-</b>     | <b>-</b>          | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b>                    | <b>-</b>                       | <b>5,831</b>                         | <b>(84)</b>                  | <b>5,747</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 and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PLL

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Expenses - Allowance for Loan Losses ;

- (5) Outsourced services expenses classified under item Other Administrative Expenses were reclassified to item Fee and Commission Income ;
  - (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 ;
  - (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 and Savings Bond Operations = Insurance, Private Pension 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.







## Consolidated Balance Sheet and Adjusted Statement of Income

### Balance Sheet

|   | Sep10          | Jun10          | Mar10          | Dec09          | Sep09          | Jun09          | Mar09          | Dec08          | R\$ million |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| <b>Assets</b>   |                |                |                |                |                |                |                |                |             |
| <b>Current and Long-Term Assets</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> | <b>474,124</b> | <b>446,802</b> |             |
| Funds Available   | 9,669          | 6,877          | 8,705          | 6,947          | 8,571          | 9,001          | 7,533          | 9,295          |             |
| Interbank Investments   | 92,567         | 96,478         | 97,165         | 110,797        | 97,487         | 89,636         | 93,342         | 74,191         |             |
| Securities and Derivative Financial Instruments                               | 196,081        | 156,755        | 157,309        | 146,619        | 147,724        | 146,110        | 130,816        | 131,598        |             |
| Interbank and Interdepartmental Accounts                                      | 50,781         | 50,427         | 36,674         | 18,723         | 17,718         | 16,620         | 15,691         | 13,804         |             |
| Loan and Leasing Operations   | 200,092        | 191,248        | 181,490        | 172,974        | 163,699        | 160,174        | 160,975        | 160,500        |             |
| Allow ance for Loan Losses (PLL)  | (16,019)       | (15,782)       | (15,836)       | (16,313)       | (14,953)       | (13,871)       | (11,424)       | (10,263)       |             |
| Other Receivables and Assets  | 68,009         | 61,864         | 57,202         | 56,281         | 57,212         | 66,631         | 77,191         | 67,677         |             |
| <b>Permanent Assets</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>   | <b>8,017</b>   | <b>7,611</b>   |             |
| Investments   | 1,616          | 1,553          | 1,537          | 1,549          | 1,392          | 1,359          | 1,400          | 1,048          |             |
| Premises and Leased Assets  | 3,401          | 3,427          | 3,244          | 3,418          | 3,272          | 3,300          | 3,286          | 3,250          |             |
| Intangible Assets   | 5,706          | 5,252          | 5,136          | 5,228          | 3,564          | 3,518          | 3,331          | 3,313          |             |
| <b>Total</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>482,141</b> | <b>454,413</b> |             |
| <b>Liabilities</b>  |                |                |                |                |                |                |                |                |             |
| <b>Current and Long-Term Liabilities</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> | <b>446,225</b> | <b>419,561</b> |             |
| Deposits  | 186,194        | 178,453        | 170,722        | 171,073        | 167,987        | 167,512        | 169,104        | 164,493        |             |
| Federal Funds Purchased and Securities Sold under<br>Agreements to Repurchase | 157,009        | 131,134        | 128,172        | 113,273        | 102,604        | 99,710         | 91,659         | 79,977         |             |
| Funds from Issuance of Securities   | 13,749         | 12,729         | 8,550          | 7,482          | 7,111          | 7,694          | 9,280          | 9,011          |             |
| Interbank and Interdepartmental Accounts                                      | 2,451          | 2,777          | 2,063          | 2,950          | 2,257          | 1,904          | 2,287          | 2,914          |             |
| Borrow ing and Onlending  | 37,998         | 35,033         | 30,208         | 27,328         | 27,025         | 29,081         | 30,420         | 31,947         |             |
| Derivative Financial Instruments  | 1,878          | 1,097          | 2,469          | 531            | 1,669          | 2,599          | 2,294          | 2,042          |             |
| Provisions for Insurance, Private Pension Plans and<br>Savings Bonds          | 82,363         | 79,308         | 77,685         | 75,572         | 71,400         | 68,828         | 66,673         | 64,587         |             |
| Other Liabilities   | 83,152         | 72,259         | 68,562         | 65,141         | 66,098         | 67,245         | 74,508         | 64,590         |             |
| <b>Deferred Income</b>  | <b>312</b>     | <b>337</b>     | <b>292</b>     | <b>321</b>     | <b>297</b>     | <b>272</b>     | <b>273</b>     | <b>274</b>     |             |
| <b>Minority Interest in Subsidiaries</b>                                      | <b>683</b>     | <b>678</b>     | <b>816</b>     | <b>798</b>     | <b>360</b>     | <b>355</b>     | <b>337</b>     | <b>321</b>     |             |
| <b>Shareholders' Equity</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>35,306</b>  | <b>34,257</b>  |             |
| <b>Total</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>482,141</b> | <b>454,413</b> |             |

## Consolidated Balance Sheet and Adjusted Statement of Income

### Adjusted Statement of Income

|   | R\$ million  |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 3Q10         | 2Q10         | 1Q10         | 4Q09         | 3Q09         | 2Q09         | 1Q09         | 4Q08         |
| <b>Financial Margin</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> | <b>7,115</b> | <b>5,924</b> |
| Interest  | 7,904        | 7,663        | 7,406        | 7,144        | 6,891        | 6,771        | 6,422        | 5,944        |
| Non-Interest  | 398          | 384          | 283          | 348          | 696          | 789          | 693          | (20)         |
| PLL   | (2,059)      | (2,161)      | (2,188)      | (2,695)      | (2,908)      | (3,118)      | (2,762)      | (1,888)      |
| <b>Gross Income from Financial Intermediation</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> | <b>4,353</b> | <b>4,036</b> |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 703          | 786          | 583          | 484          | 433          | 529          | 537          | 544          |
| Fee and Commission Income   | 3,427        | 3,253        | 3,124        | 3,125        | 2,857        | 2,911        | 2,723        | 2,698        |
| Personnel Expenses  | (2,411)      | (2,238)      | (2,120)      | (2,081)      | (2,126)      | (1,908)      | (1,852)      | (1,932)      |
| Other Administrative Expenses   | (2,890)      | (2,738)      | (2,647)      | (2,746)      | (2,359)      | (2,233)      | (2,155)      | (2,298)      |
| Tax Expenses  | (779)        | (734)        | (749)        | (694)        | (639)        | (615)        | (587)        | (498)        |
| Equity in the Earnings (Losses) of Unconsolidated Companies                 | 19           | 19           | 29           | 82           | 39           | 13           | 6            | 47           |
| Other Operating Revenues and Expenses                                       | (598)        | (588)        | (550)        | (539)        | (539)        | (459)        | (412)        | (259)        |
| - Other Operating Revenues  | 318          | 294          | 265          | 279          | 209          | 311          | 198          | 212          |
| - Other Operating Expenses  | (916)        | (882)        | (815)        | (818)        | (748)        | (770)        | (610)        | (471)        |
| <b>Operating Income</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> | <b>2,613</b> | <b>2,338</b> |
| Non-Operating Income  | (10)         | (12)         | 4            | (62)         | 63           | 37           | 72           | 96           |
| Income Tax and Social Contribution  | (1,123)      | (1,161)      | (1,010)      | (519)        | (607)        | (717)        | (723)        | (611)        |
| Minority Interest   | (63)         | (18)         | (18)         | (8)          | (6)          | (4)          | (6)          | (17)         |
| <b>Adjusted Net Income</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> | <b>1,956</b> | <b>1,806</b> |

(\*) Results from Insurance, Private Pension and Savings Bonds Operations = Retained insurance, Private Pension Plan and Savings Bonds 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, Private Pension Plans and Savings Bonds.

## Financial Margin Interest and Non-Interest

### Financial Margin Breakdown

## Financial Margin Interest and Non-Interest

### Average Financial Margin Rate

|                                   | Financial Margin |               |              |              | R\$ million  |            |
|-----------------------------------|------------------|---------------|--------------|--------------|--------------|------------|
|                                   | 9M10             | 9M09          | 3Q10         | 2Q10         | Variation    |            |
|                                   |                  |               |              |              | YTD          | Quarter    |
| Interest - due to volume          |                  |               |              |              | 2,765        | 383        |
| Interest - due to spread          |                  |               |              |              | 124          | (142)      |
| - Financial Margin - Interest     | 22,973           | 20,084        | 7,904        | 7,663        | 2,889        | 241        |
| - Financial Margin - Non-Interest | 1,065            | 2,178         | 398          | 384          | (1,113)      | 14         |
| <b>Financial Margin</b>           | <b>24,038</b>    | <b>22,262</b> | <b>8,302</b> | <b>8,047</b> | <b>1,776</b> | <b>255</b> |
| <b>Average Margin Rate (*)</b>    | <b>7.9%</b>      | <b>8.0%</b>   | <b>7.9%</b>  | <b>8.2%</b>  |              |            |

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

Financial margin in the third quarter of 2010 was R\$8,302 million. Comparing the third quarter with the previous quarter, there was a R\$255 million increase, or 3.2%. This variation is mainly from the interest financial margin, which was positively impacted by (i) the increase in the average volume of operations, contributing with R\$383 million, partially offset by (ii) the decrease in the average spread of R\$142 million.

Interest financial margin grew by 8.0% or R\$1,776 million in the nine-month period ended September 2010, compared to the same period in the previous year. This growth is mainly due to the R\$2,889 million increase in interest margin, of which (i) R\$2,765 million corresponds to the increase in volume of operations, partially from the acquisition of Banco Ibi and (ii) R\$124 million from the improvement of the operations mix, proof of expressive growth in operations with individuals. This effect was mitigated by the decrease in non-interest financial margin, in the amount of R\$1,113 million, from fewer treasury/securities gains in comparison with the important gains observed in the first nine months of 2009, due to the volatility of the period.

## Financial Margin Interest

### Interest Financial Margin - Breakdown

|                         | Interest Financial Margin Breakdown |               |              |              | R\$ million  |            |
|-------------------------|-------------------------------------|---------------|--------------|--------------|--------------|------------|
|                         | 9M10                                | 9M09          | 3Q10         | 2Q10         | Variation    |            |
|                         |                                     |               |              |              | YTD          | Quarter    |
| Loans                   | 17,220                              | 14,705        | 5,833        | 5,757        | 2,515        | 76         |
| Funding                 | 2,113                               | 1,993         | 846          | 674          | 120          | 172        |
| Insurance               | 1,920                               | 1,756         | 579          | 597          | 164          | (18)       |
| Securities/Other        | 1,720                               | 1,630         | 646          | 635          | 90           | 11         |
| <b>Financial Margin</b> | <b>22,973</b>                       | <b>20,084</b> | <b>7,904</b> | <b>7,663</b> | <b>2,889</b> | <b>241</b> |

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The performance of the interest financial margin was fueled by an increase in loan operations, with a strategy to support business was focused on individuals and, within the corporate segment, SMEs.

The interest financial margin reached R\$7,904 million in the third quarter of 2010 versus the R\$7,663 million posted in the second quarter of 2010, a positive impact of R\$241 million. The business line that advanced the most in the quarter was Funding, which is explained in further detail in "Funding Financial Margin" - "Interest".

Compared with the accumulated period up to September 2009, the interest financial margin grew by 14.4% or R\$2,889 million in the period. The business line that contributed the most to this growth was the Loans line, highlighting the merger of Banco Ibi, which contributed R\$1,132 million.

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

The annualized interest financial margin rate in relation to total average assets was 7.6% in the third quarter of 2010, down 0.2 p.p. in comparison with the previous quarter.

**Interest Financial Margin Annualized Average Rates**

|                         | 9M10          |                    |                 | R\$ million (except %)<br>9M09 |                    |                 |
|-------------------------|---------------|--------------------|-----------------|--------------------------------|--------------------|-----------------|
|                         | Interest      | Average<br>Balance | Average<br>Rate | Interest                       | Average<br>Balance | Average<br>Rate |
| Loans                   | 17,220        | 203,266            | 11.45%          | 14,705                         | 178,589            | 11.13%          |
| Funding                 | 2,113         | 233,541            | 1.21%           | 1,993                          | 208,628            | 1.28%           |
| Insurance               | 1,920         | 78,894             | 3.26%           | 1,756                          | 68,235             | 3.45%           |
| Securities/Other        | 1,720         | 192,084            | 1.20%           | 1,630                          | 170,903            | 1.27%           |
| <b>Financial Margin</b> | <b>22,973</b> | <b>-</b>           | <b>-</b>        | <b>20,084</b>                  | <b>-</b>           | <b>-</b>        |

|                         | 3Q10         |                    |                 | 2Q10         |                    |                 |
|-------------------------|--------------|--------------------|-----------------|--------------|--------------------|-----------------|
|                         | Interest     | Average<br>Balance | Average<br>Rate | Interest     | Average<br>Balance | Average<br>Rate |
| Loans                   | 5,833        | 212,343            | 11.45%          | 5,757        | 202,751            | 11.85%          |
| Funding                 | 846          | 247,948            | 1.37%           | 674          | 229,387            | 1.18%           |
| Insurance               | 579          | 81,324             | 2.88%           | 597          | 78,766             | 3.07%           |
| Securities/Other        | 646          | 200,358            | 1.30%           | 635          | 188,512            | 1.35%           |
| <b>Financial Margin</b> | <b>7,904</b> | <b>-</b>           | <b>-</b>        | <b>7,663</b> | <b>-</b>           | <b>-</b>        |

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

|                           | Financial Margin - Loan |          |         |         | R\$ million |         |
|---------------------------|-------------------------|----------|---------|---------|-------------|---------|
|                           | 9M10                    | 9M09     | 3Q10    | 2Q10    | Variation   |         |
|                           |                         |          |         |         | YTD         | Quarter |
| Interest - due to volume  |                         |          |         |         | 2,091       | 263     |
| Interest - due to spread  |                         |          |         |         | 424         | (187)   |
| Interest Financial Margin | 17,220                  | 14,705   | 5,833   | 5,757   | 2,515       | 76      |
| Revenues                  | 29,109                  | 26,611   | 10,267  | 9,633   | 2,498       | 634     |
| Expenses                  | (11,889)                | (11,906) | (4,434) | (3,876) | 17          | (558)   |

In the third quarter of 2010, the financial margin with loan operations reached R\$5,833 million, up 1.3% on the previous quarter. The variation was the result of (i) growth in average business volume of R\$263 million, offset by (ii) a R\$187 million decrease in the average spread resulting from increased funding costs given the higher interest rate (Selic).

There was 17.1% growth, or R\$2,515 million, in financial margin in the first nine months of 2010 compared to the year before, highlighting the merger of Banco Ibi and its impact of R\$1,132 million. This variation was positively influenced by (i) R\$2,091 million from growth in the average business volume and (ii) the increase in the average spread, which contributed R\$424 million, due to the increase in the volume of operations with individuals and SMEs, up 6.7% in the quarter and 27.5% in the last 12 months, which have a better margins.

Bradesco's strategic positioning 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 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 increased volume of operations.

The PLL curve shows delinquency costs, which have declined due to the upturn in the economic scenario and are represented by Allowance for Loan Losses (PLL) 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 PLL, which in the third quarter of 2010 recorded growth on the previous quarter of 4.9%, resulting from increased volume of operations and decreased delinquency costs. PLL expenses decreased in the quarter yet again, representing nearly 35% of gross margin in the third quarter of 2010, the above series' best recorded result.



**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 third quarter of 2010 at R\$255.6 billion, an increase of 18.6% in the last twelve months and 4.4% in the quarter.

In the twelve month comparison, operations with individuals increased their participation in the total credit portfolio by approximately 1.3 p.p., from 35.0% of loan operations in September 2009 to 36.3% in September 2010.

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

A breakdown of loan products for Individuals is presented below:

| Individuals                            | R\$ million   |               |               | Variation % |             |
|--|---------------|---------------|---------------|-------------|-------------|
|  | Sep10         | Jun10         | Sep09         | Quarter     | 12M         |
| Vehicles - CDC                         | 22,668        | 21,366        | 18,445        | 6.1         | 22.9        |
| Credit Card <sup>(1)</sup>             | 15,168        | 15,131        | 9,735         | 0.2         | 55.8        |
| Payroll Deductible Loan <sup>(2)</sup> | 13,950        | 12,902        | 8,160         | 8.1         | 71.0        |
| Personal Loan                          | 11,095        | 10,298        | 8,508         | 7.7         | 30.4        |
| Leasing                                | 9,058         | 10,221        | 12,956        | (11.4)      | (30.1)      |
| Rural Loan                             | 5,380         | 4,701         | 4,696         | 14.4        | 14.6        |
| BNDES/Finame Onlending                 | 4,157         | 3,883         | 2,764         | 7.1         | 50.4        |
| Real Estate Financing <sup>(3)</sup>   | 3,926         | 3,470         | 2,853         | 13.1        | 37.6        |
| Overdraft Facilities                   | 2,723         | 2,765         | 2,328         | (1.5)       | 17.0        |
| Sureties and Guarantees                | 545           | 611           | 545           | (10.9)      | -           |
| Other <sup>(4)</sup>                   | 4,236         | 4,300         | 4,538         | (1.5)       | (6.7)       |
| <b>Total</b>                           | <b>92,905</b> | <b>89,648</b> | <b>75,528</b> | <b>3.6</b>  | <b>23.0</b> |

Includes:

- (1) Loan portfolio related to the merger of Banco Ibi: R\$3.5 billion in September 2010 and R\$3.5 billion in June 2010;
- (2) Credit assignment (FIDC): R\$385 million in September 2010, R\$371 million in June 2010 and R\$324 million in September 2009;
- (3) Credit assignment (CRI): R\$312 million in September 2010, R\$331 million in June 2010 and R\$403 million in September 2009; and
- (4) Credit assignment (FIDC) for the acquisition of assets: R\$10 million in September 2010, R\$13 million in June 2010 and R\$28 million in September 2009.

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The individuals segment, which recorded growth of 23.0% in the last twelve months, was led by: (i) payroll-deductible loans; (ii) credit cards; (iii) BNDES/Finame onlending portfolios; and (iv) real estate financing. In the third quarter of 2010, these operations grew by 3.6% when compared to the previous quarter, and the products that most contributed to growth were: (i) rural credit; (ii) real estate financing; and (iii) payroll-deductible loans.

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

| Corporate  | R\$ million    |                |                | Variation % |             |
|--|----------------|----------------|----------------|-------------|-------------|
|  | Sep10          | Jun10          | Sep09          | Quarter     | 12M         |
| Working Capital  | 31,371         | 29,883         | 26,518         | 5.0         | 18.3        |
| BNDES/Finame Onlending                                 | 23,461         | 20,462         | 15,079         | 14.7        | 55.6        |
| Operations Abroad                                      | 14,748         | 15,150         | 10,656         | (2.7)       | 38.4        |
| Credit Card  | 9,798          | 8,510          | 6,666          | 15.1        | 47.0        |
| Export Financing                                       | 8,748          | 8,581          | 10,687         | 1.9         | (18.1)      |
| Overdraft Account                                      | 8,607          | 9,010          | 8,619          | (4.5)       | (0.1)       |
| Leasing  | 8,585          | 8,433          | 9,033          | 1.8         | (5.0)       |
| Real Estate Financing - Corporate Plans <sup>(1)</sup> | 6,130          | 5,644          | 4,404          | 8.6         | 39.2        |
| Rural Loan   | 4,487          | 4,215          | 4,019          | 6.5         | 11.6        |
| Vehicles - CDC   | 3,587          | 3,259          | 2,950          | 10.1        | 21.6        |
| Sureties and Guarantees <sup>(2)</sup>                 | 34,748         | 32,894         | 31,860         | 5.6         | 9.1         |
| Other  | 8,441          | 9,100          | 9,517          | (7.2)       | (11.3)      |
| <b>Total</b>   | <b>162,713</b> | <b>155,141</b> | <b>140,008</b> | <b>4.9</b>  | <b>16.2</b> |

(1) Mortgage-backed receivables (CRI): Includes R\$371 million in September 2010, R\$379 million in June 2010 and R\$396 million in September 2009; and

(2) 90.1% of surety and guarantees from corporate customers were contracted by large corporations.

The corporate segment grew by 16.2% in the last twelve months and 4.9% in the quarter. The main highlights in the last twelve months were: (i) BNDES/Finame onlending; (ii) credit cards; and (iii) real estate financing corporate plans. In the quarter, the highlights were: (i) credit cards; (ii) BNDES/Finame onlending; (iii) CDC vehicle financing; and (iv) real estate financing corporate plans, which showed significant growth.

### 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 by merchants).

Consumer financing totaled R\$73.2 billion, a 2.8% increase in the quarter and a 23.6% increase in the last twelve months. Growth was led by: (i) vehicle financing (CDC/Leasing) and (ii) payroll-deductible loans, which together totaled R\$45.7 billion, accounting for 62.4% of the total consumer financing balance and, given their guarantees and characteristics, provide the portfolio with an adequate level of credit risk.

**Breakdown of Vehicle Portfolio**

|                          | R\$ million   |               |               | Variation %  |               |
|--------------------------|---------------|---------------|---------------|--------------|---------------|
|                          | Sep10         | Jun10         | Sep09         | Quarter      | 12M           |
| <b>CDC Portfolio</b>     | <b>26,255</b> | <b>24,625</b> | <b>21,395</b> | <b>6.6</b>   | <b>22.7</b>   |
| Individuals              | 22,668        | 21,366        | 18,445        | 6.1          | 22.9          |
| Corporate                | 3,587         | 3,259         | 2,950         | 10.1         | 21.6          |
| <b>Leasing Portfolio</b> | <b>14,524</b> | <b>15,937</b> | <b>19,282</b> | <b>(8.9)</b> | <b>(24.7)</b> |
| Individuals              | 9,058         | 10,221        | 12,956        | (11.4)       | (30.1)        |
| Corporate                | 5,466         | 5,716         | 6,326         | (4.4)        | (13.6)        |
| <b>Finame Portfolio</b>  | <b>7,341</b>  | <b>6,654</b>  | <b>4,164</b>  | <b>10.3</b>  | <b>76.3</b>   |
| Individuals              | 699           | 517           | 104           | 35.2         | 572.1         |
| Corporate                | 6,642         | 6,137         | 4,060         | 8.2          | 63.6          |
| <b>Total</b>             | <b>48,120</b> | <b>47,216</b> | <b>44,841</b> | <b>1.9</b>   | <b>7.3</b>    |
| Individuals              | 32,425        | 32,104        | 31,505        | 1.0          | 2.9           |
| Corporate                | 15,695        | 15,112        | 13,336        | 3.9          | 17.7          |

Vehicle financing operations (individuals and corporate) totaled R\$48.1 billion in September 2010, for an increase of 1.9% on the quarter and 7.3% on the same period last year. Of the total vehicle portfolio, 54.6% corresponds to CDC, 30.2% to leasing and 15.2% to Finame. Individuals represented 67.4% of the portfolio, while Corporate Customers accounted for the remaining 32.6%.

**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 4.8% in the quarter and 18.3% in the last twelve months.

|   | R\$ million    |                |                |
|---|----------------|----------------|----------------|
|   | Sep10          | Jun10          | Sep09          |
| Loans and Discounted Securities                                     | 100,928        | 97,565         | 78,978         |
| Financing   | 67,862         | 62,192         | 50,891         |
| Rural and Agribusiness Financing                                    | 13,659         | 12,542         | 11,620         |
| Leasing Operations  | 17,644         | 18,950         | 22,210         |
| Advances on Exchange Contracts                                      | 5,579          | 5,629          | 7,635          |
| Other Loans   | 11,603         | 11,710         | 9,635          |
| <b>Total Loan Operations <sup>(1)</sup></b>                         | <b>217,274</b> | <b>208,588</b> | <b>180,969</b> |
| Sureties and Guarantees Provided (Clearing Accounts) <sup>(2)</sup> | 35,293         | 33,504         | 32,404         |
| Other <sup>(3)</sup>  | 1,973          | 1,602          | 1,011          |
| <b>Total Exposures - Loan Operations</b>                            | <b>254,541</b> | <b>243,694</b> | <b>214,384</b> |
| Loan Assignments (FIDC / CRI)                                       | 1,078          | 1,094          | 1,152          |

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|   |                |                |                |
|---|----------------|----------------|----------------|
| <b>Total Operations including Credit Assignment</b>               | <b>255,618</b> | <b>244,788</b> | <b>215,536</b> |
| Operations with Credit Risk - Commercial Portfolio <sup>(4)</sup> | 15,073         | 13,826         | 12,020         |
| <b>Total Operations with Credit Risk - Expanded Portfolio</b>     | <b>270,691</b> | <b>258,614</b> | <b>227,556</b> |
| Other Operations with Credit Risk <sup>(5)</sup>                  | 10,643         | 9,945          | 10,269         |
| <b>Total Operations with Credit Risk</b>                          | <b>281,334</b> | <b>268,559</b> | <b>237,825</b> |

(1) Concept determined by the Brazilian Central Bank;

(2) Excluding operations with Banco Bradesco S.A. Grand Cayman Branch as beneficiary;

(3) Refers to advances of credit card receivables;

(4) includes operations with debentures and promissory notes; and

(5) Includes operations involving interbank deposit certificates, international treasury, euro notes, swaps, forward currency contracts and investments in receivables-backed investment funds and mortgage-backed receivables.

**Credit Portfolio Concentration\* by Sector**

The loan portfolio by sector of economic activity presented slight changes in the segments it comprises, specifically a decrease in participation of the public sector in the quarter.

| Activity Sector   | R\$ million    |              |                |              |                |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
|   | Sep10          | %            | Jun10          | %            | Sep09          | %            |
| <b>Public Sector</b>  | <b>960</b>     | <b>0.4</b>   | <b>1,249</b>   | <b>0.6</b>   | <b>1,162</b>   | <b>0.6</b>   |
| <b>Private Sector</b>   | <b>216,314</b> | <b>99.6</b>  | <b>207,339</b> | <b>99.4</b>  | <b>179,807</b> | <b>99.4</b>  |
| <b>Corporate</b>  | <b>124,660</b> | <b>57.4</b>  | <b>119,017</b> | <b>57.1</b>  | <b>105,579</b> | <b>58.4</b>  |
| Industry  | 44,446         | 20.4         | 42,505         | 20.4         | 39,256         | 21.7         |
| Commerce  | 31,104         | 14.3         | 29,107         | 14.0         | 25,108         | 13.9         |
| Financial Intermediaries  | 603            | 0.3          | 589            | 0.3          | 664            | 0.4          |
| Services  | 45,536         | 21.0         | 44,101         | 21.1         | 37,887         | 20.9         |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | 2,970          | 1.4          | 2,715          | 1.3          | 2,663          | 1.5          |
| <b>Individuals</b>  | <b>91,654</b>  | <b>42.2</b>  | <b>88,322</b>  | <b>42.3</b>  | <b>74,228</b>  | <b>41.0</b>  |
| <b>Total</b>  | <b>217,274</b> | <b>100.0</b> | <b>208,588</b> | <b>100.0</b> | <b>180,969</b> | <b>100.0</b> |

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

**Changes in the Loan Portfolio\***

Of the R\$36.3 billion in growth in the credit portfolio over the last twelve months, new borrowers were responsible for R\$26.2 billion, or 72.3% of the total. New borrowers represent 12.1% of the current portfolio.

\* Concept defined by the Brazilian Central Bank.

**Changes in the Loan Portfolio - By Rating**

In the chart below, we show that both new borrowers and remaining debtors from September 2009 presented a good level of credit quality (AA-C), demonstrating the adequacy and consistency of the credit policy, processes and credit ranking instruments used by Bradesco.

| Changes in the Loan Portfolio by Rating from September 2009 to September 2010 |                                |              |  |              |                                    |              |
|---|--------------------------------|--------------|--|--------------|------------------------------------|--------------|
| Rating  | Total credit on September 2010 |              | New customers from October 2009 and September 2010 |              | September 2009 remaining customers |              |
|   | R\$ million                    | %            | R\$ million  | %            | R\$ million                        | %            |
| AA - C  | 200,087                        | 92.1         | 24,802   | 94.5         | 175,285                            | 91.8         |
| D   | 4,125                          | 1.9          | 325  | 1.2          | 3,800                              | 2.0          |
| E - H   | 13,062                         | 6.0          | 1,112  | 4.3          | 11,950                             | 6.2          |
| <b>Total</b>  | <b>217,274</b>                 | <b>100.0</b> | <b>26,239</b>                                      | <b>100.0</b> | <b>191,035</b>                     | <b>100.0</b> |

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

**Loan Portfolio\* By Customer Portfolio**

The table below presents a breakdown of the loan portfolio by customer profile, with growth in the balance of the SME and Individual portfolios in both the last twelve months and the quarter.

| Type of Client               | R\$ million    |                |                | Variation % |             |
|------------------------------|----------------|----------------|----------------|-------------|-------------|
|                              | Sep10          | Jun10          | Sep09          | Quarter     | 12M         |
| Large Corporate              | 54,005         | 53,169         | 50,559         | 1.6         | 6.8         |
| SMEs                         | 71,615         | 67,097         | 56,182         | 6.7         | 27.5        |
| Individuals                  | 91,654         | 88,322         | 74,228         | 3.8         | 23.5        |
| <b>Total Loan Operations</b> | <b>217,274</b> | <b>208,588</b> | <b>180,969</b> | <b>4.2</b>  | <b>20.1</b> |

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

It is worth noting that growth in the Large Corporates portfolio has been negatively impacted by the appreciation of the Brazilian Real against the US Dollar, as well as by funds raised on the capital markets. The balance of the operations carried out in this market by the Group grew by R\$3.0 billion in the last twelve months, representing an increase of 25.4%, negatively impacting the growth of traditional loan operations for this customer type.

**Loan Portfolio\* By Customer Portfolio and Rating (%)**

The increase in the share of loans rated between AA C, both in the quarter and in the year, reflects improved economic performance during the period and the quality growth of Bradesco's loan portfolio.

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| Type of Client  | By Rating   |            |            |             |            |            |             |            |            |
|-----------------|-------------|------------|------------|-------------|------------|------------|-------------|------------|------------|
|                 | Sep10       |            |            | Jun10       |            |            | Sep09       |            |            |
|                 | AA-C        | D          | E-H        | AA-C        | D          | E-H        | AA-C        | D          | E-H        |
| Large Corporate | 97.1        | 1.7        | 1.2        | 97.2        | 1.5        | 1.3        | 97.2        | 1.2        | 1.5        |
| SMEs            | 91.8        | 2.3        | 5.9        | 91.5        | 2.5        | 6.0        | 89.5        | 3.0        | 7.5        |
| Individuals     | 89.3        | 1.7        | 9.0        | 88.6        | 2.1        | 9.3        | 87.7        | 2.2        | 10.1       |
| <b>Total</b>    | <b>92.1</b> | <b>1.9</b> | <b>6.0</b> | <b>91.8</b> | <b>2.0</b> | <b>6.2</b> | <b>90.9</b> | <b>2.2</b> | <b>6.9</b> |

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



**Loan Portfolio - By Business Segment\***

The table below shows growth by business segment in Bradesco's loan portfolio. The growth in the assets of the Prime, Middle Market and Retail/Postal Bank segments stood out in the quarter and in the last twelve months.

The 59.3% growth in the group made up of "Bradesco Promotora de Vendas and Other" in the last twelve months includes Banco Ibi's operations, incorporated as of the last quarter of 2009. Excluding Banco Ibi, the variation would equal to 21.9%.

| Business Segments                      | R\$ million    |              |                |              |                |              | Variation % |             |
|--|----------------|--------------|----------------|--------------|----------------|--------------|-------------|-------------|
|  | Sep10          | %            | Jun10          | %            | Sep09          | %            | Quarter     | 12M         |
| Retail / Postal                        | 71,915         | 33.1         | 67,781         | 32.5         | 56,869         | 31.4         | 6.1         | 26.5        |
| Corporate                              | 64,591         | 29.7         | 63,422         | 30.4         | 56,184         | 31.1         | 1.8         | 15.0        |
| Bradesco Financiamentos                | 27,108         | 12.5         | 27,103         | 13.0         | 29,000         | 16.0         | 0.0         | (6.5)       |
| Middle Market                          | 28,534         | 13.1         | 26,434         | 12.7         | 22,314         | 12.3         | 7.9         | 27.9        |
| Bradesco Promotora de Vendas and Other | 17,294         | 8.0          | 16,947         | 8.1          | 10,854         | 6.0          | 2.0         | 59.3        |
| Prime                                  | 7,832          | 3.6          | 6,900          | 3.3          | 5,748          | 3.2          | 13.5        | 36.2        |
| <b>Total</b>                           | <b>217,274</b> | <b>100.0</b> | <b>208,588</b> | <b>100.0</b> | <b>180,969</b> | <b>100.0</b> | <b>4.2</b>  | <b>20.1</b> |

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

**Loan Portfolio - By Currency**

The balance of foreign currency-indexed and/or denominated loans and onlending operations (excluding ACCs) totaled US\$9.7 billion in September 2010, representing strong growth of 38.4% in terms of U.S. dollars in the last twelve months and 2.4% in the quarter (in terms of Brazilian reais, an increase of 31.9% in the last twelve months and a decrease of 3.7% in the quarter). In terms of Brazilian Reais, these same foreign currency operations totaled R\$16.4 billion (R\$17.0 billion in June 2010 and R\$12.4 billion in September 2009).

In September 2010, total loan operations in domestic currency stood at R\$200.9 billion (R\$191.6 billion in June 2010 and R\$168.5 billion in September 2009), a 19.2% increase in the last twelve months.

**Loan Portfolio - By Debtor**

At the end of the third quarter of 2010, the credit exposure levels of the fifty and one hundred largest debtors were less concentrated and of better quality than they were last quarter.

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**Loan Portfolio - By Flow of Maturities**

In September 2010, 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 loan operations present reduced risk, given their guarantees and characteristics.

**Loan Portfolio Delinquency over 90 days**

The delinquency ratio for operations over 90 days declined for the fourth consecutive quarter, benefitted by the ongoing improvement of the domestic economic scenario, which led to an improvement in loan operations and in the portfolio's quality.

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

Analysis of delinquency by customer type in the quarter shows that operations overdue from 61 to 90 days declined both for individuals and Corporate customers.

**Allowance for Loan Losses (PLL) vs. Delinquency vs. Losses**

The total volume of Allowance for Loan Losses (PLL) amounted to R\$16.0 billion, representing 7.4% of the total portfolio. The total allowance is composed of generic provisions (classification by customer and/or operation), 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 analyzing the historical data on recorded allowances for loan losses and the effective losses in the subsequent twelve month period. For instance, in September 2009, for an existing provision of 8.3% of the portfolio, the loss in the subsequent twelve months was 5.2%, which means the existing provision covered the loss by a 58% margin, as shown in the graph below.

Analysis in terms of net recovery of losses shows a significant increase in the coverage margin. In September 2009, for an existing provision of 8.3% of the portfolio, the loss in the subsequent twelve months was 3.8%, meaning that the existing provision covered the loss by a 118% margin.

**Allowance for Loan Losses**

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

Delinquency of over 60 days (non-performing loans) presented the same tendency to decrease as delinquency of more than 90 days. Moreover, additional comfort stemmed from higher Operating Coverage Ratios in September 2010, both for Non-Performing Loans (162.0%) and delinquency over 90 days (191.8%).

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



**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 %) |         |         |
|--|------------------------|---------|---------|
|  | Sep10                  | Jun10   | Sep09   |
| Total Loan Operations  | 217,274                | 208,588 | 180,969 |
| - Individuals  | 91,654                 | 88,322  | 74,228  |
| - Corporate  | 125,620                | 120,266 | 106,741 |
| Existing Provision   | 16,019                 | 15,782  | 14,953  |
| - Specific   | 7,895                  | 7,885   | 8,422   |
| - Generic  | 5,122                  | 4,889   | 3,540   |
| - Excess   | 3,002                  | 3,008   | 2,991   |
| Specific Provision / Existing Provision (%)                    | 49.3                   | 50.0    | 56.3    |
| Existing Provision / Loan Operations (%)                       | 7.4                    | 7.6     | 8.3     |
| AA - C Rated Loan Operations / Loan Operations (%)             | 92.1                   | 91.8    | 90.9    |
| D Rated Operations under Risk Management / Loan Operations (%) | 1.9                    | 2.0     | 2.2     |
| E - H Rated Loan Operations / Loan Operations (%)              | 6.0                    | 6.2     | 6.9     |
| D Rated Loan Operations  | 4,125                  | 4,267   | 3,925   |
| Existing Provision for D Rated Operations                      | 1,066                  | 1,101   | 1,035   |
| D Rated Provision / Loan Operations (%)                        | 25.9                   | 25.8    | 26.4    |
| D - H Rated Non-Performing Loans                               | 11,099                 | 11,350  | 12,066  |
| Existing Provision/D - H Rated Non-Performing Loans (%)        | 144.3                  | 139.0   | 123.9   |
| E - H Rated Loan Operations                                    | 13,062                 | 12,967  | 12,484  |
| Existing Provision for E - H Rated Loan Operations             | 11,510                 | 11,412  | 10,947  |
| E - H Rated Provision / Loan Operations (%)                    | 88.1                   | 88.0    | 87.7    |
| E - H Rated Non-Performing Loans                               | 9,439                  | 9,397   | 10,033  |
| Existing Provision/E - H Rated Non-Performing Loan (%)         | 169.7                  | 167.9   | 149.0   |
| Non-Performing Loans (*)                                       | 9,886                  | 10,132  | 10,727  |
| Non-Performing Loans (*) / Loan Operations (%)                 | 4.6                    | 4.9     | 5.9     |
| Existing Provision / Non-Performing Loans (*) (%)              | 162.0                  | 155.8   | 139.4   |
| Loan Operations Overdue for Over 90 days                       | 8,351                  | 8,371   | 8,979   |
| Existing Provision / Operations Overdue for Over 90 days (%)   | 191.8                  | 188.5   | 166.5   |

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

The table above shows a general improvement of the loan portfolio performance indicators, especially among: loans rated between "AA C, which accounted for 92.1% of the loan portfolio as of September 2010; delinquency indicators, mainly those of Non Performing Loans, which corresponded to 4.6% of the portfolio; and the coverage ratio for operations overdue for more than 90 days, corresponding to 191.8%. The

performance of these indicators is a result of improvements in delinquency due to Brazil's improved economic conditions.

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

|                                  | Financial Margin - Funding |              |            |            | R\$ million |            |
|----------------------------------|----------------------------|--------------|------------|------------|-------------|------------|
|                                  | 9M10                       | 9M09         | 3Q10       | 2Q10       | Variation   |            |
|                                  |                            |              |            |            | YTD         | Quarter    |
| Interest - due to volume         |                            |              |            |            | 225         | 63         |
| Interest - due to spread         |                            |              |            |            | (105)       | 109        |
| <b>Interest Financial Margin</b> | <b>2,113</b>               | <b>1,993</b> | <b>846</b> | <b>674</b> | <b>120</b>  | <b>172</b> |

Comparing the third quarter of 2010 with the previous one, there was an increase of 25.5% or R\$172 million in the interest funding financial margin. This growth was due to: (i) average spread gains of R\$109 million, resulting from increases in the basic Selic interest rate in the period and (ii) increased operation volume, which contributed to a R\$63 million increase.

compared to R\$1,993 million in the same period in 2009, an increase of 6.0% or R\$ 120 million. The increase was the result of: (i) a R\$225 million growth in average business volume from efforts to establish funding strategies, which led to an increase in the average volume of demand and savings deposits; and was mitigated by: (ii) a decline in average spread at R\$105 million due to lower interest rates (Selic).

In the first nine months of 2010, the interest funding financial margin was R\$2,113 million,

**Loans vs. Funding**

To analyze Loan Operations in relation to Funding, it is first necessary to deduct, from total customer funding, the amount committed to compulsory deposits at the Central bank and the amount of available funds held at units in the customer service network, and to add the funds from domestic and offshore ones 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 the outstanding position of its service network,

extensive diversity of products offered and the market's confidence in the Bradesco brand.

The use of funds has shown a comfortable margin, proving that Bradesco is capable of supplying, mainly by raising funds with customers, the need for resources required by loan operations.

| Funding x Investments  | R\$ million    |                |                | Variation %       |                   |
|--|----------------|----------------|----------------|-------------------|-------------------|
|  | Sep10          | Jun10          | Sep09          | Quarter           | 12M               |
| Demand Deposits + Investment Account                                       | 34,906         | 33,842         | 30,293         | 3.1               | 15.2              |
| Sundry Floating  | 3,350          | 3,139          | 2,690          | 6.7               | 24.5              |
| Savings Deposits   | 50,113         | 47,332         | 40,922         | 5.9               | 22.5              |
| Time Deposits + Debentures <sup>(1)</sup>                                  | 144,674        | 138,480        | 130,784        | 4.5               | 10.6              |
| Other  | 12,390         | 12,116         | 7,759          | 2.3               | 59.7              |
| <b>Clients Funds</b>   | <b>245,433</b> | <b>234,909</b> | <b>212,448</b> | <b>4.5</b>        | <b>15.5</b>       |
| (-) Compulsory Deposits / Funds Available <sup>(2)</sup>                   | (51,690)       | (50,140)       | (36,067)       | 3.1               | 43.3              |
| <b>Clients Funds Net of Compulsory Deposits</b>                            | <b>193,743</b> | <b>184,769</b> | <b>176,381</b> | <b>4.9</b>        | <b>9.8</b>        |
| Onlending  | 27,983         | 24,703         | 18,273         | 13.3              | 53.1              |
| Foreign Credit Lines   | 15,101         | 14,783         | 10,191         | 2.2               | 48.2              |
| Funding Abroad   | 24,922         | 14,802         | 12,892         | 68.4              | 93.3              |
| <b>Total Funding (A)</b>   | <b>261,749</b> | <b>239,057</b> | <b>217,737</b> | <b>9.5</b>        | <b>20.2</b>       |
| Loan Portfolio/Leasing/Cards (Other Loans)/Acquired CDI (B) <sup>(3)</sup> | 219,493        | 209,045        | 186,046        | 5.0               | 18.0              |
| <b>B/A (%)</b>   | <b>83.9</b>    | <b>87.4</b>    | <b>85.4</b>    | <b>(3.5) p.p.</b> | <b>(1.5) 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 (payment in full and financing for merchants) and amounts related to interbank deposit certificates (CDI) to debate from the compulsory amount.

## Main Funding Sources

The following table presents changes in main funding sources:

|                                      | R\$ million    |                |                | Variation % |             |
|--------------------------------------|----------------|----------------|----------------|-------------|-------------|
|                                      | Sep10          | Jun10          | Sep09          | Quarter     | 12M         |
| Demand Deposits + Investment Account | 34,906         | 33,842         | 30,293         | 3.1         | 15.2        |
| Savings Deposits                     | 50,113         | 47,332         | 40,922         | 5.9         | 22.5        |
| Time Deposits                        | 100,730        | 96,824         | 96,033         | 4.0         | 4.9         |
| Debentures (*)                       | 43,182         | 40,915         | 33,993         | 5.5         | 27.0        |
| Borrowing and Onlending              | 37,998         | 35,033         | 27,025         | 8.5         | 40.6        |
| Funds from Issuance of Securities    | 13,749         | 12,729         | 7,111          | 8.0         | 93.3        |
| Subordinated Debts                   | 25,697         | 23,385         | 22,881         | 9.9         | 12.3        |
| <b>Total</b>                         | <b>306,375</b> | <b>290,059</b> | <b>258,258</b> | <b>5.6</b>  | <b>18.6</b> |

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

## Demand Deposits and Investment Account

The 3.1% or R\$1,064 million increase in the third quarter of 2010 over the previous quarter and the 15.2% or R\$4,613 million growth year-on-year are due to an increase in the client base of checking account holders (2.7% in the quarter and 8.7% in the last 12 months), as well as the continuation of the benign economic cycle that is propelling economic activity and has led to improved funding conditions.

## Savings Deposits

The variation in the quarter is basically due to the higher inflows and the remuneration of deposits (TR + 0.5% p.m.), which reached 1.8% in the third quarter of 2010, representing growth of 5.9%. Bradesco is always increasing its savings accounts base and has seen a growth of 9.7% in savings accounts over the last twelve months.

Comparing the first nine months of 2010 with the same period in 2009, the 22.5% growth in deposits is mainly the result of increased funding that exceeded redemptions and the remuneration of balances (TR +

0.5% p.m.), reaching 6.7% growth in the period.

At the end of the first nine months of 2010, the balance of Bradesco's Savings Accounts represented 17.8% of the Brazilian Savings and Loan System (SBPE).

### **Time Deposits**

In the third quarter of 2010, time deposits grew by 4.0% (or R\$3,906 million) over the previous quarter, mainly as a result of: (i) an increase in funding volume from institutional investors and the branch network; and (ii) the appreciation of the deposit portfolio due to improved remuneration rates.

Upon comparing the first nine months of 2010 with the same period last year, the 4.9% increase is basically due to a decline in the use of these deposits as a source of funding.

### **Debentures**

On September 30, 2010, the balance of Bradesco's debentures was R\$43,182 million, up by 5.5% quarter on quarter and 27.0% in the last twelve months.

The increase in the third quarter of 2010, when compared to the same period last year, is mainly due to the placement of the securities, which are used to back purchase and sale commitments that are in turn impacted by steady levels of economic activity.

### **Borrowings and Onlending**

The 8.5%, or R\$2,965 million increase in the quarter is mainly due to the following: (i) the R\$3,250 million increase in the volume of funds from borrowings and onlending in the country, especially through BNDES and Finame operations; and partially offset by (ii) the negative variation of the foreign exchange rate of 6.0%, which impacted borrowings and onlendings denominated and/or indexed in foreign currency, the balance of which was R\$9,881 million in June 2010 and R\$9,596 million in September 2010.

The increase of 40.6%, or R\$10,973 million, in the first nine months of 2010 when compared to the same period last year was mainly due to: (i) the R\$9,595 million increase in the volume of funds from

borrowings and onlending in the country, especially through BNDES and Finame operations; and (ii) the increase, despite the negative 4.7% variation of the foreign exchange rate, of 16.8% or R\$1,378 million in borrowings and onlendings denominated and/or indexed in foreign currency, the balance of which was R\$8,218 million in September 2009 and R\$9,596 million in September 2010.



### **Funds from Security Issuances**

The 8.0%, or R\$1,020 million increase in the quarter is mainly due to the following: (i) the R\$615 million increase in the volume of Financial Letters; (ii) the growth of Letters of Credit for Real Estate, in the amount of R\$305 million; (iii) the higher volume of operations with Letters of Credit for Agribusiness, amounting to R\$243 million, and partially offset by: (iv) the negative variation in the foreign exchange ratio of 6.0%, which impacted securities issued abroad.

The increase of 93.3%, or R\$6,638 million, in the first nine months of 2010 when compared to the same period last year, was mainly due to: (i) new issues of Financial Bills in the market beginning in the second quarter of 2010, amounting to R\$4,047 million in September 2010; (ii) the increased number of securities issued abroad, amounting to R\$1,491 million; (iii) the higher volume of Letters of Credit for Real Estate, in the amount of R\$507 million; (iv) the higher volume of operations with Letters of Credit for Agribusiness, amounting to R\$481 million; and partially offset by: (v) a 4.7% negative foreign exchange rate variation, which impacted the portfolio's securities.

### **Subordinated Debt**

In September 2010, Bradesco's Subordinated Debt totaled R\$25,697 million (R\$5,025 million abroad and R\$20,672 million in Brazil).

In the twelve-month period, Bradesco issued R\$2,057 million in Subordinated Debts (R\$193 million in Brazil and R\$1,864 million abroad), R\$1,933 million of which is eligible for Level II of the Capital Adequacy Ratio (Basel II) with maturity between 2015 and 2021 through the issue of subordinated notes. The issue of subordinated notes in August stands out with a total of US\$1.1 billion.

Note that only R\$9,669 million of total subordinated debt is used for calculating the Capital Adequacy Ratio (Basel II), given the maturity of each subordinated debt operation.

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

|                           | R\$ million                           |         |         |         |           |         |
|---------------------------|---------------------------------------|---------|---------|---------|-----------|---------|
|                           | Financial Margin - Securities / Other |         |         |         | Variation |         |
|                           | 9M10                                  | 9M09    | 3Q10    | 2Q10    | YTD       | Quarter |
| Interest - due to volume  |                                       |         |         |         | 190       | 38      |
| Interest - due to spread  |                                       |         |         |         | (100)     | (27)    |
| Interest Financial Margin | 1,720                                 | 1,630   | 646     | 635     | 90        | 11      |
| Revenues                  | 13,090                                | 10,362  | 4,776   | 4,563   | 2,728     | 213     |
| Expenses                  | (11,370)                              | (8,732) | (4,130) | (3,928) | (2,638)   | (202)   |

In relation to the previous quarter, the interest financial margin from Securities/Other increased by R\$11 million or 1.7% in the third quarter of 2010, mainly due to: (i) the growth in operating volume, which contributed R\$38 million; and offset by: (ii) a R\$27 million decrease in average spread.

Interest financial margin with Securities/Other in the first nine months of 2010 was R\$1,720 million, an increase of 5.5% or R\$90 million. This was the result of: (i) a R\$190 million increase in average business volume, partially offset by: (ii) a reduced average spread that impacted the result in R\$100 million.

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

|                           | R\$ million                   |         |         |         |           |         |
|---------------------------|-------------------------------|---------|---------|---------|-----------|---------|
|                           | Financial Margin - Insurances |         |         |         | Variation |         |
|                           | 9M10                          | 9M09    | 3Q10    | 2Q10    | YTD       | Quarter |
| Interest - due to volume  |                               |         |         |         | 259       | 18      |
| Interest - due to spread  |                               |         |         |         | (95)      | (36)    |
| Interest Financial Margin | 1,920                         | 1,756   | 579     | 597     | 164       | (18)    |
| Revenues                  | 6,358                         | 5,673   | 2,467   | 1,615   | 685       | 852     |
| Expenses                  | (4,438)                       | (3,917) | (1,888) | (1,018) | (521)     | (870)   |

The interest financial margin of insurance operations decreased by R\$18 million, or 3.0% in the third quarter of 2010 compared to the previous quarter, impacted by: (i) a R\$36 million decrease in average spread; partially offset by: (ii) the R\$18 million increase in the volume of operations.

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Compared with the accumulated period up to September of 2009, the interest financial margin from insurance operations grew by 9.3% or R\$164 million in the period. This performance was due to: (i) an increase in average business volume of R\$259 million; partially offset by: (ii) a R\$95 million decrease in average spread.

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

|                  | R\$ million                   |              |            |            |                |           |
|------------------|-------------------------------|--------------|------------|------------|----------------|-----------|
|                  | Non-Interest Financial Margin |              |            |            | Variation      |           |
|                  | 9M10                          | 9M09         | 3Q10       | 2Q10       | YTD            | Quarter   |
| Loans            | -                             | (72)         | -          | -          | 72             | -         |
| Funding          | (194)                         | (181)        | (67)       | (64)       | (13)           | (3)       |
| Insurance        | 422                           | 405          | 278        | 75         | 17             | 203       |
| Securities/Other | 838                           | 2,026        | 187        | 373        | (1,188)        | (186)     |
| <b>Total</b>     | <b>1,065</b>                  | <b>2,178</b> | <b>398</b> | <b>384</b> | <b>(1,113)</b> | <b>14</b> |

In the third quarter of 2010, "non-interest financial margin result came to R\$398 million versus the R\$384 million posted in the second quarter of 2010. Accumulated as of September 2010, the margin stood at R\$1,065 million and variations in the non-interest financial margin are mainly a result of the following:

- Loans, represented by commissions for placing financing and loans. Expenses were reduced by the change in accounting policy as of the second quarter of 2008. Financing commissions were incorporated into the balances of financing/leasing operations;
- Funding, represented by expenses with the Credit Guarantee Fund (Fundo Garantidor de Crédito FGC). The increase in the periods compared was mainly due to an expanded customer base;
- Insurance, represented by gains from the sale of equity investments and government bonds; and
- Securities/Other, decreased by R\$186 million from the second quarter to the third quarter of 2010, resulting from lower treasury/securities gains. The R\$1,188 million decrease in the first nine months of 2010 when compared to the same period in 2009 is associated with the recovery of domestic and foreign markets, which allowed for important gains in the first nine months of 2009.

## Insurance, Private Pensions and Savings Bonds

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

### Consolidated Balance Sheet

|   | Sep10          | Jun10         | R\$ million<br>Sep09 |
|---|----------------|---------------|----------------------|
| <b>Assets</b>   |                |               |                      |
| <b>Current and Long-Term Assets</b>                                     | <b>98,536</b>  | <b>94,487</b> | <b>86,009</b>        |
| Securities  | 92,599         | 88,515        | 79,875               |
| Insurance Premiums Receivable   | 1,427          | 1,423         | 1,493                |
| Other Loans   | 4,510          | 4,549         | 4,641                |
| <b>Permanent Assets</b>   | <b>2,183</b>   | <b>2,145</b>  | <b>1,597</b>         |
| <b>Total</b>  | <b>100,719</b> | <b>96,632</b> | <b>87,606</b>        |
| <b>Liabilities</b>  |                |               |                      |
| <b>Current and Long-Term Liabilities</b>                                | <b>88,817</b>  | <b>85,393</b> | <b>76,766</b>        |
| Tax, Civil and Labor Contingencies                                      | 1,705          | 1,631         | 2,056                |
| Payables on Insurance, Private Pension Plan and Savings Bond Operations | 314            | 321           | 327                  |
| Other Liabilities   | 4,435          | 4,133         | 2,983                |
| Insurance Technical Provisions  | 7,105          | 7,016         | 6,617                |
| Technical Provisions for Life and Private Pension Plans                 | 71,775         | 68,975        | 61,918               |
| Technical Provisions for Savings Bonds                                  | 3,483          | 3,317         | 2,865                |
| <b>Minority Interest</b>  | <b>509</b>     | <b>489</b>    | <b>155</b>           |
| <b>Shareholders' Equity</b>   | <b>11,393</b>  | <b>10,750</b> | <b>10,685</b>        |
| <b>Total</b>  | <b>100,719</b> | <b>96,632</b> | <b>87,606</b>        |

### Consolidated Statement of Income

|   | 9M10   | 9M09   | 3Q10  | R\$ million<br>2Q10 |
|---|--------|--------|-------|---------------------|
| Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*) | 22,056 | 18,293 | 7,697 | 7,163               |
| Premiums Earned from Insurance, Private Pension Plan Contribution and Savings Bonds         | 11,845 | 9,785  | 4,160 | 4,013               |
| Interest Income of the Operation  | 2,283  | 2,123  | 838   | 654                 |
| Sundry Operating Revenues   | 722    | 617    | 236   | 226                 |

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|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Retained Claims                               | (7,063)      | (6,132)      | (2,472)      | (2,324)      |
| Savings Bonds Draw ing and Redemptions        | (1,543)      | (1,225)      | (573)        | (519)        |
| Selling Expenses                              | (1,166)      | (930)        | (411)        | (383)        |
| General and Administrative Expenses           | (1,323)      | (1,003)      | (482)        | (439)        |
| Other (Operating Income/Expenses)             | (76)         | (142)        | (42)         | (18)         |
| Tax Expenses                                  | (266)        | (212)        | (90)         | (91)         |
| <b>Operating Income</b>                       | <b>3,413</b> | <b>2,881</b> | <b>1,164</b> | <b>1,119</b> |
| Equity Result                                 | 148          | 141          | 43           | 50           |
| Non-Operating Income                          | (26)         | 11           | (10)         | (9)          |
| Taxes and Contributions and Minority Interest | (1,410)      | (1,138)      | (476)        | (459)        |
| <b>Net Income</b>                             | <b>2,125</b> | <b>1,895</b> | <b>721</b>   | <b>701</b>   |

(\*) Not considering the effect of RN 206/09 (ANS) in the total of R\$396 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

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

|                                | R\$ million |            |            |            |            |            |            |            |
|--------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|
|                                | 3Q10        | 2Q10       | 1Q10       | 4Q09       | 3Q09       | 2Q09       | 1Q09       | 4Q08       |
| Life and Private Pension Plans | 450         | 443        | 409        | 394        | 347        | 366        | 357        | 383        |
| Health                         | 131         | 122        | 148        | 129        | 89         | 107        | 137        | 113        |
| Savings Bonds                  | 50          | 57         | 65         | 44         | 65         | 58         | 50         | 55         |
| Basic Lines and Other          | 90          | 79         | 81         | 35         | 106        | 107        | 106        | (1)        |
| <b>Total</b>                   | <b>721</b>  | <b>701</b> | <b>703</b> | <b>602</b> | <b>607</b> | <b>638</b> | <b>650</b> | <b>550</b> |

**Performance Ratios**

|  | %    |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|
|  | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 |
| Claims Ratio <sup>(1)</sup>                  | 72.4 | 71.8 | 73.3 | 74.3 | 77.2 | 73.3 | 73.7 | 78.0 |
| Selling Ratio <sup>(2)</sup>                 | 10.7 | 10.2 | 10.6 | 9.6  | 9.9  | 9.9  | 9.5  | 10.1 |
| Administrative Expenses Ratio <sup>(3)</sup> | 6.3  | 6.1  | 5.6  | 4.6  | 5.4  | 5.4  | 5.6  | 6.0  |
| Combined Ratio <sup>(*) (4)</sup>            | 85.3 | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | 86.2 | 89.7 |

(\*) 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 the effect of RN 206/09 (ANS) in the total of R\$396 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

In the third quarter of 2010, premiums written, pension plan contributions and savings bonds income increased by 15.1% on the same quarter of the previous year.

According to Susep and ANS, in the insurance, private pension plans and savings bonds segment, Bradesco Seguros e Previdência collected R\$17.0 billion up to August 2010, maintaining its position as leader of the ranking with a market share of 24.8%. In the same period, R\$78.8 billion were collected by the insurance industry.





**Retained Claims by Insurance Line**

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

**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 (Premiums earned), amounting to R\$149 million (health insurance).

**Efficiency Ratio**

General and Administrative Expenses / Revenue

**Insurance Technical Provisions**

The Insurance Group's technical provisions represented 31.1% of the insurance industry in August 2010, according to Susep and the National Supplementary Health Agency (ANS).

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

Note: 2: According to Susep Circular Letter 379/08, as of January 2009, technical provisions for reinsurance were recorded under assets.

**Bradesco Vida e Previdência**

|   | R\$ million (except when indicated otherwise) |        |        |        |        |        |        |        |
|---|---|--------|--------|--------|--------|--------|--------|--------|
|   | 3Q10  | 2Q10   | 1Q10   | 4Q09   | 3Q09   | 2Q09   | 1Q09   | 4Q08   |
| Net Income  | 450   | 443    | 409    | 394    | 347    | 366    | 357    | 383    |
| Income from Premiums and Contribution Revenue*        | 4,096   | 3,690  | 3,910  | 4,933  | 3,697  | 3,304  | 2,822  | 3,517  |
| - Income from Private Pension Plans and VGBL          | 3,403   | 3,052  | 3,291  | 4,295  | 3,100  | 2,758  | 2,294  | 2,964  |
| - Income from Life/Accidents Insurance Premiums       | 693   | 638    | 619    | 638    | 597    | 546    | 528    | 553    |
| Technical Provisions                                  | 71,775  | 68,975 | 67,572 | 65,692 | 61,918 | 59,533 | 57,384 | 56,052 |
| Investment Portfolio                                  | 75,974  | 72,507 | 70,920 | 68,780 | 64,646 | 61,736 | 59,063 | 57,357 |
| Claims Ratio  | 49.8  | 44.7   | 45.1   | 50.9   | 48.1   | 43.9   | 43.7   | 48.4   |
| Selling Ratio   | 19.8  | 17.5   | 18.8   | 14.4   | 16.5   | 17.1   | 14.9   | 17.5   |
| Combined Ratio  | 79.9  | 71.5   | 73.9   | 70.6   | 74.4   | 69.4   | 68.6   | 71.9   |
| Participants / Policyholders (in thousands)           | 21,346  | 21,109 | 21,326 | 21,389 | 21,206 | 20,231 | 19,838 | 18,918 |
| Premiums and Contributions Revenue Market Share (%)** | 32.2  | 32.0   | 32.7   | 31.1   | 31.1   | 30.4   | 34.2   | 34.5   |
| Life/AP Market Share - Insurance Premiums (%)**       | 17.0  | 16.8   | 16.8   | 16.8   | 16.3   | 16.0   | 16.6   | 16.8   |

\*Life/VGBL/Traditional

\*\*In 3Q10, considers data for August 2010.

Due to its solid structure, policy of product innovation and consumer reliance, Bradesco Vida e Previdência maintained its leadership, holding a market share of 32.2% in terms of income from pension plans and VGBL.

Bradesco Vida e Previdência is also a leader in VGBL plans, with a 33.5% market share, and in Private Pension Plans, with 23.2% (source: Fenaprevi - data as of August 2010).

Net income in the third quarter of 2010 increased by 1.6% on the previous quarter, due to: (i) an 11.0% growth in revenue, particularly in the

Private Pension and VGBL segments, which contributed 11.5%; (ii) improved performance of financial results; and partially offset by: (iii) increased claims in the Life segment.

The result accumulated up to September of 2010 was up 21.7% on the same period in 2009, mainly due to: (i) the 19.1% increase in revenue; (ii) the performance of the administrative efficiency ratio, which even considering the increased portfolio in January 2010, remained at the same level as 2009; and; partially offset by: (iii) a growth in claims in the Life segment during the period.

Bradesco Vida e Previdência's technical provisions stood at R\$71.8 billion in September 2010, made up of R\$69.0 billion from the Private Pension segment and VGBL and R\$2.8 billion from Life, Personal Accidents and other lines, up 15.9% on September 2009.

The Private Pension and VGBL Portfolio totaled R\$72.2 billion in August 2010, equal to 35.2% of all market funds (source: Fenaprevi).

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

In September 2010, the number of Bradesco Vida e Previdência customers grew by 0.7%, or 140 thousand participants, compared to September 2009, surpassing a total of 2.0 million private pension and VGBL plan participants and of 19.3 million personal accident and life insurance policyholders. This strong growth was fueled by

the strength of the Bradesco brand and the adequate selling and management policies of its products.

**Bradesco Saúde Consolidated**

|                                     | 3Q10  | 2Q10  | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)            | 131   | 122   | 148   | 129   | 89    | 107   | 137   | 113   |
| Net Premiums Written (R\$ million)* | 1,925 | 1,845 | 1,705 | 1,622 | 1,573 | 1,484 | 1,419 | 1,410 |
| Technical Provisions (R\$ million)  | 3,471 | 3,453 | 3,405 | 3,555 | 3,479 | 3,447 | 3,429 | 3,416 |
| Claims Ratio                        | 80.7  | 80.6  | 83.0  | 85.7  | 89.2  | 86.0  | 83.6  | 89.4  |
| Selling Ratio                       | 4.8   | 4.6   | 4.5   | 4.1   | 3.9   | 4.0   | 3.8   | 3.7   |
| Combined Ratio                      | 96.1  | 96.2  | 96.8  | 96.8  | 99.4  | 98.2  | 94.5  | 99.5  |
| Policyholders (in thousands)        | 7,468 | 7,236 | 7,075 | 4,310 | 4,193 | 4,063 | 3,929 | 3,826 |
| Written Premiums Market Share (%)** | 50.7  | 50.4  | 49.4  | 48.7  | 48.1  | 47.4  | 46.9  | 44.6  |

\* Not considering the effect of RN 206/09 (ANS) in the total of R\$396 million (Health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

\*\*3Q10 considers data for August 2010.

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 in the third quarter of 2010 was up by 7.4% over the second quarter of the year, mainly as a result of: (i) 4.3% growth in revenue; (ii) decreased administrative expenses due to a 0.5 p.p. improvement in the Efficiency Ratio; and (iii) claims and sale ratios remaining steady.

The result in the first nine months of 2010 was up 20.4% on the same period last year, mainly due to: (i) 22.3% growth in revenue; (ii) an improvement in financial result; (iii) a 5.0 p.p. drop in claims, partially offset by: (iv) the recording of a provision for benefits to be granted remission individual segment in the first quarter of 2010; and

(v) increased personnel expenses due to the collective bargaining agreement executed in January 2010.

In September 2010, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 31 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 7.5 million customers. The high share of corporate policies in the overall portfolio (92.5% in September 2010) shows the Company's high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

Mediservice S.A. became a part of Grupo Bradesco de Seguros e Previdência as of February 22, 2008. With a portfolio of over 266 thousand customers, Mediservice has healthcare and dental plans for corporate customers that are conducted on a post-payment basis.

**Bradesco Capitalização**

|  | 3Q10  | 2Q10  | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)                     | 50    | 57    | 65    | 44    | 65    | 58    | 50    | 55    |
| Revenues from Savings Bonds (R\$ million)    | 658   | 594   | 526   | 575   | 520   | 483   | 413   | 477   |
| Technical Provisions (R\$ million)           | 3,483 | 3,317 | 3,141 | 3,024 | 2,865 | 2,785 | 2,740 | 2,706 |
| Clients (in thousands)                       | 2,610 | 2,583 | 2,553 | 2,531 | 2,507 | 2,525 | 2,543 | 2,546 |
| Market Share from Premiums and Contributions |       |       |       |       |       |       |       |       |
| Revenues (%)*                                | 20.0  | 19.7  | 20.9  | 19.7  | 19.4  | 19.0  | 18.3  | 18.9  |

\* 3Q10 considers data for August 2010.

Revenue increased by 10.8% in comparison with the previous quarter. Net income in the third quarter of 2010 did not surpass that of the previous quarter, mainly as a result of reduced financial result, impacted by the behavior of the profitability of securities indexed to the IPCA.

The result in the first nine months of 2010 is in line with the result observed in the same period last

year, mainly due to (i) a 25.6% increase in revenue; (ii) the administrative efficiency ratio that remained at the same level as of those in 2009, and offset, in part, by: (iii) the expenses from the constitution of technical provisions to meet increased sales, mainly from single payment products.

Bradesco Capitalização ended the third quarter of 2010 as a leader in 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 its customers, 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: Fundação SOS Mata Atlântica, which contributes to the development of reforestation projects; Instituto Ayrton Senna, which is set apart by transferring a percentage of the amount collected to social projects; 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, Fundação Amazonas Sustentável, through which a part of the amount collected is allocated to environmental conservation and sustainable development programs and projects.

The portfolio is made up of 16.7 million active bonds. Of this total, 32.8% are represented by Traditional Bonds sold in the Branch Network and Bradesco Dia&Noite channels, posting 6.1% growth on September 2009. The remaining 67.2% of the portfolio is represented by Incentive bonds (loan assignments from drawings), such as: partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which increased by 1.7% in comparison with September 2009. Given that the objective of this type of savings plan is to add value to the partner company's product or to foster the compliance of its customers, maturity and grace periods are reduced and have low unitary sale value.

Bradesco Capitalização S.A. maintains a quality management system and holds the latest version of the NBR ISO 9001:2008 certification 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**

|  | 3Q10  | 2Q10  | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)                                   | 28    | 27    | 22    | 43    | 33    | 40    | 32    | (11)  |
| Net Premiums Written (R\$ million)                         | 941   | 952   | 935   | 855   | 812   | 754   | 718   | 739   |
| Technical Provisions (R\$ million)                         | 3,525 | 3,455 | 3,402 | 3,162 | 2,998 | 2,940 | 3,000 | 2,315 |
| Claims Ratio   | 69.7  | 69.9  | 70.7  | 70.2  | 72.3  | 65.3  | 72.7  | 75.7  |
| Selling Ratio  | 17.3  | 17.6  | 17.7  | 16.6  | 17.5  | 16.9  | 17.3  | 17.5  |
| Combined Ratio   | 105.2 | 105.3 | 104.3 | 107.8 | 106.4 | 99.9  | 106.2 | 111.6 |
| Policyholders (in thousands)                               | 3,208 | 2,980 | 2,814 | 2,592 | 2,433 | 2,359 | 2,280 | 2,192 |
| Market Share from Premiums and Contributions Revenues (%)* | 11.3  | 11.7  | 12.1  | 10.4  | 10.2  | 10.1  | 10.1  | 10.5  |

\* 3Q10 data considers August 2010.

Insurance premiums in the Auto/RE line held a market share of 11.3% (market data for August 2010).

Net income in the third quarter of 2010 increased by 3.7% in relation to the previous quarter's results, mainly due to a decrease in claims and sales ratios.

Production accumulated up to September 2010 increased by 23.8% in comparison with the amount recorded in the same period last year. Accumulated net income stood at R\$28 million, lower than that recorded in September 2009, as a result of: (i) the December 2009 capital reduction, amounting to R\$1 billion, which impacted financial income; (ii) the maintenance of selling expenses; at the same level; and (iii) increased administrative expenses resulting from the collective bargaining agreement executed in January 2010.

Grupo Bradesco Seguros e Previdência maintained its leadership position among major insurers of Brazil's Basic Lines Insurance market, with a market share of 6.5% as of August 2010.

In segments related to Property Insurance, Bradesco Auto/RE has been renewing the insurance programs of its major customers through partnerships with brokers specialized in the segment and fostering a closer relationship with Bradesco Corporate and Bradesco Empresas.

The excellent performance of the oil industry and rebound in the construction industry has also contributed to the growth of Bradesco Auto/RE in this segment.

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

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 important 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.

Grupo Bradesco de Seguros e Previdência held a market share in the Auto/RCF portfolio of 14.8% in August 2010 (Source: Susep).



**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 31.9% in the last twelve months to a total of 3.2 million customers. This increase can be observed mainly in residential insurance due, to the creation of specific products for customers, such as *Residencial Preferencial*, and the 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         | R\$ million  |              |              |              |              |            |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|------------|
|                                   | 9M10         | 9M09         | 3Q10         | 2Q10         | Variation    |            |
|                                   |              |              |              |              | YTD          | Quarter    |
| Card Income                       | 3,046        | 2,470        | 1,080        | 993          | 576          | 87         |
| Checking Account                  | 1,715        | 1,577        | 596          | 577          | 138          | 19         |
| Fund Management                   | 1,341        | 1,172        | 470          | 441          | 168          | 29         |
| Loan Operations                   | 1,263        | 1,118        | 434          | 439          | 145          | (5)        |
| Collection                        | 795          | 737          | 273          | 265          | 58           | 8          |
| Custody and Brokerage Services    | 341          | 296          | 112          | 115          | 45           | (3)        |
| Consortium Management             | 314          | 256          | 112          | 105          | 58           | 7          |
| Payment                           | 212          | 190          | 74           | 70           | 22           | 4          |
| Underwriting / Financial Advising | 200          | 235          | 85           | 40           | (35)         | 45         |
| Other                             | 577          | 440          | 190          | 208          | 137          | (18)       |
| <b>Total</b>                      | <b>9,804</b> | <b>8,491</b> | <b>3,427</b> | <b>3,253</b> | <b>1,313</b> | <b>174</b> |

Explanations of the main items that influenced the variation in fee and commission income between periods follow.

### Card Income

In the third quarter of 2010, the R\$87 million increase in card income on the previous quarter was mainly due to the increased number of transactions, from 230,417 thousand to 250,513 thousand, together with the increase in interest in Visavale, from 34.3% to 45.0%, as of August 2010, and in Cielo, from 26.6% to 28.7%, as of July 2010.

In the first nine months of 2010, Card Fee Income was R\$3,046 million, up 23.3% or R\$576 million in comparison with the previous year. This performance mainly results from the increase in purchases and services income, and from a 59.2% increase in the cards base, from 88,421 thousand in September 2009 to 140,735 thousand in September 2010, mainly driven by organic business growth and the Banco Ibi merger. It is worth noticing that the positive performance in card fee income, partially offset by the reduced interest in Cielo, from 39.3% to 26.6% in July 2009, and to 28.7% as of July 2010.

In the first nine months of 2010, credit card revenue grew by 43.5% in relation to the same period last year, reaching R\$54,068 million, and the number of transactions grew by 39.3% on the same period, from 500,038 thousand to 696,677 thousand.

### **Checking Account**

In the third quarter of 2010, checking account service revenue increased by 3.3% in the quarter, mainly due to a net increase of 579 thousand new checking accounts (547 thousand individual accounts and 32 thousand corporate accounts), in addition to the increase of services provided to the Bank's customers.

Revenue in the first nine months of 2010 increased by 8.8% or R\$138 million in comparison with the same period in 2009, resulting mainly from the expansion of the checking account client base, which saw a net increase of 1,780 thousand new accounts (1,709 thousand new individual accounts and 71 thousand new corporate accounts).

### **Loan Operations**

In the third quarter of 2010, income from loan operations amounted to R\$434 million, down by 1.1% in comparison with the previous quarter, mainly due to the increased concentration of operations settled in advance in the second quarter of 2010.

The R\$145 million growth in the first nine months of 2010 when compared with the same period last year is mainly due to: (i) increased income from guarantees, which grew by 19.2%, mainly resulting from the 8.9% increase in Sureties and Collateral operations; and (ii) the increased number of contracted operations in the period.

## Asset Management

Asset management revenue increased by R\$29 million in the third quarter of 2010, in comparison with the previous quarter, mainly due to the 7.5% increase in the volume of funds raised in the quarter and the greater number of business days.

The R\$168 million or 14.3% increase between the first nine months of 2009 and the first nine months of 2010 was mainly due to the performance of funds raised under Bradesco's management, which grew by 19.5%. The highlight was income from equity investment funds, which grew by 25.5% in the period, followed by growth in fixed income of 20.4%.

| Shareholders' Equity    | R\$ million    |                |                | Variation % |             |
|-------------------------|----------------|----------------|----------------|-------------|-------------|
|                         | Sep/10         | Jun/10         | Sep/09         | Quarter     | 12M         |
| Investment Funds        | 258,809        | 238,400        | 214,094        | 8.6         | 20.9        |
| Managed Portfolios      | 17,825         | 17,260         | 17,050         | 3.3         | 4.5         |
| Third-Party Fund Quotas | 6,412          | 7,637          | 5,767          | (16.0)      | 11.2        |
| <b>Total</b>            | <b>283,046</b> | <b>263,297</b> | <b>236,911</b> | <b>7.5</b>  | <b>19.5</b> |

| Asset Distribution                 | R\$ million    |                |                | Variation % |             |
|------------------------------------|----------------|----------------|----------------|-------------|-------------|
|                                    | Sep/10         | Jun/10         | Sep/09         | Quarter     | 12M         |
| Investment Funds Fixed Income      | 232,295        | 215,561        | 192,962        | 7.8         | 20.4        |
| Investment Funds Variable Income   | 26,514         | 22,839         | 21,132         | 16.1        | 25.5        |
| Investment Funds Third-Party Funds | 5,055          | 6,332          | 4,879          | (20.2)      | 3.6         |
| <b>Total - Investment Funds</b>    | <b>263,864</b> | <b>244,732</b> | <b>218,973</b> | <b>7.8</b>  | <b>20.5</b> |

|                                   |               |               |               |            |            |
|-----------------------------------|---------------|---------------|---------------|------------|------------|
| Managed Funds - Fixed Income      | 8,918         | 9,434         | 8,837         | (5.5)      | 0.9        |
| Managed Funds Variable Income     | 8,907         | 7,826         | 8,213         | 13.8       | 8.5        |
| Managed Funds - Third-Party Funds | 1,357         | 1,305         | 888           | 4.0        | 52.8       |
| <b>Total - Managed Funds</b>      | <b>19,182</b> | <b>18,565</b> | <b>17,938</b> | <b>3.3</b> | <b>6.9</b> |

|                         |                |                |                |            |             |
|-------------------------|----------------|----------------|----------------|------------|-------------|
| Total Fixed Income      | 241,213        | 224,995        | 201,799        | 7.2        | 19.5        |
| Total Variable Income   | 35,421         | 30,665         | 29,345         | 15.5       | 20.7        |
| Total Third-Party Funds | 6,412          | 7,637          | 5,767          | (16.0)     | 11.2        |
| <b>Overall Total</b>    | <b>283,046</b> | <b>263,297</b> | <b>236,911</b> | <b>7.5</b> | <b>19.5</b> |





**Cash Management Solutions (Payments and Collections)**

The R\$12 million or 3.6% increase in revenue in the third quarter of 2010 in relation to the previous quarter is mainly related to the increase in business and the number of documents processed, which grew from 364 million to 387 million during the period in question.

In relation to the first nine months of 2010, compared to the same period in 2009, Payment and Collection income increased 8.6%, or R\$80 million, also due to an increase in the number of processed documents, which grew from 945 million in the first nine months of 2009 to 1,096 million in the nine months of 2010.

**Consortium Management**

The 4.6% increase in the sale of net quotas in the third quarter of 2010 led Bradesco Consórcios to sell 20.4 thousand more quotas than in the previous quarter, resulting in 6.7% growth in revenue on the same period, ensuring Bradesco's leading position in all segments (real estate, auto, trucks/tractors).

In the comparison between the first nine months of 2010 and the same period in the previous year, there was a 22.7% increase in revenue, resulting from bids and the increased sale of new quotas, from 380,883 net quotas sold as of September 30, 2009 to 454,146 as of September 30, 2010.

### **Custody and Brokerage Services**

In the third quarter of 2010, total revenue from custody and brokerage services decreased slightly by 2.6%, primarily due to a reduction in brokerage revenues from the lower volume traded on the BM&FBovespa in the quarter, offset by the increased revenue from custody services.

In comparison with the first nine months of 2010 and the same period in 2009, the 15.2% revenue growth is mainly related to the recovery of volumes traded on the BM&FBovespa, which impacted brokerage revenues, and to the revenue growth in custody services due to an increase in assets under custody.

### **Underwriting / Financial Advising**

The R\$45 million increase in the third quarter of 2010 versus the previous quarter mainly refers to increased gains with capital market operations in the third quarter, highlighting the Petrobras IPO.

Revenue decreased by R\$35 million in the first nine months of 2010 when compared with the same period in the previous year, mainly due to capital market operations gains in the second quarter of 2009, highlighting Cielo's IPO operation.

**Administrative and Personnel Expenses**

| Administrative and Personnel Expenses              | R\$ million   |               |              |              |              |            |
|--|---------------|---------------|--------------|--------------|--------------|------------|
|  | 9M10          | 9M09          | Variation    |              | YTD          | Quarter    |
|  |               |               | 3Q10         | 2Q10         |              |            |
| <b>Administrative Expenses</b>                     |               |               |              |              |              |            |
| Third-Party Services                               | 2,246         | 1,705         | 791          | 730          | 541          | 61         |
| Communication                                      | 1,025         | 893           | 348          | 343          | 132          | 5          |
| Depreciation and Amortization                      | 710           | 513           | 250          | 239          | 197          | 11         |
| Data Processing                                    | 615           | 560           | 219          | 206          | 55           | 13         |
| Advertising and Marketing                          | 521           | 306           | 212          | 157          | 215          | 55         |
| Transportation                                     | 466           | 376           | 163          | 161          | 90           | 2          |
| Rent   | 420           | 411           | 139          | 137          | 9            | 2          |
| Asset Maintenance                                  | 331           | 302           | 113          | 110          | 29           | 3          |
| Leasing  | 272           | 302           | 87           | 87           | (30)         | -          |
| Financial System Services                          | 267           | 191           | 89           | 92           | 76           | (3)        |
| Materials  | 204           | 161           | 75           | 66           | 43           | 9          |
| Security and Surveillance                          | 203           | 185           | 70           | 66           | 18           | 4          |
| Water, Energy and Gas                              | 156           | 146           | 48           | 53           | 10           | (5)        |
| Trips  | 89            | 55            | 39           | 29           | 34           | 10         |
| Other  | 751           | 641           | 246          | 262          | 110          | (16)       |
| <b>Total</b>                                       | <b>8,275</b>  | <b>6,747</b>  | <b>2,890</b> | <b>2,738</b> | <b>1,528</b> | <b>152</b> |
| <b>Personnel Expenses</b>                          |               |               |              |              |              |            |
| <b>Structural</b>                                  | <b>5,510</b>  | <b>4,892</b>  | <b>1,945</b> | <b>1,831</b> | <b>618</b>   | <b>114</b> |
| Social Charges                                     | 4,214         | 3,801         | 1,491        | 1,407        | 413          | 84         |
| Benefits   | 1,296         | 1,091         | 454          | 424          | 205          | 30         |
| <b>Non-Structural</b>                              | <b>1,259</b>  | <b>994</b>    | <b>466</b>   | <b>407</b>   | <b>265</b>   | <b>59</b>  |
| Management and Employees Profit Sharing (PLR)      | 736           | 582           | 274          | 228          | 154          | 46         |
| Provision for Labor Claims                         | 378           | 284           | 141          | 128          | 94           | 13         |
| Training   | 68            | 71            | 30           | 26           | (3)          | 4          |
| Termination Costs                                  | 77            | 57            | 21           | 25           | 20           | (4)        |
| <b>Total</b>                                       | <b>6,769</b>  | <b>5,886</b>  | <b>2,411</b> | <b>2,238</b> | <b>883</b>   | <b>173</b> |
| <b>Total Administrative and Personnel Expenses</b> | <b>15,044</b> | <b>12,633</b> | <b>5,301</b> | <b>4,976</b> | <b>2,411</b> | <b>325</b> |

In the third quarter of 2010, Administrative and Personnel Expenses totaled R\$5,301 million, an increase of 6.5% in relation to the previous quarter.

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In the comparison between the first nine months and between quarters, increases were mainly the result of organic business expansion and the consolidation of Banco Ibi in November 2009, which impacted the 2010 period.

### Personnel Expenses

In the third quarter of 2010, personnel expenses amounted to R\$2,411 million, up 7.7% or R\$173 million from the previous quarter.

In the structural portion, the R\$114 million increase was basically due to: (i) the adjustment to increase salary levels, according to the collective bargaining agreement and restatements from labor obligations, amounting to R\$76 million, R\$29 million of which corresponding to the increase in the monthly payroll as of September 2010; (ii) higher expenses with salaries and social charges, amounting to R\$12 million; and (iii)

greater benefits, amounting to R\$26 million. The last items were impacted by hiring of a net total of 2,799 new employees in the period.

In the non-structural portion, the R\$59 million increase is mainly due to: (i) increased expenses with employee profit sharing (PLR), amounting to R\$46 million; and (ii) increased provision for labor claims, amounting to R\$13 million.

**Personnel Expenses**

Compared to the first nine months of 2009, the R\$883 million in growth in the first nine months of 2010 reflects: (i) the "structural" portion of R\$618 million, mainly related to: (a) greater expenses with payroll, social charges and benefits, partially from wage increases; and (b) the net increase in staff by 6,976 employees in the last 12 months, including the merger of Banco Ibi; and (ii) the increase in the "non-structural" portion of R\$265 million, mainly resulting from: (a) greater expenses with employee and management profit sharing (PLR), amounting to R\$154 million; and (b) greater expenses with the provision for labor claims, amounting to R\$94 million.

**Administrative Expenses**

In the third quarter of 2010, administrative expenses were R\$2,890 million, up 5.6% or R\$152 million from the previous quarter. The main variations were: (i) R\$61 million in services to third-parties; (ii) R\$55 million in advertising expenses; and (iii) R\$13 million in higher expenses with data processing.

The R\$1,528 million, or 22.6%, increase in the first nine months of 2010 versus the same period last year mainly reflects: (i) organic growth and consequent increase in service points (from 42,563 on September 30, 2009 to 52,015 on September 30, 2010); (ii) increased business volume; (iii) contractual adjustments; (iv) the merger of Banco Ibi, and (v) higher advertising and publicity expenses.

### **Operating Coverage Ratio (\*)**

In the quarter, the coverage ratio in the last twelve months improved by 0.2 p.p., reflecting (i) increased fee and commission income; and partially offset by: (ii) increased administrative and personnel expenses resulting from business expansion and the impact of the collective bargaining agreement.

### **Tax Expenses**

The R\$45 million growth in tax expenses in the third quarter of 2010, in comparison with the second quarter of 2010 is mainly due to increased expenses with Cofins from higher taxable income.

Tax expenses grew by R\$421 million in the first nine months of 2010 versus the first nine months of 2009, 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 third quarter of 2010, equity in the earnings of affiliated companies was R\$19 million, remaining stable in comparison to the previous quarter.

In the first nine months of 2010 there was a R\$9 million growth in comparison with the same period last year, mainly resulting from greater earnings in the affiliated company IRB Brasil Resseguros, amounting to R\$13 million.

### **Other Operating Expenses (Net of Operating Revenue)**

In the third quarter of 2010, other operating expenses, net of other operating revenues, amounted to R\$598 million, a 1.7% variation or R\$10 million, a slight variation in comparison with previous quarters. This growth mainly reflects increased recording of operating provisions.

Compared with the first nine months of 2009, the R\$326 million increase in the first nine months of 2010 in other operating expenses net of other operating revenue basically results from higher expenses with: (i) the recording of operating provisions, especially for civil contingencies; (ii) goodwill amortization; and (iii) the operating expenses from the Banco Ibi merger in November 2009.



## Operating Income

In the third quarter of 2010, Operating Income was R\$3,714 million, up 1.9% or R\$68 million from the previous quarter, mainly reflecting: (i) the R\$255 million increase in financial margin; (ii) the decreased allowance for loan losses, totaling R\$102 million; (iii) the increased fee and commission income, totaling R\$174 million; and offset by: (iv) an increase in personnel and administrative expenses of R\$325 million; (v) reduced operating result from Insurance, Private Pension Plans and Savings Bonds in the amount of R\$83 million; and (vi) an increase in tax expenses of R\$45 million.

In the comparison between the first nine months of 2010 and the same period in 2009, the R\$2,893 million increase, or 37.9%, was mainly due to: (i) the reduced allowance for loan losses, totaling R\$2,380 million; (ii) the R\$1,776 million increase in the financial margin; (iii) the growth in fee and commission income, totaling R\$1,313 million; (iv) the increase in the operating result of Insurances, Private Pension and Savings

Bonds, totaling R\$573 million; partially offset by: (v) an increase in personnel and administrative expenses of R\$2,411 million; (vi) an increase in tax expenses of R\$421 million; and (vii) greater other operating expenses (net of other revenues), in the amount of R\$ 326 million.

## Non-Operating Income

In the third quarter of 2010, non-operating income stood at R\$10 million, a R\$2 million variation in relation to the previous quarter, mainly due to reduced losses from the sale of assets.

In the comparison between the first nine months of 2010 and the same period in 2009, the variation was mainly due to greater gains from the sale of assets, highlighting the sale of Visa Inc. shares.



## Sustainability

Bradesco was once again selected as a part of the Dow Jones Sustainability Index, New York Stock Exchange index that brings together companies with the best sustainability practices. In practice, being included in the DJSI represents the recognition by the capital market of strategic actions adopted by the Organization in order to promote sustainable development.

In June 2010, Bradesco participated in the Equator Principles Financial Institutions Annual Meeting and in the International Finance Corporation (IFC a member of the World Bank Group) Community of Learning, held in Washington, DC. The participants also discussed issues brought up at the EPFI-NGO Meeting, which sought a dialogue between Equator Principles Financial Institutions and Non-Governmental Organizations and took place in February 2010, in Switzerland, with the participation of Bradesco. On July 22, Bradesco attended the Review of Its Social Environmental Standards, Disclosure Policy meeting, organized by the IFC, and strengthened its support of the constant update of information and further development of social and environmental criteria in project financing.

On July 13, Bradesco held the 8<sup>th</sup> Suppliers' Meeting, bringing together 130 supply companies for a presentation of the Bank's sustainability

strategy. Since it began in 2006, over 800 companies have already taken part in this meeting.

By October 31, Bradesco will make collection points available in its administrative buildings in order to collect technological waste. All material collected will be sent to a specialized company which will process the equipment, transforming it into raw material for the ceramic, glass and paint industries, among others.

Bradesco Auto/RE launched a product exclusively for inhabitants of Morro Dona Marta, in Rio de Janeiro: *Bradesco Bilhete Residencial Estou Seguro*. The annual value of the policy starts at R\$9.90, and the contracting process is simple and free of bureaucracy. In order to clarify customers' doubts about insurance, Bradesco Auto/RE prepared an informative brochure that is distributed to the population, free of charge.

Época magazine recognized Bradesco as a leader in Climate Policy by presenting it with the *Prêmio Época de Mudanças Climáticas* (Época Climate Change Award). The initiative, promoted in partnership with PricewaterhouseCoopers (PwC), highlights the policies and actions of companies seeking to reduce the carbon emissions of their operations.

## Investor Relations Area - IR

Continuing its 2010 Apimec Meetings cycle, Banco Bradesco held eight meetings in the third quarter in the cities of Florianópolis, Curitiba, Fortaleza, Belo Horizonte, Brasília, Porto Alegre, Rio de Janeiro and São Paulo. Over 2,500 people, among them analysts, shareholders, customers and investors attended the meetings. All meetings were broadcast live over the internet, both in Portuguese and in English, and were

watched by over 19 thousand viewers. A summary of all events and a replay of the São Paulo Meeting are available at [www.bradesco.com.br/ri](http://www.bradesco.com.br/ri).

The Investor Relations Area, in partnership with Bradesco Ágora Corretora, was present at the 8<sup>th</sup> São Paulo Expomoney. Over 20 thousand people participated in the three-day event focused on financial education.



## Corporate Governance

In September 2010, Bradesco received the Escore Gamma 7 (Governance, Accountability, Management Metrics and Analysis) rating, awarded 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+. The Bank was also rated AA (Excellent Corporate Government 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 41 Executive Committees that assist the Board of Executive Officers in performing their duties.

Shareholders are entitled to 100% tag-along rights for common shares and 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 the common shares.

On March 10 and June 10, 2010, all matters submitted to the Shareholder's Meetings were approved.

For more information, see the corporate governance section of the investor relations website at <http://www.bradesco.com.br/ri>.

## Bradesco Shares

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

|                             | In thousands     |                  |                  |                  |                  |                |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|----------------|
|                             | Sep10            | Dec09            | Dec08            | Dec07            | Dec06            | Dec05          |
| Common Shares               | 1,881,225        | 1,710,205        | 1,534,806        | 1,009,337        | 500,071          | 489,450        |
| Preferred Shares            | 1,881,225        | 1,710,346        | 1,534,900        | 1,009,337        | 500,812          | 489,939        |
| <b>Subtotal Outstanding</b> | <b>3,762,450</b> | <b>3,420,551</b> | <b>3,069,706</b> | <b>2,018,674</b> | <b>1,000,883</b> | <b>979,389</b> |
| Treasury Shares             | -                | 6,535            | 163              | 2,246            | 758              | 464            |
| <b>Total</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> | <b>979,853</b> |

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

On September 30, 2010, Banco Bradesco's capital stock was R\$28.5 billion, composed of 3,762,450 thousand shares (all book-entry shares without par value), of which 1,881,225 thousand were common shares and 1,881,225 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly holds 47.6% of voting capital and 23.8% of total capital.

Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações, which in turn is controlled by Fundação Bradesco and Elo Participações e Investimento, a majority of shareholders of which are members on Bradesco's Board of Directors, Statutory Executive Board and skilled employees.

## Number of Shareholders Domiciled in Brazil and Abroad

|   | Sep10          | %            | Ownership<br>of<br>Capital<br>(%) | Sep09          | %            | Ownership<br>of<br>Capital<br>(%) |
|---|----------------|--------------|-----------------------------------|----------------|--------------|-----------------------------------|
| Individuals                                 | 339,339        | 89.7         | 24.5                              | 346,844        | 89.8         | 25.5                              |
| Corporate                                   | 37,218         | 9.8          | 43.8                              | 37,719         | 9.7          | 43.8                              |
| <b>Subtotal of Domiciled in the Country</b> | <b>376,557</b> | <b>99.5</b>  | <b>68.3</b>                       | <b>384,563</b> | <b>99.5</b>  | <b>69.3</b>                       |
| Domiciled Abroad                            | 1,774          | 0.5          | 31.7                              | 1,748          | 0.5          | 30.7                              |
| <b>Total</b>                                | <b>378,331</b> | <b>100.0</b> | <b>100.0</b>                      | <b>386,311</b> | <b>100.0</b> | <b>100.0</b>                      |

On September 30, 2010, there were 376,557 shareholders domiciled in Brazil, accounting for 99.5% of total shareholders and holding 68.3% of

all shares, while there were 1,774 shareholders residing abroad, accounting for 0.5% of shareholders and holding 31.7% of the shares.

## Share Performance (\*)

|  | 3Q10    | 2Q10   | Variation<br>% | In R\$ (except when indicated)<br>Variation |         |      |
|--|---------|--------|----------------|---|---------|------|
|  |         |        |                | 9M10  | 9M09    | %    |
| Net Income per Share   | 0.67    | 0.65   | 2.6            | 1.89  | 1.55    | 22.1 |
| Dividends/Interest on Shareholders' Equity - Common Share (after Income Tax - IR)    | 0.193   | 0.175  | 10.0           | 0.536                                       | 0.448   | 19.6 |
| Dividends/Interest on Shareholders' Equity - Preferred Share (after Income Tax - IR) | 0.212   | 0.194  | 9.7            | 0.588                                       | 0.493   | 19.3 |
| Book Value per Share (Common and Preferred)  | 12.26   | 11.77  | 4.2            | 12.26                                       | 10.48   | 17.0 |
| Last Business Day Price Common   | 26.95   | 21.16  | 27.3           | 26.95                                       | 24.09   | 11.9 |
| Last Business Day Price Preferred  | 33.92   | 25.55  | 32.7           | 33.92                                       | 29.13   | 16.4 |
| Market Capitalization (R\$ million) <sup>(1)</sup>                                   | 114,510 | 87,887 | 30.3           | 114,510                                     | 98,751  | 16.0 |
| Market Capitalization (R\$ million) - Most Liquid Share <sup>(2)</sup>               | 127,622 | 96,148 | 32.7           | 127,622                                     | 108,103 | 18.1 |

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

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

(2) Number of shares (less treasury shares) x closing quote for common and preferred shares on last day of period.

Bradesco's preferred shares recorded strong performance in the third quarter of 2010, climbing 32.7% in the quarter and up an accumulated 12.8% in the year. Common shares grew by 27.3% in the quarter and 8.7% in the year.

The third quarter was characterized by the continuous improvement of expectations for the situation in Europe. Moreover, despite signs of a slowdown in the American economy that initially weighed

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Bradesco share performance in the quarter was greater than that of the Market and its peers, which, in our opinion, shows our excellent results in the second quarter.

down the market, signs that the FED is ready to loosen monetary policy in order to support the economy have had a positive effect on the market.

## 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. Formula used: Market value divided by 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 quote of preferred shares on the last trading day in the period.



## Weighting in Main Stock Market Indexes

Bradesco shares are components of Brazil's main stock indexes, including the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG) and the Special Corporate Governance Stock Index (IGC). In September 2010, Bradesco had the largest participation in the Financial Index portfolio launched in January 2010.

|   | % | Sep10 |
|---|---|-------|
| Ibovespa  |   | 2.9   |
| IB rX - 50  |   | 6.8   |
| IB rX - 100   |   | 7.5   |
| BM&FBOVESPA Financial Index (IFNC)                  |   | 20.5  |
| Corporate Sustainability Index (ISE) <sup>(1)</sup> |   | 5.0   |
| Special Corporate Governance Stock Index (IGC)      |   | 6.8   |
| Special Tag-Along Stock Index (ITAG)                |   | 12.8  |

(1) In 2010, new rules were adopted for the index portfolio breakdown (limit per sector 15%).

## Dividends/Interest on Shareholders' Equity

In the first nine months of 2010, R\$2,408 million were allocated to shareholders as dividends and interest on shareholders' equity, equivalent to 31.6% of book net income of the period. Taking into consideration the figure in the last twelve

months, the percentage corresponds to 35.9%. The amounts allocated in recent years have surpassed the limits mandated by Brazilian Corporation Law and by the Company's Bylaws.



## 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.

|  | Sep10     | Jun10 | Sep09 | Jun09 |
|--|-----------|-------|-------|-------|
| <b>Banks Source: Brazilian Central Bank (Bacen)</b>  |           |       |       |       |
| Time Deposits  | N/A       | 13.6  | 13.3  | 13.9  |
| Savings Deposits   | N/A       | 14.1  | 13.9  | 13.9  |
| Demand Deposits  | N/A       | 18.5  | 19.1  | 18.4  |
| Loan Operations <sup>(1)</sup>   | 12.5      | 12.6  | 12.6  | 13.2  |
| Loan Operations - Vehicles Individuals (CDC + Leasing) <sup>(1)</sup>  | 18.0      | 19.0  | 20.6  | 21.6  |
| Online Collection (Balance)  | 29.2 (**) | 29.2  | 29.7  | 29.4  |
| Number of Branches   | 18.4 (*)  | 18.4  | 18.1  | 17.7  |
| <b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>   |           |       |       |       |
| Federal Revenue Collection Document (DARF)   | 21.3 (*)  | 21.4  | 21.1  | 20.5  |
| Brazilian Unified Tax Collection System Document (DAS)   | 15.0 (*)  | 17.0  | 16.8  | 16.7  |
| <b>Banks Source: Social Security National Institute (INSS)/Dataprev</b>  |           |       |       |       |
| Social Pension Plan Voucher (GPS)  | 14.6 (*)  | 14.6  | 14.3  | 14.2  |
| Benefit Payment to Retirees and Pensioners   | 21.1 (*)  | 20.8  | 19.6  | 19.6  |
| <b>Banks Source: Anbima</b>  |           |       |       |       |
| Investment Funds + Portfolios  | 16.8      | 16.5  | 16.6  | 15.9  |
| <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  | 24.8 (*)  | 24.8  | 23.5  | 23.1  |
| Insurance Premiums (including Long-Term Life Insurance - VGBL)   | 25.2 (*)  | 25.3  | 23.8  | 23.4  |
| Life Insurance and Personal Accident Premiums  | 17.0 (*)  | 16.8  | 16.3  | 16.0  |
| Auto/Basic Lines (RE) Insurance Premiums   | 11.3 (*)  | 11.7  | 10.2  | 10.1  |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums   | 14.8 (*)  | 15.2  | 13.3  | 13.4  |
| Health Insurance Premiums  | 50.7 (*)  | 50.4  | 48.1  | 47.4  |
| Revenues from Private Pension Plans Contributions (excluding VGBL)   | 27.1 (*)  | 26.2  | 25.9  | 25.1  |
| Revenues from Savings Bonds  | 20.0 (*)  | 19.7  | 19.4  | 19.0  |
| Technical Provisions for Insurance, Private Pension Plans and Savings Bonds  | 31.1 (*)  | 31.4  | 32.0  | 35.1  |
| <b>Insurance and Private Pension Plans Source: National Federation of Life and Pension Plans (Fenaprevi)</b>   |           |       |       |       |
| Income on VGBL Premiums  | 33.5 (*)  | 33,5  | 32,4  | 31,6  |
| Revenues from Unrestricted Benefits Generating Plans (PGBL) Contributions  | 23.4 (*)  | 22,1  | 20,7  | 19,0  |
| Private Pension Plan Investment Portfolios (including VGBL)  | 35.2 (*)  | 35,4  | 36,7  | 36,8  |
| <b>Credit Card Source: Abecs</b>   |           |       |       |       |

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|  |          |      |      |      |
|--|----------|------|------|------|
| Credit Card Revenue  | 21.6 (*) | 21.5 | 19.0 | 18.8 |
| <b>Leasing Source: Brazilian Association of Leasing Companies (ABEL)</b> |          |      |      |      |
| Lending Operations   | 19.0 (*) | 19.1 | 19.5 | 19.9 |
| <b>Consortia Source: Bacen</b>   |          |      |      |      |
| Real Estate  | N/A      | 27.5 | 26.7 | 26.7 |
| Auto   | N/A      | 24.2 | 23.4 | 22.7 |
| Trucks, Tractors and Agricultural Implements                             | N/A      | 15.4 | 14.5 | 14.3 |
| <b>International Area Source: Bacen</b>                                  |          |      |      |      |
| Export Market  | 25.6     | 25.8 | 25.3 | 26.0 |
| Import Market  | 19.8     | 19.5 | 18.8 | 18.5 |

(1) Central bank data is preliminary;

(\*) Base date: August 2010;

(\*\*) Base date: July 2010; and

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 and acquiring 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 various

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; and
- Personalized assistance for the hearing impaired, by means of the digital language in *Fone Fácil*.

## Branch Network

| Region       | Sep10        |               | Market Share | Sep09        |               | Market Share |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
|              | Bradesco     | Market (*)    |              | Bradesco     | Market        |              |
| North        | 169          | 787           | 21.5%        | 166          | 777           | 21.4%        |
| Northeast    | 531          | 2,705         | 19.6%        | 529          | 2,676         | 19.8%        |
| Midw est     | 291          | 1,438         | 20.2%        | 285          | 1,420         | 20.1%        |
| Southeast    | 1,971        | 10,420        | 18.9%        | 1,922        | 10,303        | 18.7%        |
| South        | 536          | 3,676         | 14.6%        | 517          | 3,731         | 13.9%        |
| <b>Total</b> | <b>3,498</b> | <b>19,026</b> | <b>18.4%</b> | <b>3,419</b> | <b>18,907</b> | <b>18.1%</b> |

(\*) 2010 data based on August.

## Compulsory Deposits/Liabilities

| %                           | Sep10 | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Demand Deposits</b>      |       |       |       |       |       |       |       |       |
| Rate <sup>1,5</sup>         | 43    | 42    | 42    | 42    | 42    | 42    | 42    | 42    |
| Additional <sup>2,6,8</sup> | 8     | 8     | 8     | 5     | 5     | 5     | 5     | 5     |
| Liabilities*                | 29    | 30    | 30    | 30    | 30    | 30    | 30    | 30    |
| Liabilities (Microfinance)  | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Free                        | 18    | 18    | 18    | 21    | 21    | 21    | 21    | 21    |
| <b>Savings Deposits</b>     |       |       |       |       |       |       |       |       |
| Rate <sup>3</sup>           | 20    | 20    | 20    | 20    | 20    | 20    | 20    | 20    |
| Additional <sup>2,6,8</sup> | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    |

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|                             |    |    |    |      |      |    |    |    |
|-----------------------------|----|----|----|------|------|----|----|----|
| Liabilities                 | 65 | 65 | 65 | 65   | 65   | 65 | 65 | 65 |
| Free                        | 5  | 5  | 5  | 5    | 5    | 5  | 5  | 5  |
| <b>Time Deposits</b>        |    |    |    |      |      |    |    |    |
| Rate <sup>4,7,9</sup>       | 15 | 15 | 15 | 13.5 | 13.5 | 15 | 15 | 15 |
| Additional <sup>2,6,8</sup> | 8  | 8  | 8  | 4    | 4    | 4  | 4  | 5  |
| Free                        | 77 | 77 | 77 | 82.5 | 82.5 | 81 | 81 | 80 |

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

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 Pegged to securities. As of the calculation period from November 3 to 7, 2008, compliance as of November 14, 2008, liabilities began to be met by 70% in cash without remuneration and 30% by government securities pegged to the Selic rate; as of January 5 to 9, 2009, compliance as of January 16, 2009, liabilities began to be met by 60% in cash without remuneration and 40% by government securities pegged to the Selic rate; and as of September 21 to 25, 2009, compliance as of October 2, 2009, liabilities began to be met by 45% in government securities and 55% in cash;

5 *Fundo Garantidor de Créditos* (FGC) from August 2008, as of the calculation period from October 20 to 31, 2008, was prepaid 60 times, compliance as of October 29, 2008.

6 As of the calculation period from November 17 to 21, 2008, compliance as of December 1, 2008, additional liabilities were collected in government securities pegged to the Selic rate;

7 Liabilities in cash may be met using credits acquired up to March 31, 2010, as provided for by current regulations;

8 As of the calculation period, from March 8 to 12, 2010, compliance as of March 22, 2010, liabilities began to be met in cash with the Selic rate; and

9 As of the period from March 29 to April 1, 2010, compliance as of April 9, 2010, liabilities began to be met in cash with the Selic rate; acquisitions made by December 31, 2010 can be deducted.

## Investments in Infrastructure, Information Technology and Telecommunications

Information Technology (IT) is a strategic factor for Bradesco Organization, which is constantly updating its technological platform with pioneering and innovative initiatives coupled with infrastructure solutions that allow for secure, fast and convenient operations.

Bradesco has always been a pioneer and the 15<sup>th</sup> anniversary of the first Brazilian corporate website, www.bradesco.com.br, is sound proof of such. The portal contains 53 institutional websites and 23 transaction websites, providing its users with a friendly environment, convenience and security to carry out their transactions.

Information Technology, an important intangible asset of the Organization, is key for the Bank's evaluation as the private company and as the financial institution with the most valuable brand in Brazil, which was appraised in R\$14.9 billion, according to the specialized consulting firm BrandAnalytics/Millward Brown for the IstoÉ Dinheiro magazine.

Guided by best practices and protected against contingencies, Bradesco's IT infrastructure has central computers with processing capacity of over 170,000 Mips (million instructions per second), as well as over 6,700 corporate servers. Every day an average of 214 million transactions are processed, with availability remaining at 99.9%. The management of this environment seeks 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 third quarter of 2010, Bradesco invested R\$2,694 million in order to update its IT environment, drawing on best practices and existing technologies.

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

|  | 9M10         | 2009         | 2008         | 2007         | R\$ million<br>2006 |
|--|--------------|--------------|--------------|--------------|---------------------|
| Infrastructure                               | 370          | 630          | 667          | 478          | 354                 |
| Information Technology and Telecommunication | 2,324        | 2,827        | 2,003        | 1,621        | 1,472               |
| <b>Total</b>                                 | <b>2,694</b> | <b>3,457</b> | <b>2,670</b> | <b>2,099</b> | <b>1,826</b>        |

## Market Risk

### Market Risk Analysis

Market risk is carefully monitored, measured and managed. The Organization's market risk exposure profile is conservative, and all guidelines are monitored independently and on a daily basis.

Market risk control is performed for all companies in the Organization, on a corporate and centralized basis. All activities exposed to market risk are mapped, measured and classified in terms of probability and magnitude, and respective mitigation plans duly approved by the governance structure.

Bradesco aims to always be aligned with the best international market prices, local regulations and Basel recommendations. Accordingly, on June 30, 2010, Bradesco filed an application with the Central Bank of Brazil for the use of its internal market risk models for capital allocation, which comply with the requirements of the autonomous government agency, and consequently with those of New Basel Capital Accord (Basel II). With this initiative, Bradesco hopes to reduce the allocation of capital to market risk with the utilization, once authorized by the Central Bank, of its own internal models.





## Market Risk

In the third quarter of 2010, risk aversion decreased significantly in the international market. Initially this was due to the realization of stress tests by European banks, which reduced the probability of extreme events, such as a new problem in the region's financial system or contagion in world markets. Concern with the recovery in U.S. economic activity increased, caused primarily by weaker employment data. Consequently, during the third quarter, significant downward revisions occurred in market forecasts for U.S. GDP growth in both 2010 and 2011. However, the market's reaction to these events was to further reduce risk aversion, given its understanding that the weakness of the U.S. economy would lead the FED to pursue further monetary expansion (quantitative loosening or the purchase of Treasury securities by the FED). This generated a flattening of the U.S. yield curve, pressuring the yield curves of other countries worldwide and leading to a recovery in risk appetite and strong depreciation in the U.S. dollar. The strengthening of other currencies (in both advanced and emerging economies) as a result of USD depreciation and the increased risk appetite caused discomfort in most of these governments, which began to implement measures to contain currency appreciation, such as more aggressive purchases for international reserves and capital controls.

In the local economy, the Central Bank continued its cycle of rate hikes at the July meeting of the Monetary Policy Committee (Copom), raising the Selic rate by half a percentage point to 10.75% p.a. At its September meeting, however, Copom moved to interrupt the tightening cycle, leaving the Selic rate unchanged. This decision by the monetary authority was anchored in the significant deceleration in inflation (with rates stable for several months) and in the pace of economic growth (especially indicators for the industrial sector). This scenario is completed by an external environment that still benefits inflation and an economy that from this point forward should grow at its potential, which should enable the current level of interest rates to be maintained over the coming months and possibly even into 2011. Thus, in addition to the impact of the flattening of the external yield curve on our fixed-rate curve, markets also reacted to inflation data, weaker economic activity and the Central Bank's decision to interrupt the tightening cycle. For the exchange rate, the overall trend was intense, even though Petrobras' capitalization operation generated strong foreign currency inflows.

In the third quarter of 2010, the average risk declined due to the lower exposure to certain risk factors in line with the previous quarters, as the following chart shows.

**VaR Trading Portfolio**

| Risk Factors                         | R\$ thousand |              |               |               |               |               |                |                |
|--------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|----------------|
|                                      | Sep10        | Jun10        | Mar10         | Dec09         | Sep09         | Jun09         | Mar09          | Dec08          |
| Fixed Rate                           | 6,061        | 3,544        | 3,870         | 10,351        | 3,541         | 5,680         | 16,282         | 76,236         |
| General Price Index - Market (IGP-M) | 1,569        | 494          | 512           | 289           | 221           | 154           | 54             | 18             |
| Extended Consumer Price Index (IPCA) | 1,563        | 716          | 1,200         | 2,799         | 13,061        | 69,167        | 66,173         | 267,651        |
| Domestic Exchange Coupon             | 873          | 1,505        | 729           | 179           | 372           | 876           | 7,338          | 13,991         |
| Foreign Currency                     | 455          | 172          | 12,789        | 954           | 1,444         | 6,709         | 10,159         | 23,070         |
| Variable Income                      | 2,181        | 4,894        | 3,264         | 7,766         | 5,495         | 2,952         | 12,021         | 4,499          |
| Sovereign /Eurobonds and Treasuries  | 302          | 3,113        | 2,250         | 9,250         | 15,417        | 34,619        | 88,015         | 170,532        |
| Other                                | 1            | 4            | 23            | 24            | 25            | 94            | 57             | 61             |
| Correlation/Diversification Effect   | (4,532)      | (8,900)      | (8,382)       | (11,556)      | (14,105)      | (35,176)      | (70,887)       | (112,617)      |
| <b>VaR at the End of the Quarter</b> | <b>8,473</b> | <b>5,542</b> | <b>16,255</b> | <b>20,056</b> | <b>25,471</b> | <b>85,075</b> | <b>129,212</b> | <b>443,441</b> |
| Average VaR in the Quarter           | 9,674        | 10,780       | 15,698        | 27,648        | 48,284        | 91,597        | 206,152        | 550,624        |
| Minimum VaR in the Quarter           | 5,294        | 5,288        | 10,091        | 16,588        | 21,345        | 58,111        | 120,399        | 221,038        |
| Maximum VaR in the Quarter           | 15,021       | 32,096       | 28,226        | 35,732        | 87,731        | 123,059       | 417,290        | 750,559        |

**Backtesting Trading Portfolio VaR**

The method applied and existing statistical models are validated on a daily basis using backtesting techniques. This technique compares the daily VaR calculated with the result obtained from the same positions used to calculate VaR (hypothetical result) as well as with the result obtained already considering the transactions on

the day for which VaR was estimated (effective result). The main purpose is to monitor, validate and assess the adherence of the VaR model, and the number of breaks must be aligned with the confidence interval previously established by modeling.

**Market Risk****Stress Analysis**

To estimate possible loss not contemplated by VaR, Bradesco assesses the possible effects on positions under stress scenarios on a daily basis. Stress Analysis is a tool that seeks to quantify the negative impacts of economic shocks and events that are financially adverse to the Institution's positions. For this purpose, crisis scenarios are prepared based on historical data and prospects

for risk factors in which the trading portfolio has a position. Accordingly, considering the effects of diversification across risk factors, the average potential loss estimated in a stress situation was R\$250 million in the third quarter of 2010, while the maximum estimated potential loss was estimated at R\$387 million.

**Trading Portfolio Stress Analysis**

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|                        | With Diversification      |       |       |       |       | Without Diversification |       |       |       |       | R\$ million |
|------------------------|---------------------------|-------|-------|-------|-------|-------------------------|-------|-------|-------|-------|-------------|
|                        | Sep10                     | Jun10 | Mar10 | Dec09 | Sep09 | Sep10                   | Jun10 | Mar10 | Dec09 | Sep09 |             |
|                        | At the End of the Quarter | 164   | 146   | 190   | 400   | 482                     | 252   | 272   | 396   | 632   | 844         |
| Average in the Quarter | 250                       | 184   | 310   | 489   | 655   | 355                     | 373   | 528   | 790   | 1,182 |             |
| Minimum in the Quarter | 84                        | 117   | 186   | 375   | 415   | 177                     | 253   | 347   | 597   | 813   |             |
| Maximum in the Quarter | 387                       | 326   | 396   | 585   | 903   | 489                     | 650   | 652   | 963   | 1,607 |             |

In addition to monitoring and controlling VaR and the stress analyses, a sensitivity analysis of the trading portfolio is conducted on a daily basis,

measuring the effects on the portfolio of changes in market curves and prices.



**Independent Auditors' Report on the Limited Review of Supplementary Accounting Information Presented in the Report on Economic and Financial Analysis**

To the Board of Directors Banco Bradesco S.A.

1. In connection with our limited reviews of the Quarterly Information of Banco Bradesco S.A. and its subsidiaries (consolidated) as of September 30, 2010, June 30, 2010 and September 30, 2009, on which we issued a report without exceptions dated October 26, 2010, we carried out a limited review of the supplementary accounting information presented in the Report on Economic and Financial Analysis. This supplementary information was prepared by the Bank's management to permit additional analysis and is not a required part of the Quarterly Information.

2. Our work was carried out in accordance with the specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), for the purpose of reviewing the supplementary accounting information described in paragraph one and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of this additional accounting information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.

3. Based on our limited reviews, we are not aware of any material modifications which should be made to the supplementary information, referred to above, in order that this information be fairly presented, in all material respects, in relation to the Quarterly Information, referred to in paragraph one, taken as a whole.

São Paulo, October 26, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Luís Carlos Matias Ramos  
Contador  
CRC 1SP171564/O-1



## Management Report

Dear Shareholders,

We hereby present, for your appreciation, the consolidated financial statements of Banco Bradesco S.A. for the quarter ended September 30, 2010, prepared in accordance with the Brazilian Corporation Law.

The pace of global economic growth has remained moderate, with growth led by developing economies and marked by a lack of significant inflationary pressures. The strategies adopted by developed economies to weather the financial crisis should ensure low asset prices worldwide in the coming quarters. Moreover, the expectation of more aggressive action by the U.S. government to expand liquidity has caused the dollar to depreciate, leading currency around the globe to strengthen.

After strong growth in the first three months of this year, Brazil's economy is now growing at a steady, though still very robust, pace. Unemployment is at record low levels, helping to sustain demand. In the coming quarters, investment and household consumption should remain strong within an environment characterized by political stability and intense social mobility.

At the Bradesco Organization, various important events occurred in the first nine months of the year:

- **On August 9, Bradesco jointly with Banco do Brasil entered into a Memorandum of Understanding with Caixa Econômica Federal** for the latter's participation in a company to be incorporated that will manage Elo, the new Brazilian brand of credit, debit and prepaid cards to be offered to the account holders and non-account holders of the respective banks.
- **On August 19, Bradesco Seguros jointly with ZNT Empreendimentos and Odontoprev, signed a Memorandum of Understanding with BB Seguros** to form a strategic alliance for the development and marketing of dental products;
- **On September 2, Bradesco jointly with its subsidiary CPM Braxis S.A. and other shareholders in this company, entered into an agreement with Capgemini S.A.**, through which Capgemini acquired 55% of the shares issued by CPM Braxis to become its controlling

- **on September 10, Bradesco once again was selected as a component of the Dow Jones Sustainability Index (DJSI)**, a stock index on the New York Stock Exchange indicator that lists the best companies worldwide in terms of corporate governance and social responsibility practices.

In the period from January 1 to September 30, 2010, Bradesco recorded Net Income of R\$7.035 billion, for earnings per share of R\$1.87 and annualized return on average shareholders' equity of 22.21%(\*). Annualized return on average total assets was 1.70%, compared to 1.64% in the same period a year ago.

In the first nine months of 2010, a total of R\$4.160 billion terms of Interest on Shareholders' Equity and Dividends was paid and provisioned, of which R\$2.408 billion related to the income generated in the period (R\$938 million paid monthly and R\$1.470 billion provisioned) and R\$1.752 billion was related to fiscal year 2009 (R\$43 million paid on January 4, 2010 and supplementary payments totaling R\$1.709 billion made on March 9, 2010).

Payments and provisioning of taxes and contributions, including social security, amounted to R\$10.766 billion in the period from January to September 2010, of which R\$4.398 billion corresponded to tax withheld and collected from third parties and R\$6.368 billion was calculated based on the operations of Bradesco Organization, with the latter amount equivalent to 90.52% of Net Income.

Paid-in Capital Stock stood at R\$28.500 billion at the end of the quarter. Combined with the Equity Reserves of R\$17.614 billion, Shareholders' Equity came to R\$46.114 billion, up 18.61% year-on-year and corresponding to book value per share of R\$12.26.

Calculated based on its stock price, Bradesco's Market Capitalization stood at R\$114.510 billion on September 30, equivalent to 2.48 times its Shareholders' Equity and 15.96% higher than the R\$98.751 billion recorded on the same date in 2009.

Managed Shareholders' Equity was equal to 7.65% of Consolidated Assets, which totaled R\$611.903 billion, up 25.99% from September 2009. Accordingly, the Capital Adequacy Ratio

shareholder;

reached 15.99% of the consolidated financial result and 15.70% of the consolidated economic and financial result, above the minimum 11% established by National Monetary Council



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Resolution 2,099 of August 17, 1994, and in accordance with the Basel Committee. At the end of the quarter, the fixed asset ratio in relation to Consolidated Regulatory Capital was 47.29% of the consolidated financial result and 16.66% of the consolidated economic and financial result, well within the maximum limit of 50%.

In compliance with Article 8 of Circular Letter 3,068 issued on November 8, 2001 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 .

Total funding and assets managed by the Bradesco Organization as of September 30 came to R\$838.455 billion, up 24.25% from a year earlier, composed as follows:

R\$343.203 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts;

R\$283.046 billion in assets under management, comprising investment funds, managed portfolios and shares in third-party funds, up 19.47% on September 2009;

R\$119.269 billion in the foreign exchange portfolio, borrowings and onlendings, working capital, payment and collection of taxes and charges, funds from security and subordinated debt issues in Brazil and other funding operations;

R\$82.363 billion registered as technical provisions for insurance, supplementary private pension plans and savings bonds, up 15.35% on a year earlier; and

R\$10.574 billion in international funding through public and private issues, subordinated debt and securitization of future financial flows, representing US\$6.241 billion.

At the end of the period, the balance of consolidated credit operations amounted to R\$255.618 billion, up 18.60% from September 2009, which included:

R\$5.579 billion in advances on foreign exchange contracts, for a total export financing portfolio of US\$13.381 billion;

US\$3.278 billion in import financing operations in foreign currency;

R\$17.644 billion in leasing operations;

R\$13.659 billion in rural lending;

R\$73.163 billion in consumer financing, including R\$9.073 billion in credit card receivables;

R\$35.293 billion in securities and guarantees; and

R\$24.428 billion in operations involving the onlending of foreign and domestic funds, which are mainly originated from the National Economic and Social Development Bank (BNDES), a leading onlending agent.

For real estate credit activities, in the first nine months of the year, the Organization allocated a total of R\$6.798 billion to the construction and acquisition of homes (mortgage), corresponding to 47,827 units.

BBI, the Organization's Investment Bank, coordinated the issue of primary and secondary shares, standing out as the leading coordinator of Petrobras's IPO, the largest capitalization in world history. Bradesco also intermediated the issues of debentures, promissory notes, mortgage-backed securities and receivables-backed investment funds worth a combined R\$131.798 billion in the period, which corresponded to 84.47% of the volume of these issues registered at the Securities and Exchange Commission of Brazil (CVM). Another highlight was financing for structured projects and operations with Bradesco for origination, distributing and managing clients' financial assets, flows and balances.

With a leading position in the Insurance, Supplementary Pension Plan and Savings Bonds, Grupo Bradesco de Seguros e Previdencia recorded Net Income of R\$2.125 billion and Shareholders' Equity of R\$11.392 billion on September 30, 2010. Net insurance premiums written, private pension plan contributions and savings bond income stood at R\$21.660 billion, up 18.41% in comparison with the same period last year.



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Customers and other users can take advantage of the presence of the Bradesco Organization's Customer Service Network in all of Brazil's municipalities, as well as and in several locations overseas. On September 30, the Customer Service Network consisted of 43,128 service points, with 31,759 terminals in the Bradesco Dia&Noite ATM Network, of which 31,232 also operate on weekends and holidays, and 9,248 terminals in the Banco24Horas ATM network, where Bradesco clients can make withdrawals and transfers, obtain statements, check balances and apply for loans. The payroll-deductible loan segment included 773 correspondent banks of Bradesco Promotora, and, in the vehicle segment, Bradesco Financiamentos was present at 25,911 points of sale:

- 6,374 Branches, PABs (Banking Service Branches) and PAAs (Advanced Service Branches) in Brazil (Branches: Bradesco 3,474, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1, Banco Alvorada 1; PABs: 1,233; and PAAs: 1,643);
- 3 Overseas Branches, with 1 in New York and 2 in the Grand Cayman Islands;
- 7 Overseas Subsidiaries (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; and Cidade Capital Markets Ltd. in Grand Cayman);
- 6,194 Banco Postal Branches;
- 24,887 Bradesco Expresso Service Points;
- 1,559 Electronic Service Branches (PAEs); and
- 4,104 External Terminals of the Bradesco Dia&Noite (Day&Night) ATM network and 8,113 Terminals of the Banco24Horas ATM network; of which 1,670 points are shared by both networks.

principles of preserving the auditor's independence, which are based on generally accepted international criteria stating that the auditor should not audit its own work, perform managerial duties at their client or promote its interests.

Bradesco believes in the potential of its human capital, with its Human Resource Management focusing on the professional training and development of its staff through intense investment in training programs, seeking to continually improve service quality and efficiency. From January to September 2010, 1,978 training programs were administered to a total of 1,402,935 employees. Benefits that ensure the well-being, better quality of life and safety for its employees and their families covered 191,149 lives by the end of the quarter.

The Organization's most important arm for social actions, Fundação Bradesco, develops an extensive social and educational program through its 40 schools, which are located in every Brazilian state as well as the Federal District, mainly in underprivileged regions. With a planned budget of R\$268.010 million for this year, Fundação Bradesco provides quality educational services at no charge to 660 thousand people in the various segments in which it operates, with 112 thousand of these represented by students enrolled in its schools at the following levels: Basic Education (Kindergarten through High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training. In addition, more than 550 thousand people will be served through online and distance-learning programs administered via the e-learning portal Virtual School, via Digital Inclusion Centers (CIDs) and via programs carried out through strategic partnerships, such as *Educa+Ação*. The over 50 thousand students enrolled in the Foundation's basic education system also received uniforms, school supplies, meals and medical and dental assistance, at no charge.

The Bradesco Sports and Education Program, maintained by Organização Bradesco, has 19 Training and Specialization Centers in the City of Osasco, São Paulo, for teaching volleyball and basketball, which are located in Fundação Bradesco schools, public city schools, private schools and sports centers throughout the city. Today, the Program assists some 2 thousand girls ages 8 to 18, reinforcing Bradesco's commitment to defend a country that is ever more accepting of valuing talent, effort and the full exercise of citizenship by combining health, sports and education.

In accordance with CVM Rule 381, in the quarter, the Bradesco Organization neither contracted nor had services rendered by PricewaterhouseCoopers Independent Auditors that were not related to the external audit in an amount exceeding 5% of the total cost of the audit. The policy adopted is in line with the

In the period, Bradesco received several important recognitions:

- Best Bank in Human Resources and Social Management, Best Insurer and Best Health Company in a survey performed by IstoÉ Dinheiro magazine, as disclosed in the annual publication *As Melhores da Dinheiro*;
- Bradesco was highlighted in the 2010 edition of the "Melhores e Maiores" guide from Exame magazine, a traditional ranking of Brazil's 1,000 largest companies. Bradesco is among the 200 Largest Groups in Revenue, the 100 Best Publicly-Traded Companies in Market Value and the 50 Largest Banks in Equity and also was the Largest Bank in Net Income in Brazil's entire financial system;
- Bradesco stood out at the 2010 Innovation Awards, organized by the Direct Marketing Association DMA, in the United States, and was awarded the "Best in Show" for its CRM case with the Account Manager Support Tool - FAGC and awarded Gold for the *Transpromo* Project. The award aims to recognize professionals that present innovative solutions for their companies focusing on benefits for its customers;
- For the 11<sup>th</sup> consecutive year, Bradesco was one of the 100 Best Companies to Work for in Brazil, according to a survey conducted by Época magazine with the evaluation of Great Place to Work, the world's most important consulting firm specializing in people management;
- Bradesco figured out for the 12<sup>th</sup> time among the 150 Best Companies to Work for in Brazil in the *Você S/A Exame* Guide. The survey considered the main qualities of the Bank's people management policy, such as career plan and development opportunities within the closed career system;
- The Paulista Diversity Seal, in the Full 2010 category, which is awarded by the Government of the State of São Paulo and recognizes organizations which develop programs, projects and actions that promote and value race, gender and culture diversity;
- Bradesco received the Escore Gamma 7 (Governance, Accountability, Management Metrics and Analysis) awarded by Standard & Poor's, which ratifies the Bank's strong corporate governance processes and practices, and is the first Brazilian company to make this public;
- Recognized as one of the 50 best companies for executives, according to a study prepared by Great Place to Work and published in Época Negócios magazine;
- Company with the Best Customer Experience, in the Bank category, in the Best Customer Experience Award 2010, conferred by the magazine Consumidor Moderno. The recognition was awarded in an innovative initiative by the magazine, in partnership with the international consulting firm Izo System;
- Leader in Climate Policies in the Época Climate Change Award, an initiative promoted by Época magazine, in partnership with PricewaterhouseCoopers, that recognizes actions and policies by companies that seek to reduce carbon emissions in their operations;
- Best Bank in the *Prêmio Intangíveis Brasil 2010* (2010 Brazil Intangibles Award) in the sector category, based on the evaluations made by Grupo Padrão and DOM Strategy Partners. Bradesco was also recognized as best in Information Technology and Internet, for the fourth consecutive time, in the Intangible Assets category;
- Grupo Bradesco de Seguros e Previdência was the overall leader in the annual guide Valor 1000 in the following rankings: insurance; life and private pension; and health. The survey was prepared by the Business School of Fundação Getúlio Vargas in São Paulo and by Serasa Experian; and
- BRAM, Bradesco's Asset Management Company, was first in the ranking of Brazil's best fund managers, prepared by Exame magazine and based on research conducted by the Finance Research Center of Fundação Getúlio Vargas.

The results obtained confirm the Bradesco Organization's commitment to continually expand its market share while always offering products and services with quality and efficiency. We firmly believe that this is a prudent course for expanding our horizons of achievements and for contributing to Brazil's development, and we once again thank our shareholders and customers for their support and confidence, and our employees and other partners for their efficient and dedicated efforts.

Cidade de Deus, October 26, 2010

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

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

*Consolidated Balance Sheet R\$ thousand*

| Assets  | 2010               |                    | 2009               |
|---|--------------------|--------------------|--------------------|
|   | September          | June               | September          |
| <b>Current assets</b>   | <b>439,258,659</b> | <b>414,795,890</b> | <b>363,270,011</b> |
| Cash and due from banks (Note 6)  | 9,668,864          | 6,877,457          | 8,571,103          |
| <b>Interbank investments (Notes 3d and 7)</b>   | <b>91,964,700</b>  | <b>95,923,112</b>  | <b>96,533,306</b>  |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 84,804,337         | 88,880,212         | 88,274,993         |
| Interbank deposits  | 7,161,735          | 7,043,091          | 8,258,749          |
| Allowance for losses  | (1,372)            | (191)              | (436)              |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>          | <b>145,670,193</b> | <b>129,429,288</b> | <b>122,353,788</b> |
| Own portfolio   | 113,398,320        | 113,001,849        | 101,467,105        |
| Subject to repurchase agreements  | 28,239,091         | 5,774,001          | 1,376,164          |
| Derivative financial instruments  | 1,514,242          | 908,295            | 1,783,179          |
| Compulsory deposits - Brazilian Central Bank  | -                  | 3,711,922          | 12,482,167         |
| Underlying guarantee provided   | 2,478,528          | 5,993,871          | 5,200,784          |
| Securities subject to repurchase agreements but not restricted                            | 40,012             | 39,350             | 44,389             |
| <b>Interbank accounts</b>   | <b>50,042,573</b>  | <b>49,348,400</b>  | <b>17,181,979</b>  |
| Unsettled payments and receipts   | 854,993            | 852,411            | 847,924            |
| Mandatory reserve: (Note 9)   |                    |                    |                    |
| - Compulsory deposits - Brazilian Central Bank  | 49,098,395         | 48,404,254         | 16,273,087         |
| - National treasury - rural loans   | 578                | 578                | 578                |
| - National Housing System (SFH)   | 8,877              | 10,866             | 4,751              |
| Correspondent banks   | 79,730             | 80,291             | 55,639             |
| <b>Interdepartmental accounts</b>   | <b>250,671</b>     | <b>595,642</b>     | <b>66,080</b>      |
| Internal transfer of funds  | 250,671            | 595,642            | 66,080             |
| <b>Loan operations (Notes 3g, 10 and 32b)</b>   | <b>89,244,676</b>  | <b>86,024,286</b>  | <b>75,458,780</b>  |
| Loan operations:  |                    |                    |                    |
| - Public sector   | 572,768            | 832,401            | 622,201            |
| - Private sector  | 97,736,983         | 94,170,634         | 83,761,390         |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                                    | (9,065,075)        | (8,978,749)        | (8,924,811)        |
| <b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>                                       | <b>7,316,025</b>   | <b>7,604,134</b>   | <b>7,964,117</b>   |
| Leasing receivables:  |                    |                    |                    |
| - Public sector   | 9,552              | 11,512             | 60,615             |
| - Private sector  | 13,734,816         | 14,173,636         | 14,570,861         |
| Unearned income from leasing  | (5,665,988)        | (5,794,885)        | (5,946,748)        |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                                 | (762,355)          | (786,129)          | (720,611)          |
| <b>Other receivables</b>  | <b>43,632,560</b>  | <b>37,448,179</b>  | <b>33,570,049</b>  |
| Receivables on sureties and guarantees honored (Note 10a-3)                               | 19,414             | 9,299              | 13,196             |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Foreign exchange portfolio (Note 11a)                        | 18,698,657         | 12,776,985         | 12,294,575         |
| Receivables  | 431,066            | 427,046            | 481,104            |
| Securities trading   | 743,896            | 916,093            | 897,530            |
| Specific loans   | 1,784              | 1,802              | 1,081              |
| Insurance premiums receivable                                | 1,988,506          | 1,996,339          | 2,155,144          |
| Sundry (Note 11b)  | 22,478,622         | 22,026,571         | 18,267,122         |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (729,385)          | (705,956)          | (539,703)          |
| <b>Other assets (Note 12)</b>                                | <b>1,468,397</b>   | <b>1,545,392</b>   | <b>1,570,809</b>   |
| Other assets   | 734,558            | 778,248            | 749,314            |
| Provision for losses   | (259,446)          | (256,527)          | (259,977)          |
| Prepaid expenses (Notes 3i and 12b)                          | 993,285            | 1,023,671          | 1,081,472          |
| <b>Long-term receivables</b>                                 | <b>161,921,443</b> | <b>133,072,084</b> | <b>114,187,789</b> |
| <b>Interbank investments (Notes 3d and 7)</b>                | <b>602,382</b>     | <b>554,724</b>     | <b>954,017</b>     |
| Interbank investments  | 602,382            | 554,724            | 954,017            |



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| Assets   | 2010              |                   | 2009              |
|--|-------------------|-------------------|-------------------|
|  | September         | June              | September         |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b> | <b>50,411,016</b> | <b>27,325,707</b> | <b>25,370,531</b> |
| Own portfolio  | 23,086,367        | 13,835,825        | 19,139,258        |
| Subject to repurchase agreements   | 25,649,149        | 11,004,613        | 115,094           |
| Derivative financial instruments   | 849,641           | 698,686           | 717,089           |
| Compulsory deposits - Brazilian Central Bank                                     | -                 | 841,123           | 5,028,791         |
| Privatization currencies   | 88,607            | 90,829            | 95,275            |
| Underlying guarantees provided   | 737,252           | 854,631           | 275,024           |
| <b>Interbank accounts</b>  | <b>487,621</b>    | <b>482,456</b>    | <b>469,821</b>    |
| Restricted credits: (Note 9)   |                   |                   |                   |
| - SFH National Housing System  | 487,621           | 482,456           | 469,821           |
| <b>Loan operations (Notes 3g, 10 and 32b)</b>                                    | <b>79,476,888</b> | <b>72,843,110</b> | <b>53,246,538</b> |
| Loan operations:   |                   |                   |                   |
| - Public sector  | 372,026           | 396,981           | 472,529           |
| - Private sector   | 83,766,306        | 76,897,760        | 56,632,773        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (4,661,444)       | (4,451,631)       | (3,858,764)       |
| <b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>                              | <b>8,770,842</b>  | <b>9,708,341</b>  | <b>12,636,646</b> |
| Leasing receivables:   |                   |                   |                   |
| - Public sector  | 5,955             | 8,014             | 6,708             |
| - Private sector   | 17,209,393        | 18,720,394        | 23,212,684        |
| Unearned income from leasing   | (7,649,996)       | (8,168,038)       | (9,693,707)       |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                        | (794,510)         | (852,029)         | (889,039)         |
| <b>Other receivables</b>   | <b>21,809,647</b> | <b>21,796,117</b> | <b>21,164,990</b> |
| Receivables  | 11,747            | 11,055            | 1,313             |
| Securities trading   | 92,087            | 261,133           | 408,273           |
| Sundry (Note 11b)  | 21,711,784        | 21,531,008        | 20,775,081        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (5,971)           | (7,079)           | (19,677)          |
| <b>Other assets (Note 12)</b>  | <b>363,047</b>    | <b>361,629</b>    | <b>345,246</b>    |
| Other assets   | 565               | 563               | 635               |
| Prepaid expenses (Notes 3i and 12b)  | 362,482           | 361,066           | 344,611           |
| <b>Permanent assets</b>  | <b>10,723,324</b> | <b>10,232,242</b> | <b>8,227,890</b>  |
| <b>Investments (Notes 3j, 4, 13 and 32b)</b>                                     | <b>1,615,858</b>  | <b>1,553,104</b>  | <b>1,392,139</b>  |
| Interest in unconsolidated companies:  |                   |                   |                   |
| - Local  | 1,134,092         | 1,072,669         | 952,807           |
| Other investments  | 764,166           | 762,885           | 718,505           |
| Allowance for losses   | (282,400)         | (282,450)         | (279,173)         |
| <b>Premises and equipment (Notes 3k and 14)</b>                                  | <b>3,395,799</b>  | <b>3,420,421</b>  | <b>3,258,142</b>  |
| Premises   | 964,669           | 1,024,955         | 1,024,970         |

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|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Other assets                                  | 7,310,430          | 7,318,790          | 6,730,661          |
| Accumulated depreciation                      | (4,879,300)        | (4,923,324)        | (4,497,489)        |
| <b>Leased assets (Note 14)</b>                | <b>5,251</b>       | <b>6,530</b>       | <b>13,950</b>      |
| Leased assets                                 | 13,943             | 16,044             | 29,202             |
| Accumulated depreciation                      | (8,692)            | (9,514)            | (15,252)           |
| <b>Intangible assets (Notes 3l, 4 and 15)</b> | <b>5,706,416</b>   | <b>5,252,187</b>   | <b>3,563,659</b>   |
| Intangible assets                             | 9,850,064          | 9,061,745          | 6,512,081          |
| Accumulated amortization                      | (4,143,648)        | (3,809,558)        | (2,948,422)        |
| <b>Total</b>                                  | <b>611,903,426</b> | <b>558,100,216</b> | <b>485,685,690</b> |

The Notes are an integral part of the Financial Statements.

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| Liabilities  | 2010               |                    | 2009               |
|--|--------------------|--------------------|--------------------|
|  | September          | June               | September          |
| <b>Current liabilities</b>   | <b>374,192,118</b> | <b>328,089,064</b> | <b>274,620,172</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>112,317,737</b> | <b>104,702,842</b> | <b>94,064,542</b>  |
| Demand deposits  | 33,903,803         | 32,754,590         | 29,298,424         |
| Savings deposits   | 50,113,236         | 47,331,685         | 40,922,202         |
| Interbank deposits   | 423,821            | 374,215            | 559,653            |
| Time deposits (Notes 16a and 32b)  | 26,875,252         | 23,155,309         | 22,289,552         |
| Other deposits   | 1,001,625          | 1,087,043          | 994,711            |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>124,319,519</b> | <b>100,358,331</b> | <b>76,460,692</b>  |
| Own portfolio  | 64,137,854         | 26,915,908         | 9,352,802          |
| Third-party portfolio  | 56,143,200         | 72,027,616         | 66,524,357         |
| Unrestricted portfolio   | 4,038,465          | 1,414,807          | 583,533            |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>   | <b>4,637,783</b>   | <b>4,107,167</b>   | <b>2,869,674</b>   |
| Exchange acceptances   | -                  | -                  | 21                 |
| Mortgage and real estate notes, letters of credit and others   | 3,357,520          | 2,792,837          | 2,093,074          |
| Debentures (Note 16c-1)  | 761,813            | 741,452            | 28,154             |
| Securities issued abroad   | 518,450            | 572,878            | 748,425            |
| <b>Interbank accounts</b>  | <b>274,014</b>     | <b>272,192</b>     | <b>219,059</b>     |
| Interbank onlending  | -                  | -                  | 3,156              |
| Correspondent banks  | 274,014            | 272,192            | 215,903            |
| <b>Interdepartmental accounts</b>  | <b>2,177,249</b>   | <b>2,505,129</b>   | <b>2,037,608</b>   |
| Third-party funds in transit   | 2,177,249          | 2,505,129          | 2,037,608          |
| <b>Borrowing (Notes 17a and 32b)</b>   | <b>8,007,930</b>   | <b>8,502,066</b>   | <b>7,862,257</b>   |
| Local borrowing - other institutions   | -                  | -                  | 8,692              |
| Borrowing abroad   | 8,007,930          | 8,502,066          | 7,853,565          |
| <b>Local onlending - official institutions (Notes 17b and 32b)</b>                                   | <b>8,135,280</b>   | <b>7,423,957</b>   | <b>6,909,581</b>   |
| National treasury  | 24,193             | 19,236             | 143,388            |
| National Bank for Economic and Social Development (BNDES)  | 2,709,344          | 2,317,173          | 2,900,624          |
| Caixa Econômica Federal Federal savings bank (CEF)   | 18,607             | 17,783             | 16,313             |
| Fund for financing the acquisition of industrial machinery and equipment (Finame)                    | 5,383,136          | 5,069,765          | 3,849,256          |
| <b>Foreign onlending (Notes 17b and 32b)</b>   | <b>465,851</b>     | <b>488,925</b>     | <b>1,942</b>       |
| Foreign onlending  | 465,851            | 488,925            | 1,942              |
| <b>Derivative financial instruments (Notes 3f, 8e II and 32)</b>                                     | <b>1,720,698</b>   | <b>987,358</b>     | <b>1,497,319</b>   |
| Derivative financial instruments   | 1,720,698          | 987,358            | 1,497,319          |
| <b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b> | <b>62,974,262</b>  | <b>60,302,401</b>  | <b>53,549,023</b>  |
| <b>Other liabilities</b>   | <b>49,161,795</b>  | <b>38,438,696</b>  | <b>29,148,475</b>  |
| Collection of taxes and other contributions  | 2,628,609          | 2,397,041          | 2,039,382          |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Foreign exchange portfolio (Note 11a)  | 13,696,626         | 7,484,723          | 5,819,488          |
| Social and statutory   | 1,601,389          | 1,474,808          | 1,301,097          |
| Fiscal and social security (Note 20a)  | 3,696,247          | 2,885,980          | 4,202,316          |
| Securities trading   | 1,140,008          | 1,257,852          | 1,436,987          |
| Financial and development funds  | 190                | 169                | 6,123              |
| Subordinated debts (Notes 19 and 32b)  | 7,681,324          | 4,924,111          | 434,734            |
| Sundry (Note 20b)  | 18,717,402         | 18,014,012         | 13,908,348         |
| <b>Long-term liabilities</b>   | <b>190,602,291</b> | <b>184,701,323</b> | <b>171,530,988</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>73,876,521</b>  | <b>73,749,127</b>  | <b>73,922,979</b>  |
| Interbank deposits   | 21,500             | 80,733             | 179,206            |
| Time deposits (Notes 16a and 32b)  | 73,855,021         | 73,668,394         | 73,743,773         |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>32,689,218</b>  | <b>30,775,382</b>  | <b>26,142,988</b>  |
| Own portfolio  | 32,689,218         | 30,775,382         | 26,142,988         |

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| Liabilities  | 2010               |                    | 2009               |
|--|--------------------|--------------------|--------------------|
|  | September          | June               | September          |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>   | <b>9,111,601</b>   | <b>8,622,194</b>   | <b>4,241,160</b>   |
| Mortgage and real estate notes, letters of credit and others   | 4,080,381          | 3,477,010          | 201,998            |
| Debentures (Note 16c-1)  | -                  | 217                | 730,165            |
| Securities issued abroad   | 5,031,220          | 5,144,967          | 3,308,997          |
| <b>Borrowing (Notes 17a and 32b)</b>   | <b>1,122,385</b>   | <b>890,276</b>     | <b>362,482</b>     |
| Borrowing abroad   | 1,122,385          | 890,276            | 362,482            |
| <b>Local lending - official institutions (Notes 17b and 32b)</b>                                     | <b>20,266,544</b>  | <b>17,728,067</b>  | <b>11,888,254</b>  |
| BNDES  | 8,775,125          | 7,566,093          | 5,395,744          |
| CEF  | 68,852             | 69,628             | 74,199             |
| FINAME   | 11,421,940         | 10,091,691         | 6,417,627          |
| Other institutions   | 627                | 655                | 684                |
| <b>Derivative financial instruments (Notes 3f, 8e II and 32)</b>                                     | <b>157,306</b>     | <b>109,534</b>     | <b>171,377</b>     |
| Derivative financial instruments   | 157,306            | 109,534            | 171,377            |
| <b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b> | <b>19,388,518</b>  | <b>19,005,986</b>  | <b>17,851,741</b>  |
| <b>Other liabilities</b>   | <b>33,990,198</b>  | <b>33,820,757</b>  | <b>36,950,007</b>  |
| Fiscal and social security (Note 20a)  | 12,487,376         | 11,851,008         | 11,349,947         |
| Subordinated debts (Notes 19 and 32b)  | 18,015,919         | 18,460,500         | 22,445,943         |
| Sundry (Note 20b)  | 3,486,903          | 3,509,249          | 3,154,117          |
| <b>Deferred income</b>   | <b>312,056</b>     | <b>336,557</b>     | <b>297,223</b>     |
| Deferred income  | 312,056            | 336,557            | 297,223            |
| <b>Minority interest in subsidiaries (Note 22)</b>   | <b>683,298</b>     | <b>677,949</b>     | <b>359,820</b>     |
| <b>Shareholders' equity (Note 23)</b>  | <b>46,113,663</b>  | <b>44,295,323</b>  | <b>38,877,487</b>  |
| Capital:   |                    |                    |                    |
| - Domiciled in Brazil  | 27,886,726         | 27,748,637         | 22,147,548         |
| - Domiciled abroad   | 613,274            | 751,363            | 852,452            |
| Capital reserves   | 62,614             | 62,614             | 62,614             |
| Profit reserves  | 17,455,598         | 15,798,598         | 15,704,304         |
| Asset valuation adjustments  | 95,451             | (65,889)           | 205,519            |
| Treasury shares (Notes 23d and 32b)  | -                  | -                  | (94,950)           |
| <b>Shareholders' equity managed by the Parent Company</b>  | <b>46,796,961</b>  | <b>44,973,272</b>  | <b>39,237,307</b>  |
| <b>Total</b>   | <b>611,903,426</b> | <b>558,100,216</b> | <b>485,685,690</b> |

The Notes are an integral part of the Financial Statements.

*Consolidated Statement of Income R\$ thousand*

|   | 2010                    |                         | 2009               |                    |
|---|-------------------------|-------------------------|--------------------|--------------------|
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September          | September          |
| <b>Revenues from financial intermediation</b>   | <b>18,731,714</b>       | <b>16,380,239</b>       | <b>50,602,439</b>  | <b>47,834,063</b>  |
| Loan operations (Note 10j)  | 9,638,060               | 9,204,717               | 27,302,328         | 23,163,980         |
| Leasing operations (Note 10j)   | 537,447                 | 558,026                 | 1,737,409          | 2,695,357          |
| Operations with securities (Note 8h)  | 4,429,711               | 3,682,269               | 11,935,455         | 11,711,545         |
| Financial income from insurance, private pension plans and savings bonds (Note 8h)  | 2,676,416               | 1,612,581               | 6,561,260          | 6,043,375          |
| Derivative financial instruments (Note 8h)  | 270,246                 | 447,553                 | 679,037            | 2,014,222          |
| Foreign exchange operations (Note 11a)  | 195,279                 | 83,664                  | 409,820            | 1,740,392          |
| Compulsory deposits (Note 9b)   | 953,401                 | 761,172                 | 1,899,273          | 420,884            |
| Sale or transfer of financial assets  | 31,154                  | 30,257                  | 77,857             | 44,308             |
| <b>Financial intermediation expenses</b>  | <b>11,533,934</b>       | <b>10,169,716</b>       | <b>31,351,244</b>  | <b>32,827,789</b>  |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e)                                       | 7,663,532               | 6,297,498               | 19,472,505         | 17,960,853         |
| Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e) | 1,854,425               | 981,331                 | 4,329,305          | 3,956,827          |
| Borrowing and onlending (Note 17c)  | (244,993)               | 570,469                 | 806,935            | 696,764            |
| Leasing operations (Note 10j)   | 1,290                   | 1,422                   | 4,536              | 6,050              |
| Allowance for loan losses (Notes 3g, 10g and 10h)   | 2,259,680               | 2,318,996               | 6,737,963          | 10,207,295         |
| <b>Gross income from financial intermediation</b>   | <b>7,197,780</b>        | <b>6,210,523</b>        | <b>19,251,195</b>  | <b>15,006,274</b>  |
| <b>Other operating income/expenses</b>  | <b>(2,998,448)</b>      | <b>(2,568,850)</b>      | <b>(8,625,120)</b> | <b>(7,899,067)</b> |
| Fee and commission income (Note 24)   | 3,358,642               | 3,193,048               | 9,632,121          | 8,517,025          |
| Other fee and commission income   | 2,645,239               | 2,513,301               | 7,642,758          | 6,858,882          |
| Revenues from banking fees  | 713,403                 | 679,747                 | 1,989,363          | 1,658,143          |
| Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d)                                     | 7,630,487               | 7,056,006               | 21,477,460         | 18,106,833         |
| Net premiums written  | 7,672,625               | 7,135,664               | 21,659,623         | 18,292,670         |
| Reinsurance premiums  | (42,138)                | (79,658)                | (182,163)          | (185,837)          |
| Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o)                          | (3,470,856)             | (3,042,504)             | (9,632,587)        | (8,321,480)        |
| Retained claims (Note 3o)   | (2,471,887)             | (2,323,665)             | (7,062,879)        | (6,132,453)        |
| Savings bonds drawings and redemptions (Note 3o)  | (573,390)               | (518,681)               | (1,543,421)        | (1,225,391)        |
| Insurance, private pension plans and savings bonds selling expenses (Note 3o)   | (410,524)               | (383,517)               | (1,165,518)        | (929,266)          |
| Personnel expenses (Note 25)  | (2,411,027)             | (2,237,696)             | (6,769,294)        | (5,885,386)        |

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|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Other administrative expenses (Note 26)                         | (2,808,246)        | (2,662,914)        | (8,035,409)        | (6,608,141)        |
| Tax expenses (Note 27)  | (851,086)          | (721,149)          | (2,307,978)        | (2,016,212)        |
| Equity in the earnings of affiliates (Note 13b)                 | 18,918             | 19,016             | 66,689             | 58,090             |
| Other operating income (Note 28)                                | 639,474            | 607,391            | 1,901,051          | 1,645,677          |
| Other operating expenses (Note 29)                              | (1,648,953)        | (1,554,185)        | (5,185,355)        | (5,108,363)        |
| <b>Operating income</b>   | <b>4,199,332</b>   | <b>3,641,673</b>   | <b>10,626,075</b>  | <b>7,107,207</b>   |
| <b>Non-operating income (Note 30)</b>                           | <b>(22,965)</b>    | <b>(122,053)</b>   | <b>(240,392)</b>   | <b>2,253,290</b>   |
| <b>Income before taxes on income and minority interest</b>      | <b>4,176,367</b>   | <b>3,519,620</b>   | <b>10,385,683</b>  | <b>9,360,497</b>   |
| <b>Income taxes and social contribution (Notes 34a and 34b)</b> | <b>(1,586,153)</b> | <b>(1,096,581)</b> | <b>(3,252,052)</b> | <b>(3,513,286)</b> |
| <b>Minority interest in subsidiaries</b>                        | <b>(63,310)</b>    | <b>(17,721)</b>    | <b>(98,703)</b>    | <b>(15,870)</b>    |
| <b>Net income</b>   | <b>2,526,904</b>   | <b>2,405,318</b>   | <b>7,034,928</b>   | <b>5,831,341</b>   |

The Notes are an integral part of the Financial Statements.

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

| Events   | Capital stock     | Capital reserves               |               | Profit reserves  |                   | Asset valuation adjustments |                  | Treasury shares  | Retained earnings | Total             |
|--|-------------------|--------------------------------|---------------|------------------|-------------------|-----------------------------|------------------|------------------|-------------------|-------------------|
|  |                   | Tax incentives from income tax | Other         | Legal            | Statutory         | Bradesco                    | Subsidiaries     |                  |                   |                   |
| <b>Balances on December 31, 2008</b>           | <b>23,000,000</b> | <b>2,103</b>                   | <b>60,511</b> | <b>1,853,688</b> | <b>10,006,599</b> | <b>(53,961)</b>             | <b>(607,543)</b> | <b>(4,853)</b>   | <b>-</b>          | <b>34,256,544</b> |
| Asset valuation adjustments                    | -                 | -                              | -             | -                | -                 | (54,678)                    | 921,701          | -                | -                 | 867,023           |
| Acquisition of treasury shares                 | -                 | -                              | -             | -                | -                 | -                           | -                | (90,097)         | -                 | (90,097)          |
| Net income                                     | -                 | -                              | -             | -                | -                 | -                           | -                | -                | 5,831,341         | 5,831,341         |
| Allocations: - Reserves                        | -                 | -                              | -             | 291,567          | 3,552,450         | -                           | -                | -                | (3,844,017)       | -                 |
| - Provisioned interest on shareholders' equity | -                 | -                              | -             | -                | -                 | -                           | -                | -                | (1,607,770)       | (1,607,770)       |
| - Dividends paid and/or provisioned            | -                 | -                              | -             | -                | -                 | -                           | -                | -                | (379,554)         | (379,554)         |
| <b>Balance on September 30, 2009</b>           | <b>23,000,000</b> | <b>2,103</b>                   | <b>60,511</b> | <b>2,145,255</b> | <b>13,559,049</b> | <b>(108,639)</b>            | <b>314,158</b>   | <b>(94,950)</b>  | <b>-</b>          | <b>38,877,487</b> |
| <b>Balance on June 30, 2010</b>                | <b>28,500,000</b> | <b>2,103</b>                   | <b>60,511</b> | <b>2,479,703</b> | <b>13,318,895</b> | <b>117,123</b>              | <b>(183,012)</b> | <b>-</b>         | <b>-</b>          | <b>44,295,323</b> |
| Asset valuation adjustments                    | -                 | -                              | -             | -                | -                 | (37,075)                    | 198,415          | -                | -                 | 161,340           |
| Net income                                     | -                 | -                              | -             | -                | -                 | -                           | -                | -                | 2,526,904         | 2,526,904         |
| Allocations: - Reserves                        | -                 | -                              | -             | 126,345          | 1,530,655         | -                           | -                | -                | (1,657,000)       | -                 |
| - Provisioned interest on shareholders' equity | -                 | -                              | -             | -                | -                 | -                           | -                | -                | (717,988)         | (717,988)         |
| - Dividends paid and/or provisioned            | -                 | -                              | -             | -                | -                 | -                           | -                | -                | (151,916)         | (151,916)         |
| <b>Balances on September 30, 2010</b>          | <b>28,500,000</b> | <b>2,103</b>                   | <b>60,511</b> | <b>2,606,048</b> | <b>14,849,550</b> | <b>80,048</b>               | <b>15,403</b>    | <b>-</b>         | <b>-</b>          | <b>46,113,663</b> |
| <b>Balances on December 31, 2009</b>           | <b>26,500,000</b> | <b>2,103</b>                   | <b>60,511</b> | <b>2,254,302</b> | <b>12,768,368</b> | <b>7,921</b>                | <b>349,420</b>   | <b>(188,874)</b> | <b>-</b>          | <b>41,753,751</b> |
| Capital Increase with Reserves                 | 2,000,000         | -                              | -             | -                | (2,000,000)       | -                           | -                | -                | -                 | -                 |
| Acquisition of treasury shares                 | -                 | -                              | -             | -                | -                 | -                           | -                | (4,740)          | -                 | (4,740)           |
| Cancellation of treasury shares                | -                 | -                              | -             | -                | (193,614)         | -                           | -                | 193,614          | -                 | -                 |
| Asset valuation adjustments                    | -                 | -                              | -             | -                | -                 | 72,127                      | (334,017)        | -                | -                 | (261,890)         |



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|  |                   |              |               |                  |                   |               |               |   |             |                   |
|--|-------------------|--------------|---------------|------------------|-------------------|---------------|---------------|---|-------------|-------------------|
| Net income                                     | -                 | -            | -             | -                | -                 | -             | -             | - | 7,034,928   | 7,034,928         |
| Allocations: - Reserves                        | -                 | -            | -             | 351,746          | 4,274,796         | -             | -             | - | (4,626,542) | -                 |
| - Provisioned interest on shareholders' equity | -                 | -            | -             | -                | -                 | -             | -             | - | (1,975,947) | (1,975,947)       |
| - Dividends paid and/or provisioned            | -                 | -            | -             | -                | -                 | -             | -             | - | (432,439)   | (432,439)         |
| <b>Balances on September 30, 2010</b>          | <b>28,500,000</b> | <b>2,103</b> | <b>60,511</b> | <b>2,606,048</b> | <b>14,849,550</b> | <b>80,048</b> | <b>15,403</b> | - | -           | <b>46,113,663</b> |

The Notes are an integral part of the Financial Statements.

*Value Added Statement R\$ thousand*

| Description  | 2010               |                |                    |                | 2009                |                |                     |                |
|--|--------------------|----------------|--------------------|----------------|---------------------|----------------|---------------------|----------------|
|  | 3rd quarter        | %              | 2nd quarter        | %              | September           | %              | September           | %              |
| <b>1 Income</b>  | <b>19,705,401</b>  | <b>259.9</b>   | <b>17,177,644</b>  | <b>259.4</b>   | <b>52,654,737</b>   | <b>264.6</b>   | <b>46,863,640</b>   | <b>265.0</b>   |
| <b>1.1) Financial intermediation</b>                     | <b>18,731,714</b>  | <b>247.1</b>   | <b>16,380,239</b>  | <b>247.4</b>   | <b>50,602,439</b>   | <b>254.3</b>   | <b>47,834,063</b>   | <b>270.5</b>   |
| <b>1.2) Fee and commission</b>                           | <b>3,358,642</b>   | <b>44.3</b>    | <b>3,193,048</b>   | <b>48.2</b>    | <b>9,632,121</b>    | <b>48.4</b>    | <b>8,517,025</b>    | <b>48.1</b>    |
| <b>1.3) Allowance for loan losses</b>                    | <b>(2,259,680)</b> | <b>(29.8)</b>  | <b>(2,318,996)</b> | <b>(35.0)</b>  | <b>(6,737,963)</b>  | <b>(33.9)</b>  | <b>(10,207,295)</b> | <b>(57.7)</b>  |
| <b>1.4) Other</b>  | <b>(125,275)</b>   | <b>(1.7)</b>   | <b>(76,647)</b>    | <b>(1.2)</b>   | <b>(841,860)</b>    | <b>(4.2)</b>   | <b>719,847</b>      | <b>4.1</b>     |
| <b>2 Financial intermediation expenses</b>               | <b>(9,274,254)</b> | <b>(122.3)</b> | <b>(7,850,720)</b> | <b>(118.6)</b> | <b>(24,613,281)</b> | <b>(123.7)</b> | <b>(22,620,494)</b> | <b>(127.9)</b> |
| <b>3 Inputs acquired from third-parties</b>              | <b>(2,332,469)</b> | <b>(30.7)</b>  | <b>(2,200,481)</b> | <b>(33.2)</b>  | <b>(6,634,454)</b>  | <b>(33.3)</b>  | <b>(5,409,581)</b>  | <b>(30.6)</b>  |
| Materials, water, energy and gas                         | (123,236)          | (1.6)          | (118,931)          | (1.8)          | (359,584)           | (1.8)          | (307,692)           | (1.7)          |
| Third-party services                                     | (791,356)          | (10.4)         | (730,204)          | (11.0)         | (2,245,637)         | (11.3)         | (1,828,027)         | (10.3)         |
| Communication  | (354,157)          | (4.7)          | (342,609)          | (5.2)          | (1,031,241)         | (5.2)          | (899,261)           | (5.1)          |
| Financial system services                                | (88,960)           | (1.2)          | (92,158)           | (1.4)          | (267,177)           | (1.3)          | (190,106)           | (1.1)          |
| Advertising and marketing                                | (210,835)          | (2.8)          | (156,337)          | (2.4)          | (519,535)           | (2.6)          | (305,296)           | (1.7)          |
| Transportation   | (163,372)          | (2.2)          | (160,839)          | (2.4)          | (466,522)           | (2.3)          | (404,955)           | (2.3)          |
| Data processing  | (217,702)          | (2.9)          | (205,812)          | (3.1)          | (614,280)           | (3.1)          | (560,067)           | (3.2)          |
| Maintenance and repairs                                  | (113,413)          | (1.5)          | (109,669)          | (1.7)          | (330,538)           | (1.7)          | (306,902)           | (1.7)          |
| Security and surveillance                                | (70,307)           | (0.9)          | (66,466)           | (1.0)          | (202,916)           | (1.0)          | (185,699)           | (1.1)          |
| Travel   | (39,414)           | (0.5)          | (28,884)           | (0.4)          | (89,452)            | (0.4)          | (55,926)            | (0.3)          |
| Other  | (159,717)          | (2.0)          | (188,572)          | (2.8)          | (507,572)           | (2.6)          | (365,650)           | (2.1)          |
| <b>4 Gross value added (1-2-3)</b>                       | <b>8,098,678</b>   | <b>106.9</b>   | <b>7,126,443</b>   | <b>107.6</b>   | <b>21,407,002</b>   | <b>107.6</b>   | <b>18,833,565</b>   | <b>106.5</b>   |
| <b>5 Depreciation, amortization and depletion</b>        | <b>(536,445)</b>   | <b>(7.1)</b>   | <b>(525,201)</b>   | <b>(7.9)</b>   | <b>(1,576,906)</b>  | <b>(7.9)</b>   | <b>(1,209,944)</b>  | <b>(6.8)</b>   |
| <b>6 Net value added produced by the Entity (4-5)</b>    | <b>7,562,233</b>   | <b>99.8</b>    | <b>6,601,242</b>   | <b>99.7</b>    | <b>19,830,096</b>   | <b>99.7</b>    | <b>17,623,621</b>   | <b>99.7</b>    |
| <b>7 Value added received in transfer</b>                | <b>18,918</b>      | <b>0.2</b>     | <b>19,016</b>      | <b>0.3</b>     | <b>66,689</b>       | <b>0.3</b>     | <b>58,090</b>       | <b>0.3</b>     |
| Equity in earnings (losses) of unconsolidated companies  | 18,918             | 0.2            | 19,016             | 0.3            | 66,689              | 0.3            | 58,090              | 0.3            |
| <b>8 Value added to distribute (6+7)</b>                 | <b>7,581,151</b>   | <b>100.0</b>   | <b>6,620,258</b>   | <b>100.0</b>   | <b>19,896,785</b>   | <b>100.0</b>   | <b>17,681,711</b>   | <b>100.0</b>   |
| <b>9 Value added distributed</b>                         | <b>7,581,151</b>   | <b>100.0</b>   | <b>6,620,258</b>   | <b>100.0</b>   | <b>19,896,785</b>   | <b>100.0</b>   | <b>17,681,711</b>   | <b>100.0</b>   |
| <b>9.1) Personnel</b>                                    | <b>2,084,187</b>   | <b>27.5</b>    | <b>1,933,995</b>   | <b>29.1</b>    | <b>5,853,872</b>    | <b>29.4</b>    | <b>5,137,679</b>    | <b>29.1</b>    |
| Payroll  | 1,119,773          | 14.8           | 1,062,579          | 16.1           | 3,183,343           | 16.0           | 2,885,597           | 16.3           |
| Benefits   | 490,551            | 6.5            | 423,991            | 6.4            | 1,331,984           | 6.7            | 1,166,359           | 6.6            |
| FGTS (Government Severance Indemnity Fund for Employees) | 98,378             | 1.3            | 96,600             | 1.5            | 286,538             | 1.4            | 264,897             | 1.5            |
| Other  | 375,485            | 4.9            | 350,825            | 5.1            | 1,052,007           | 5.3            | 820,826             | 4.7            |
| <b>9.2) Taxes, fees and contributions</b>                | <b>2,764,079</b>   | <b>36.5</b>    | <b>2,121,431</b>   | <b>32.0</b>    | <b>6,475,452</b>    | <b>32.5</b>    | <b>6,277,205</b>    | <b>35.5</b>    |
| Federal  | 2,658,175          | 35.1           | 2,020,721          | 30.5           | 6,162,456           | 31.0           | 5,992,311           | 33.9           |
| State  | 1,876              | -              | 1,394              | -              | 5,076               | -              | 7,302               | -              |
| Municipal  | 104,028            | 1.4            | 99,316             | 1.5            | 307,920             | 1.5            | 277,592             | 1.6            |

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|  |                  |             |                  |             |                  |             |                  |             |
|--|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| <b>9.3) Third-party capital compensation</b>           | <b>142,671</b>   | <b>1.8</b>  | <b>141,793</b>   | <b>2.2</b>  | <b>433,830</b>   | <b>2.2</b>  | <b>419,616</b>   | <b>2.3</b>  |
| Rentals  | 138,886          | 1.8         | 137,015          | 2.1         | 419,420          | 2.1         | 410,854          | 2.3         |
| Asset leasing  | 3,785            | -           | 4,778            | 0.1         | 14,410           | 0.1         | 8,762            | -           |
| <b>9.4) Shareholders' equity remuneration</b>          | <b>2,590,214</b> | <b>34.2</b> | <b>2,423,039</b> | <b>36.7</b> | <b>7,133,631</b> | <b>35.9</b> | <b>5,847,211</b> | <b>33.1</b> |
| Interest on shareholders' equity                       | 717,988          | 9.5         | 649,935          | 9.8         | 1,975,947        | 9.9         | 1,607,770        | 9.1         |
| Dividends  | 151,916          | 2.0         | 142,417          | 2.2         | 432,439          | 2.2         | 379,554          | 2.1         |
| Retained earnings                                      | 1,657,000        | 21.9        | 1,612,966        | 24.4        | 4,626,542        | 23.3        | 3,844,017        | 21.7        |
| Interest of minority shareholders in retained earnings | 63,310           | 0.8         | 17,721           | 0.3         | 98,703           | 0.5         | 15,870           | 0.2         |

The Notes are an integral part of the Financial Statements.

*Consolidated Cash Flow R\$ thousand*

|   | 3 <sup>rd</sup> quarter | 2010<br>2 <sup>nd</sup> quarter | September           | 2009<br>September |
|---|-------------------------|---------------------------------|---------------------|-------------------|
| <b>Cash flow from operating activities:</b>   |                         |                                 |                     |                   |
| <b>Net Income before income tax and social contribution</b>   | <b>4,176,367</b>        | <b>3,519,620</b>                | <b>10,385,683</b>   | <b>9,360,497</b>  |
| <b>Adjustments to net income before taxes</b>   | <b>5,374,825</b>        | <b>4,620,778</b>                | <b>15,382,813</b>   | <b>16,260,730</b> |
| Allowance for loan losses   | 2,259,680               | 2,318,996                       | 6,737,963           | 10,207,295        |
| Depreciation and amortization   | 536,445                 | 525,201                         | 1,576,906           | 1,209,944         |
| Provision for/ (Reversal of) Asset Impairment   | 1,179                   | 1,787                           | 521                 | (29,771)          |
| (Reversal)/expenses with civil, labor and tax provisions  | 726,257                 | 742,452                         | 2,585,980           | 2,936,011         |
| Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds | 1,854,425               | 981,331                         | 4,329,305           | 3,956,827         |
| Equity in the earnings (losses) of unconsolidated companies   | (18,918)                | (19,016)                        | (66,689)            | (58,090)          |
| (Gain)/loss on sale of investments  | (26,402)                | 617                             | (25,785)            | (2,474,692)       |
| (Gain)/loss on sale of fixed assets   | 6,001                   | 6,545                           | 8,306               | 13,535            |
| (Gain)/loss on sale of foreclosed assets  | 9,796                   | 88,714                          | 189,170             | 199,262           |
| Other   | 26,362                  | (25,849)                        | 47,136              | 300,409           |
| <b>Adjusted net income before taxes</b>   | <b>9,551,192</b>        | <b>8,140,398</b>                | <b>25,768,496</b>   | <b>25,621,227</b> |
| (Increase)/decrease in interbank investments  | (15,168,065)            | 13,388,495                      | (720,371)           | (1,520,198)       |
| (Increase)/decrease in securities and derivative financial instruments  | (24,776,711)            | 2,599,022                       | (25,080,039)        | (4,298,855)       |
| (Increase)/decrease in interbank and interdepartmental accounts   | 13,716                  | (58,311)                        | (1,381,774)         | (1,498,480)       |
| (Increase) in loan and leasing operations   | (11,043,297)            | (12,110,544)                    | (34,271,495)        | (8,506,905)       |
| (Increase)/decrease in insurance premiums receivable  | 7,833                   | (23,984)                        | 279,085             | (792,319)         |
| Increase in technical provisions for insurance, private pension plans and savings bonds                                 | 1,199,968               | 642,065                         | 2,461,554           | 2,856,805         |
| Increase/(decrease) in deferred income  | (24,501)                | 44,160                          | (8,569)             | 23,717            |
| (Increase)/decrease in other receivables and other assets   | (6,252,270)             | (4,797,817)                     | (11,864,389)        | 10,379,869        |
| Increase/(decrease) in other liabilities  | 6,859,412               | 2,079,415                       | 12,060,700          | (3,853,905)       |
| Minority interest   | (57,961)                | (156,319)                       | (213,080)           | 22,451            |
| Income tax and social contribution paid   | (533,103)               | (666,562)                       | (2,481,691)         | (3,166,582)       |
| <b>Net cash provided by/used in operating activities</b>  | <b>(40,223,787)</b>     | <b>9,080,018</b>                | <b>(35,451,573)</b> | <b>15,266,825</b> |
| <b>Cash flow from investing activities:</b>   |                         |                                 |                     |                   |
| (Increase) in reserve requirements in the Brazilian Central Bank  | (694,141)               | (12,979,536)                    | (31,174,766)        | (3,072,410)       |
| (Increase) in available-for-sale securities   | (13,186,749)            | (3,272,842)                     | (20,587,737)        | (9,705,233)       |
| (Increase) in held-to-maturity securities   | (420,301)               | (549,076)                       | (2,709,411)         | (1,653,528)       |
| Proceeds from sale of foreclosed assets   | 174,150                 | 75,354                          | 276,682             | 223,218           |
| Divestments   | 14,982                  | 4,920                           | 19,902              | 2,735,937         |
| Proceeds from the sale of premises and equipment and leased assets  | 105,172                 | 32,319                          | 252,480             | 134,591           |
| Acquisition of foreclosed assets  | (209,292)               | (220,449)                       | (651,326)           | (794,235)         |

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|  |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
| Acquisition of investments   | (56,478)            | (9,543)             | (66,722)            | (224,610)           |
| Acquisition of premises and equipment and leased assets                                | (269,548)           | (319,243)           | (759,338)           | (825,236)           |
| Investment in intangible assets  | (733,720)           | (390,693)           | (1,305,722)         | (1,209,762)         |
| Dividends and interest on shareholders' equity received                                | 4,519               | 25,436              | 35,145              | 54,979              |
| <b>Net cash provided by/used in investing activities</b>                               | <b>(15,271,406)</b> | <b>(17,603,353)</b> | <b>(56,670,813)</b> | <b>(14,336,289)</b> |
| <b>Cash Flow from financing activities:</b>  |                     |                     |                     |                     |
| Increase in deposits   | 7,742,289           | 7,730,296           | 15,121,174          | 3,494,168           |
| Increase in federal funds purchased and securities sold under agreements to repurchase | 25,875,024          | 2,961,738           | 43,735,691          | 22,626,527          |
| Increase/(decrease) in funds from issue of securities                                  | 1,020,023           | 4,178,848           | 6,266,800           | (1,900,837)         |
| Increase/(decrease) in borrowings and onlendings                                       | 2,964,699           | 4,825,547           | 10,670,254          | (4,922,607)         |
| Increase/(decrease) in subordinated debts  | 2,312,632           | (156,118)           | 2,593,266           | 3,632,111           |
| Dividends and interest on shareholders' equity paid                                    | (705,705)           | (142,417)           | (2,487,347)         | (2,721,045)         |
| Acquisition of own shares  | -                   | -                   | (4,740)             | (90,097)            |
| <b>Net cash provided by/used in financing activities</b>                               | <b>39,208,962</b>   | <b>19,397,894</b>   | <b>75,895,098</b>   | <b>20,118,220</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            | <b>(16,286,231)</b> | <b>10,874,559</b>   | <b>(16,227,288)</b> | <b>21,048,756</b>   |
| Cash and cash equivalents At the beginning of the period                               | 82,779,856          | 71,905,297          | 82,720,913          | 64,131,372          |
| Cash and cash equivalents At the end of the period                                     | 66,493,625          | 82,779,856          | 66,493,625          | 85,180,128          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            | <b>(16,286,231)</b> | <b>10,874,559</b>   | <b>(16,227,288)</b> | <b>21,048,756</b>   |

The Notes are an integral part of the Financial Statements

*Notes to the Consolidated Financial Statements Index*

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

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## *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 Law 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), 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 non-controlling 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.

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 estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on October 26, 2010.

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



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|  | Activity                   | Total ownership |            |                 |
|--|----------------------------|-----------------|------------|-----------------|
|  |                            | 2010            |            | 2009            |
|  |                            | September<br>30 | June<br>30 | September<br>30 |
| <b>Financial Area - Brazil</b>                                 |                            |                 |            |                 |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A.   | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Banco Alvorada S.A. (1)  | Banking                    | 99.95%          | 99.95%     | 99.94%          |
| Banco Bradesco Financiamentos S.A.(3)                          | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Banco Bankpar S.A.   | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Banco Bradesco BBI S.A.(4)                                     | Investment bank            | 98.35%          | 98.35%     | 98.33%          |
| 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.                                    | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Bradesco Administradora de Consórcios Ltda.                    | Consortium<br>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. (10)  | Banking                    | 100.00%         | 100.00%    | -               |
| Cielo S.A. (2) (5) (6) (7) (8) (11)                            | Services                   | 28.65%          | 26.56%     | 26.56%          |
| <b>Financial Area - abroad</b>                                 |                            |                 |            |                 |
| Banco Bradesco Argentina S.A.                                  | Banking                    | 99.99%          | 99.99%     | 99.99%          |
| Banco Bradesco Europa S.A. (15)                                | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Banco Bradesco S.A. Grand Cayman Branch (9)                    | 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                              | Banking                    | 100.00%         | 100.00%    | 100.00%         |
| Bradesco Securities, Inc.                                      | Brokerage                  | 100.00%         | 100.00%    | 100.00%         |
| Bradesco Securities, UK.                                       | Brokerage                  | 100.00%         | 100.00%    | 100.00%         |
| <b>Insurance, Private Pension Plans and Savings 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. (12) (16)                                 | Insurance/dental<br>health | -               | 43.50%     | 100.00%         |
| Odontoprev S.A. (2) (13)                                       | Insurance/dental<br>health | 43.50%          | 43.50%     | -               |
| Bradesco Seguros S.A.  | Insurance                  | 100.00%         | 100.00%    | 100.00%         |

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|  |                     |         |         |         |
|--|---------------------|---------|---------|---------|
|  | 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>                          |                     |         |         |         |
| Átria Participações Ltda. (14)                   | Holding             | -       | -       | 100.00% |
| Andorra Holdings S.A.                            | Holding             | 54.01%  | 54.01%  | 54.01%  |
| Bradescor 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% |
|  | Information         |         |         |         |
| Scopus Tecnologia Ltda.                          | 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% |

- (1) Increase in interest by the total subscription of the capital increase in May 2010;
- (2) Company whose audit services in 2009 were carried out by other independent auditors;
- (3) Current name of Banco Finasa BMC S.A.;

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

- (4) Increase in ownership interest due to the full subscription of the capital stock increase in December 2009;
- (5) Company whose audit services in 2010 were carried out by other independent auditors;
- (6) Company proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (7) Increase in interest by partial acquisition in July 2010;
- (8) 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);
- (9) 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);
- (10) Company acquired in October 2009;
- (11) Current name of Companhia Brasileira de Meios de Pagamento Visanet;
- (12) Reduction of interest due to the merger of Bradesco Dental shares by Odontoprev in October 2009;
- (13) Interest received from the merger of Bradesco Dental shares by Odontoprev in October 2009;
- (14) Company merged in February 2010;
- (15) Current name of Banco Bradesco Luxembourg S.A.; and
- (16) Company was merged by Odontoprev in July 2010.

### 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 the activities in Brazil, and therefore, assets, liabilities and results are adjusted to comply with the 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 recorded in the period's income.

#### 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 of 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.

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Revenue from savings bonds is recognized at the time of receipt, 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 bonds contributions are effectively received. Redemptions and drawings are recorded simultaneously to the accounting for the corresponding revenues.

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Expenses for technical provisions for private pension plans and savings bonds are recorded at the same time as the corresponding revenues thereof 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, adjusted to market value against the income in the period;
- Available-for-sale securities securities which are not specifically intended for trading purposes or to be held to maturity, adjusted to market value against a specific account in shareholders' equity, net of tax effects; and
- Held-to-maturity securities securities for which there is intention and financial capacity to hold in the portfolio up to maturity, 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 its 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 the overall exposure, as well as for meeting 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
- 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 |
|----------------------|---------------|
| from 15 to 30 days   | B             |
| from 31 to 60 days   | C             |
| from 61 to 90 days   | D             |
| from 91 to 120 days  | E             |
| from 121 to 150 days | F             |
| from 151 to 180 days | G             |
| more than 180 days   | H             |

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

The accrual of revenue on operations past due up to 59 days is recorded in income and subsequent to the 60<sup>th</sup> day, in unearned income.

H-rated past-due operations remain at this level for six months, after which they are written-off against the existing allowance and controlled in memorandum accounts for at least five years, no longer being recognized in the balance sheet.

Renegotiated operations are maintained, at least, at the same classification as their prior rating.

Renegotiations already charged-off against the allowance and which are 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 provision for deferred tax liabilities on tax difference in leasing depreciation and mark-to-market 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 the 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, resulting from the increase of the social contribution rate to 15% of financial and insurance companies, are 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 for corporate entities opting for the Transitional Tax Regime (RTT), 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 assets 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 (according to 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 the 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 with 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 systems 20% p.a.; and data processing systems 20% to 50% p.a. and 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; and

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 from 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, which is recognized in the income statement for the period when the book value of an asset exceeds its recoverable value (calculated by the potential sale value or realization value less the respective expenses or by 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 unexpired risk period (future risk of policies in effect). According to Resolution 206, as of 2009, 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 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;
- « 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 not yet begun. 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 benefits generating private pension plans (VGBL and PGBL) represent the amount of contributions made by the participants, net of carrying costs and other contractual charges, plus financial earnings generated by investments in fund quotas in Exclusive Investment Funds (FIEs);

« 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 the 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. It is calculated in conformity with the methodology set forth in the actuarial technical note; and

« The financial excess provision corresponds to that 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. 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; and

« 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).

**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 are 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 total 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, the similarity with previous processes, the 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 Tax and Social Security: result from judicial proceedings related to tax liabilities, 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**

Some changes were adopted in the presentation of the financial statements as of 2010. Therefore, the balances of September 30, 2009 were reclassified to make easier the comparison with the financial statements of September 30, 2010. Said reclassifications refer to: (i) the amount of R\$287,998 thousand reclassified from intangible assets to interest in domestic associated companies, related to goodwill based on the market value of assets investments; and (ii) reclassification of R\$37,235 thousand from other investments to interest in domestic associated companies.

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## 5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT

## a) Balance sheet

|  | R\$ thousand       |                   |                         |               |                  |                     | Total consolidated |
|--|--------------------|-------------------|-------------------------|---------------|------------------|---------------------|--------------------|
|  | Financial (1) (2)  |                   | Insurance group (2) (3) |               | Other activities | Eliminations        |                    |
|  | Brazil             | Abroad            | Brazil                  | Abroad        | (2)              | (4)                 |                    |
| <b>Assets</b>  |                    |                   |                         |               |                  |                     |                    |
| <b>Current and long-term assets</b>  | <b>479,503,481</b> | <b>44,223,700</b> | <b>98,526,286</b>       | <b>9,777</b>  | <b>971,237</b>   | <b>(22,054,379)</b> | <b>601,180,102</b> |
| Cash and cash equivalents  | 6,819,034          | 2,785,499         | 162,141                 | 8,536         | 12,492           | (118,838)           | 9,668,864          |
| Interbank investments  | 90,542,906         | 2,024,176         | -                       | -             | -                | -                   | 92,567,082         |
| Securities and derivative financial instruments                              | 97,787,233         | 6,075,942         | 92,428,536              | 37            | 556,088          | (766,627)           | 196,081,209        |
| Interbank and interdepartmental accounts                                     | 50,780,865         | -                 | -                       | -             | -                | -                   | 50,780,865         |
| Loan and leasing operations  | 170,053,563        | 32,985,768        | -                       | -             | -                | (18,230,900)        | 184,808,431        |
| Other receivables and other assets   | 63,519,880         | 352,315           | 5,935,609               | 1,204         | 402,657          | (2,938,014)         | 67,273,651         |
| <b>Permanent assets</b>  | <b>35,803,650</b>  | <b>70,424</b>     | <b>2,181,544</b>        | <b>159</b>    | <b>168,502</b>   | <b>(27,500,955)</b> | <b>10,723,324</b>  |
| Investments  | 27,643,024         | 42,692            | 1,361,465               | 132           | 69,500           | (27,500,955)        | 1,615,858          |
| Premises and equipment and leased assets                                     | 3,086,542          | 5,575             | 252,140                 | 27            | 56,766           | -                   | 3,401,050          |
| Intangible assets  | 5,074,084          | 22,157            | 567,939                 | -             | 42,236           | -                   | 5,706,416          |
| <b>Total on September 30, 2010</b>   | <b>515,307,131</b> | <b>44,294,124</b> | <b>100,707,830</b>      | <b>9,936</b>  | <b>1,139,739</b> | <b>(49,555,334)</b> | <b>611,903,426</b> |
| <b>Total on June 30, 2010</b>  | <b>467,012,414</b> | <b>34,462,112</b> | <b>96,621,011</b>       | <b>11,331</b> | <b>1,344,685</b> | <b>(41,351,337)</b> | <b>558,100,216</b> |
| <b>Total on September 30, 2009</b>   | <b>399,963,594</b> | <b>28,162,964</b> | <b>87,589,702</b>       | <b>16,604</b> | <b>879,381</b>   | <b>(30,926,555)</b> | <b>485,685,690</b> |
| <b>Liabilities</b>   |                    |                   |                         |               |                  |                     |                    |
| <b>Current and long-term liabilities</b>                                     | <b>468,586,733</b> | <b>28,934,387</b> | <b>88,801,346</b>       | <b>1,694</b>  | <b>524,628</b>   | <b>(22,054,379)</b> | <b>564,794,409</b> |
| Deposits   | 175,963,392        | 10,351,474        | -                       | -             | -                | (120,608)           | 186,194,258        |
| Federal funds purchased and securities sold under agreements to repurchase   | 154,495,265        | 2,619,614         | -                       | -             | -                | (106,142)           | 157,008,737        |
| Funds from issuance of securities  | 9,046,609          | 5,549,670         | -                       | -             | -                | (846,895)           | 13,749,384         |
| Interbank and interdepartmental accounts                                     | 2,450,345          | 918               | -                       | -             | -                | -                   | 2,451,263          |
| Borrowing and onlending  | 51,167,372         | 4,875,108         | -                       | -             | -                | (18,044,490)        | 37,997,990         |
| Derivative financial instruments   | 1,716,754          | 161,250           | -                       | -             | -                | -                   | 1,878,004          |
| Technical provisions from insurance, private pension plans and savings bonds | -                  | -                 | 82,361,364              | 1,416         | -                | -                   | 82,362,780         |
| Other liabilities:   |                    |                   |                         |               |                  |                     |                    |
| - Subordinated debts   | 20,672,419         | 5,024,824         | -                       | -             | -                | -                   | 25,697,243         |
| - Other  | 53,074,577         | 351,529           | 6,439,982               | 278           | 524,628          | (2,936,244)         | 57,454,750         |
| <b>Deferred income</b>   | <b>312,056</b>     | <b>-</b>          | <b>-</b>                | <b>-</b>      | <b>-</b>         | <b>-</b>            | <b>312,056</b>     |
| <b>Shareholders' equity/minority interest in subsidiaries</b>                | <b>294,679</b>     | <b>15,359,737</b> | <b>11,906,484</b>       | <b>8,242</b>  | <b>615,111</b>   | <b>(27,500,955)</b> | <b>683,298</b>     |
| <b>Shareholders' equity - parent company</b>                                 | <b>46,113,663</b>  | <b>-</b>          | <b>-</b>                | <b>-</b>      | <b>-</b>         | <b>-</b>            | <b>46,113,663</b>  |

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|                                    |                    |                   |                    |               |                  |                     |                    |
|------------------------------------|--------------------|-------------------|--------------------|---------------|------------------|---------------------|--------------------|
| <b>Total on September 30, 2010</b> | <b>515,307,131</b> | <b>44,294,124</b> | <b>100,707,830</b> | <b>9,936</b>  | <b>1,139,739</b> | <b>(49,555,334)</b> | <b>611,903,426</b> |
| <b>Total on June 30, 2010</b>      | <b>467,012,414</b> | <b>34,462,112</b> | <b>96,621,011</b>  | <b>11,331</b> | <b>1,344,685</b> | <b>(41,351,337)</b> | <b>558,100,216</b> |
| <b>Total on September 30, 2009</b> | <b>399,963,594</b> | <b>28,162,964</b> | <b>87,589,702</b>  | <b>16,604</b> | <b>879,381</b>   | <b>(30,926,555)</b> | <b>485,685,690</b> |

## b) Statement of income

|   |                   |                  |                         |              |                  |              | R\$ thousand      |
|---|-------------------|------------------|-------------------------|--------------|------------------|--------------|-------------------|
|   | Financial (1) (2) |                  | Insurance group (2) (3) |              | Other activities | Eliminations | Total             |
|   | Brazil            | Abroad           | Brazil                  | Abroad       | (2)              | (4)          | consolidated      |
| Revenues from financial intermediation            | 42,939,334        | 1,136,352        | 6,560,199               | -            | 35,246           | (68,692)     | 50,602,439        |
| Expenses from financial intermediation            | 26,862,114        | 228,856          | 4,329,305               | -            | -                | (69,031)     | 31,351,244        |
| <b>Gross income from financial intermediation</b> | <b>16,077,220</b> | <b>907,496</b>   | <b>2,230,894</b>        | <b>-</b>     | <b>35,246</b>    | <b>339</b>   | <b>19,251,195</b> |
| Other operating income/expenses                   | (10,014,737)      | 86,961           | 1,286,148               | (866)        | 17,713           | (339)        | (8,625,120)       |
| <b>Operating income</b>                           | <b>6,062,483</b>  | <b>994,457</b>   | <b>3,517,042</b>        | <b>(866)</b> | <b>52,959</b>    | <b>-</b>     | <b>10,626,075</b> |
| Non-operating income                              | (283,323)         | 77,655           | (30,724)                | -            | (4,000)          | -            | (240,392)         |
| <b>Income before taxes and minority interest</b>  | <b>5,779,160</b>  | <b>1,072,112</b> | <b>3,486,318</b>        | <b>(866)</b> | <b>48,959</b>    | <b>-</b>     | <b>10,385,683</b> |
| Income tax and social contribution                | (1,936,950)       | (998)            | (1,321,095)             | 199          | 6,792            | -            | (3,252,052)       |
| Minority interest in subsidiaries                 | (20,548)          | (41,410)         | (40,022)                | -            | 3,277            | -            | (98,703)          |
| <b>Net income for September 30, 2010 YTD</b>      | <b>3,821,662</b>  | <b>1,029,704</b> | <b>2,125,201</b>        | <b>(667)</b> | <b>59,028</b>    | <b>-</b>     | <b>7,034,928</b>  |
| <b>Net income for September 30, 2009 YTD</b>      | <b>3,187,401</b>  | <b>679,766</b>   | <b>1,893,784</b>        | <b>1,426</b> | <b>68,964</b>    | <b>-</b>     | <b>5,831,341</b>  |
| <b>Net income for 3Q10</b>                        | <b>1,743,720</b>  | <b>77,896</b>    | <b>721,269</b>          | <b>(61)</b>  | <b>(15,920)</b>  | <b>-</b>     | <b>2,526,904</b>  |
| <b>Net income for 2Q10</b>                        | <b>1,059,774</b>  | <b>610,951</b>   | <b>699,844</b>          | <b>43</b>    | <b>34,706</b>    | <b>-</b>     | <b>2,405,318</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      |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | 2010              |                   | 2009              |
|  | September 30      | June 30           | September 30      |
| Funds available in domestic currency   | 6,306,806         | 5,652,542         | 6,455,160         |
| Funds available in foreign currency    | 3,361,979         | 1,224,837         | 2,115,883         |
| Investments in gold                    | 79                | 78                | 60                |
| <b>Total cash and due from banks</b>   | <b>9,668,864</b>  | <b>6,877,457</b>  | <b>8,571,103</b>  |
| Short-term interbank investments (1)   | 56,824,761        | 75,902,399        | 76,609,025        |
| <b>Total cash and cash equivalents</b> | <b>66,493,625</b> | <b>82,779,856</b> | <b>85,180,128</b> |

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





## 7) INTERBANK INVESTMENTS

## a) Breakdown and maturities

|  | 2010              |                   |                  |                    | 2009              |                   |                   |
|--|-------------------|-------------------|------------------|--------------------|-------------------|-------------------|-------------------|
|  | 1 to 30 days      | 31 to 180 days    | 181 to 360 days  | More than 360 days | September 30      | June 30           | September 30      |
| R\$ thousand                           |                   |                   |                  |                    |                   |                   |                   |
| <b>Investments in the open market:</b> |                   |                   |                  |                    |                   |                   |                   |
| <b>Own portfolio position</b>          | <b>1,498,279</b>  | <b>23,185,438</b> | -                | -                  | <b>24,683,717</b> | <b>15,478,822</b> | <b>21,367,113</b> |
| Financial treasury bills               | 1,073,075         | -                 | -                | -                  | 1,073,075         | 1,783,623         | 3,923,045         |
| National treasury notes                | 234,206           | 18,382,306        | -                | -                  | 18,616,512        | 7,445,335         | 11,480,297        |
| National treasury bills                | 190,822           | 4,803,132         | -                | -                  | 4,993,954         | 6,249,864         | 5,879,848         |
| Other                                  | 176               | -                 | -                | -                  | 176               | -                 | 83,923            |
| <b>Funded position</b>                 | <b>54,488,583</b> | <b>1,652,693</b>  | -                | -                  | <b>56,141,276</b> | <b>72,033,280</b> | <b>66,368,579</b> |
| Financial treasury bills               | 37,748,318        | -                 | -                | -                  | 37,748,318        | 57,192,121        | 23,155,621        |
| National treasury notes                | 13,542,647        | -                 | -                | -                  | 13,542,647        | 14,647,496        | 31,830,038        |
| National treasury bills                | 3,197,618         | 1,652,693         | -                | -                  | 4,850,311         | 193,663           | 11,382,920        |
| <b>Short position</b>                  | <b>455,620</b>    | <b>3,523,724</b>  | -                | -                  | <b>3,979,344</b>  | <b>1,368,110</b>  | <b>539,301</b>    |
| National treasury bills                | 455,620           | 3,523,724         | -                | -                  | 3,979,344         | 1,368,110         | 539,301           |
| <b>Subtotal</b>                        | <b>56,442,482</b> | <b>28,361,855</b> | -                | -                  | <b>84,804,337</b> | <b>88,880,212</b> | <b>88,274,993</b> |
| <b>Deposits in other banks:</b>        |                   |                   |                  |                    |                   |                   |                   |
| Deposits in other banks                | 3,808,151         | 2,233,736         | 1,119,848        | 602,382            | 7,764,117         | 7,597,815         | 9,212,766         |
| Provisions for losses                  | (570)             | (722)             | (80)             | -                  | (1,372)           | (191)             | (436)             |
| <b>Subtotal</b>                        | <b>3,807,581</b>  | <b>2,233,014</b>  | <b>1,119,768</b> | <b>602,382</b>     | <b>7,762,745</b>  | <b>7,597,624</b>  | <b>9,212,330</b>  |
| <b>Total on September 30, 2010</b>     | <b>60,250,063</b> | <b>30,594,869</b> | <b>1,119,768</b> | <b>602,382</b>     | <b>92,567,082</b> |                   |                   |
| <b>%</b>                               | <b>65.1</b>       | <b>33.0</b>       | <b>1.2</b>       | <b>0.7</b>         | <b>100.0</b>      |                   |                   |
| <b>Total on June 30, 2010</b>          | <b>83,574,533</b> | <b>11,129,461</b> | <b>1,219,118</b> | <b>554,724</b>     |                   | <b>96,477,836</b> |                   |
| <b>%</b>                               | <b>86.6</b>       | <b>11.5</b>       | <b>1.3</b>       | <b>0.6</b>         |                   | <b>100.0</b>      |                   |
| <b>Total September 30, 2009</b>        | <b>77,980,746</b> | <b>16,476,087</b> | <b>2,076,473</b> | <b>954,017</b>     |                   |                   | <b>97,487,323</b> |
| <b>%</b>                               | <b>80.0</b>       | <b>16.9</b>       | <b>2.1</b>       | <b>1.0</b>         |                   |                   | <b>100.0</b>      |

## b) Income from interbank investments

Classified in the statement of income as income on securities transactions

|  | 2010                    |                         |                  | 2009             |
|--|-------------------------|-------------------------|------------------|------------------|
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30 YTD | September 30 YTD |
| R\$ thousand   |                         |                         |                  |                  |
| <b>Income from investments in purchase and sale commitments:</b> |                         |                         |                  |                  |

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|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Own portfolio position                                      | 461,432          | 305,522          | 1,359,352        | 1,549,564        |
| Funded position   | 1,696,898        | 1,438,829        | 4,578,331        | 4,377,685        |
| Short position  | 94,862           | 77,252           | 230,882          | 339,820          |
| <b>Subtotal</b>   | <b>2,253,192</b> | <b>1,821,603</b> | <b>6,168,565</b> | <b>6,267,069</b> |
| <b>Income from interest-earning deposits in other banks</b> | <b>138,227</b>   | <b>107,021</b>   | <b>412,636</b>   | <b>524,065</b>   |
| <b>Total (Note 8h)</b>                                      | <b>2,391,419</b> | <b>1,928,624</b> | <b>6,581,201</b> | <b>6,791,134</b> |

## 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

|  | R\$ thousand       |                                |                             |                     |                    |              |                    |              |                    |              |
|--|--------------------|--------------------------------|-----------------------------|---------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|  | 2010               |                                |                             |                     |                    |              |                    |              |                    |              |
|  | 2010               |                                |                             |                     |                    | 2009         |                    |              |                    |              |
|  | Financial          | Insurance/<br>Savings<br>bonds | Private<br>pension<br>plans | Other<br>activities | September<br>30    | %            | June 30            | %            | September<br>30    | %            |
| <b>Trading securities</b>              | <b>61,991,958</b>  | <b>2,926,147</b>               | <b>26,102,613</b>           | <b>312,486</b>      | <b>91,333,204</b>  | <b>56.4</b>  | <b>70,590,852</b>  | <b>55.4</b>  | <b>77,403,145</b>  | <b>62.2</b>  |
| - Government securities                | 40,831,666         | 1,106,624                      | 238,424                     | 275,273             | 42,451,987         | 26.2         | 21,742,761         | 17.1         | 28,297,787         | 22.7         |
| - Corporate bonds                      | 18,796,409         | 1,819,523                      | 214,732                     | 37,213              | 20,867,877         | 12.9         | 19,037,553         | 14.9         | 17,147,380         | 13.8         |
| - Derivative financial instruments (1) | 2,363,883          | -                              | -                           | -                   | 2,363,883          | 1.5          | 1,606,981          | 1.3          | 2,500,268          | 2.0          |
| - PGBL / VGBL restricted bonds         | -                  | -                              | 25,649,457                  | -                   | 25,649,457         | 15.8         | 28,203,557         | 22.1         | 29,457,710         | 23.7         |
| <b>Available-for-sale securities</b>   | <b>38,346,790</b>  | <b>1,756,017</b>               | <b>1,918,753</b>            | <b>60,613</b>       | <b>42,082,173</b>  | <b>25.9</b>  | <b>28,734,084</b>  | <b>22.5</b>  | <b>21,368,525</b>  | <b>17.1</b>  |
| - Government securities                | 30,830,434         | 106,867                        | 297,858                     | 1,715               | 31,236,874         | 19.2         | 19,787,899         | 15.5         | 12,763,392         | 10.2         |
| - Corporate bonds                      | 7,516,356          | 1,649,150                      | 1,620,895                   | 58,898              | 10,845,299         | 6.7          | 8,946,185          | 7.0          | 8,605,133          | 6.9          |
| <b>Held-to-maturity securities (4)</b> | <b>830,186</b>     | <b>7,241,735</b>               | <b>20,576,074</b>           | <b>-</b>            | <b>28,647,995</b>  | <b>17.7</b>  | <b>28,227,694</b>  | <b>22.1</b>  | <b>25,674,435</b>  | <b>20.7</b>  |
| - Government securities                | 830,186            | 7,215,916                      | 19,852,486                  | -                   | 27,898,588         | 17.2         | 27,501,727         | 21.6         | 24,988,030         | 20.1         |
| - Corporate bonds                      | -                  | 25,819                         | 723,588                     | -                   | 749,407            | 0.5          | 725,967            | 0.5          | 686,405            | 0.6          |
| <b>Subtotal</b>                        | <b>101,168,934</b> | <b>11,923,899</b>              | <b>48,597,440</b>           | <b>373,099</b>      | <b>162,063,372</b> | <b>100.0</b> | <b>127,552,630</b> | <b>100.0</b> | <b>124,446,105</b> | <b>100.0</b> |
| Purchase and sale commitments (2)      | 2,033,755          | 4,673,280                      | 27,233,955                  | 76,847              | 34,017,837         |              | 29,202,365         |              | 23,278,214         |              |
| <b>Overall total</b>                   | <b>103,202,689</b> | <b>16,597,179</b>              | <b>75,831,395</b>           | <b>449,946</b>      | <b>196,081,209</b> |              | <b>156,754,995</b> |              | <b>147,724,319</b> |              |
| - Government securities                | 72,492,286         | 8,429,407                      | 20,388,768                  | 276,988             | 101,587,449        | 62.7         | 69,032,387         | 54.1         | 66,049,209         | 53.1         |
| - Corporate bonds                      | 28,676,648         | 3,494,492                      | 2,559,215                   | 96,111              | 34,826,466         | 21.5         | 30,316,686         | 23.8         | 28,939,186         | 23.3         |
| - PGBL / VGBL restricted bonds         | -                  | -                              | 25,649,457                  | -                   | 25,649,457         | 15.8         | 28,203,557         | 22.1         | 29,457,710         | 23.6         |
| <b>Subtotal</b>                        | <b>101,168,934</b> | <b>11,923,899</b>              | <b>48,597,440</b>           | <b>373,099</b>      | <b>162,063,372</b> | <b>100.0</b> | <b>127,552,630</b> | <b>100.0</b> | <b>124,446,105</b> | <b>100.0</b> |
| Purchase and sale commitments (2)      | 2,033,755          | 4,673,280                      | 27,233,955                  | 76,847              | 34,017,837         |              | 29,202,365         |              | 23,278,214         |              |
| <b>Overall total</b>                   | <b>103,202,689</b> | <b>16,597,179</b>              | <b>75,831,395</b>           | <b>449,946</b>      | <b>196,081,209</b> |              | <b>156,754,995</b> |              | <b>147,724,319</b> |              |

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b) Breakdown of consolidated portfolio by issuer

| Securities (3)                      | R\$ thousand      |                   |                   |                    |                                      |                    |                    |                                      |                    |                                      |                    |
|-------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------------------------|--------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|
|                                     | 2010              |                   |                   |                    |                                      |                    |                    |                                      |                    | 2009                                 |                    |
|                                     | September 30      |                   |                   |                    | June 30                              |                    |                    |                                      |                    | September 30                         |                    |
|                                     | 1 to 30 days      | 31 to 180 days    | 181 to 360 days   | More than 360 days | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost   | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market |
| <b>Government securities</b>        | <b>1,170,124</b>  | <b>9,614,010</b>  | <b>12,891,476</b> | <b>77,911,839</b>  | <b>101,587,449</b>                   | <b>101,449,907</b> | <b>137,542</b>     | <b>69,032,387</b>                    | <b>42,411</b>      | <b>66,049,209</b>                    | <b>677,536</b>     |
| Financial treasury bills            | 35,690            | 132,167           | 1,436,162         | 8,819,275          | 10,423,294                           | 10,421,603         | 1,691              | 12,856,186                           | (4,998)            | 12,710,466                           | (6,555)            |
| National treasury bills             | 311,087           | 9,051,328         | 9,093,818         | 15,813,080         | 34,269,313                           | 34,317,384         | (48,071)           | 8,957,687                            | (33,897)           | 5,080,022                            | (5,056)            |
| National treasury notes             | 4,124             | 401,574           | 2,355,361         | 51,639,399         | 54,400,458                           | 54,346,189         | 54,269             | 44,792,057                           | (72,676)           | 43,677,529                           | 251,569            |
| Brazilian foreign debt notes        | 30,449            | 11,840            | 804               | 1,544,311          | 1,587,404                            | 1,471,674          | 115,730            | 1,548,132                            | 142,183            | 2,782,405                            | 421,650            |
| Privatization currencies            | -                 | -                 | -                 | 88,607             | 88,607                               | 74,459             | 14,148             | 90,829                               | 14,197             | 95,275                               | 14,852             |
| Foreign government securities       | 788,774           | 14,713            | -                 | 48                 | 803,535                              | 803,976            | (441)              | 768,140                              | (2,566)            | 1,691,365                            | 925                |
| Other                               | -                 | 2,388             | 5,331             | 7,119              | 14,838                               | 14,622             | 216                | 19,356                               | 168                | 12,147                               | 151                |
| <b>Corporate bonds</b>              | <b>11,709,921</b> | <b>2,521,211</b>  | <b>561,298</b>    | <b>20,034,036</b>  | <b>34,826,466</b>                    | <b>34,676,713</b>  | <b>149,753</b>     | <b>30,316,686</b>                    | <b>(295,255)</b>   | <b>28,939,186</b>                    | <b>277,339</b>     |
| Bank deposit certificates           | 104,275           | 160,217           | 294,627           | 918,064            | 1,477,183                            | 1,477,183          | -                  | 1,027,662                            | -                  | 1,801,111                            | -                  |
| Shares                              | 4,117,960         | -                 | -                 | -                  | 4,117,960                            | 4,362,305          | (244,345)          | 3,773,506                            | (527,197)          | 3,818,518                            | (6,722)            |
| Debentures                          | 375,073           | 161,412           | 36,632            | 13,139,412         | 13,712,529                           | 13,584,166         | 128,363            | 11,701,352                           | 103,801            | 8,357,129                            | 138,949            |
| Promissory notes                    | 122,541           | 1,789,211         | 46,619            | -                  | 1,958,371                            | 1,961,804          | (3,433)            | 2,724,255                            | (806)              | 3,845,227                            | (765)              |
| Foreign corporate bonds             | 40,729            | 6,077             | 538               | 2,734,728          | 2,782,072                            | 2,587,629          | 194,443            | 2,121,990                            | 77,827             | 1,859,755                            | 83,528             |
| Derivative financial instruments    |                   |                   |                   |                    |                                      |                    |                    |                                      |                    |                                      |                    |
| (1)                                 | 1,169,429         | 243,776           | 101,038           | 849,640            | 2,363,883                            | 2,288,314          | 75,569             | 1,606,981                            | 27,033             | 2,500,268                            | 100,961            |
| Other                               | 5,779,914         | 160,518           | 81,844            | 2,392,192          | 8,414,468                            | 8,415,312          | (844)              | 7,360,940                            | 24,087             | 6,757,178                            | (38,612)           |
| <b>PGBL / VGBL restricted bonds</b> | <b>3,594,704</b>  | <b>5,830,324</b>  | <b>3,015,543</b>  | <b>13,208,886</b>  | <b>25,649,457</b>                    | <b>25,649,457</b>  | <b>-</b>           | <b>28,203,557</b>                    | <b>-</b>           | <b>29,457,710</b>                    | <b>-</b>           |
| <b>Subtotal</b>                     | <b>16,474,749</b> | <b>17,965,545</b> | <b>16,468,317</b> | <b>111,154,761</b> | <b>162,063,372</b>                   | <b>161,776,077</b> | <b>287,295</b>     | <b>127,552,630</b>                   | <b>(252,844)</b>   | <b>124,446,105</b>                   | <b>954,875</b>     |
| Purchase and sale commitments       | 32,587,978        | 274,844           | 1,153,147         | 1,868              | 34,017,837                           | 34,017,837         | -                  | 29,202,365                           | -                  | 23,278,214                           | -                  |

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(2)

|                           |                   |                   |                   |                    |                    |                    |                |                    |               |                    |                |
|---------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|----------------|--------------------|---------------|--------------------|----------------|
| Hedge cash flow (Note 8g) | -                 | -                 | -                 | -                  | -                  | -                  | 67,101         | -                  | 274,915       | -                  | (80,784)       |
| <b>Overall total</b>      | <b>49,062,727</b> | <b>18,240,389</b> | <b>17,621,464</b> | <b>111,156,629</b> | <b>196,081,209</b> | <b>195,793,914</b> | <b>354,396</b> | <b>156,754,995</b> | <b>22,071</b> | <b>147,724,319</b> | <b>874,091</b> |

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

## I) Trading securities

| Securities (3)                                 | 2010             |                  |                   |                    |                                      |                   |                    |                                      |                    |                                      | 2009               |  |
|--|------------------|------------------|-------------------|--------------------|--------------------------------------|-------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|--|
|  | September 30     |                  |                   |                    |                                      | June 30           |                    |                                      |                    |                                      | September 30       |  |
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days   | More than 360 days | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market |  |
| <b>- Financial</b>                             | <b>6,984,102</b> | <b>5,324,260</b> | <b>12,249,581</b> | <b>37,434,015</b>  | <b>61,991,958</b>                    | <b>61,800,022</b> | <b>191,936</b>     | <b>39,102,158</b>                    | <b>127,167</b>     | <b>45,144,465</b>                    | <b>530,178</b>     |  |
| National treasury bills                        | 311,087          | 2,787,640        | 9,089,913         | 12,368,268         | 24,556,908                           | 24,587,611        | (30,703)           | 2,866,050                            | (739)              | 2,838,288                            | 110                |  |
| Financial treasury bills                       | 774              | 75,713           | 811,822           | 7,254,714          | 8,143,023                            | 8,141,347         | 1,676              | 10,555,807                           | (5,022)            | 10,846,407                           | (6,965)            |  |
| Bank deposit certificates                      | 92,418           | 138,029          | 1,378             | 6,375              | 238,200                              | 238,200           | -                  | 849,297                              | -                  | 1,528,617                            | -                  |  |
| Derivative financial instruments (1)           | 1,169,429        | 243,776          | 101,038           | 849,640            | 2,363,883                            | 2,288,314         | 75,569             | 1,606,981                            | 27,033             | 2,500,268                            | 100,961            |  |
| Debentures                                     | 76,541           | 159,653          | 2,435             | 11,761,143         | 11,999,772                           | 11,877,575        | 122,197            | 9,923,364                            | 96,982             | 6,569,220                            | 133,635            |  |
| Promissory notes                               | 94,028           | 1,789,211        | 46,619            | -                  | 1,929,858                            | 1,933,291         | (3,433)            | 2,697,227                            | (806)              | 3,844,828                            | (765)              |  |
| Brazilian foreign debt notes                   | 778              | 11,840           | -                 | 18,223             | 30,841                               | 28,484            | 2,357              | 30,518                               | 2,618              | 35,853                               | 3,768              |  |
| National treasury notes                        | -                | 97,184           | 2,190,183         | 4,997,679          | 7,285,046                            | 7,261,768         | 23,278             | 5,883,158                            | 8,330              | 11,742,027                           | 295,880            |  |
| Foreign corporate securities                   | 100              | 844              | -                 | 55,887             | 56,831                               | 55,231            | 1,600              | 48,933                               | 1,548              | 67,345                               | 3,636              |  |
| Foreign government securities                  | 788,774          | 14,714           | -                 | 47                 | 803,535                              | 803,976           | (441)              | 768,140                              | (2,566)            | 1,558,316                            | 3,125              |  |
| Shares   | 92,971           | -                | -                 | -                  | 92,971                               | 92,971            | -                  | 134,617                              | -                  | 54,131                               | -                  |  |
| Other  | 4,357,202        | 5,656            | 6,193             | 122,039            | 4,491,090                            | 4,491,254         | (164)              | 3,738,066                            | (211)              | 3,559,165                            | (3,207)            |  |
| <b>- Insurance companies and savings bonds</b> | <b>1,138,323</b> | <b>156,499</b>   | <b>561,661</b>    | <b>1,069,664</b>   | <b>2,926,147</b>                     | <b>2,926,147</b>  | <b>-</b>           | <b>2,533,033</b>                     | <b>-</b>           | <b>2,014,210</b>                     | <b>-</b>           |  |
| Financial treasury bills                       | -                | -                | 295,576           | 732,412            | 1,027,988                            | 1,027,988         | -                  | 1,040,572                            | -                  | 681,411                              | -                  |  |
| National treasury bills                        | -                | 54,777           | 735               | 15,596             | 71,108                               | 71,108            | -                  | 58,128                               | -                  | 75,505                               | -                  |  |
| Bank deposit certificates                      | 2,999            | 13,494           | 256,335           | 97,337             | 370,165                              | 370,165           | -                  | 96,144                               | -                  | 93,091                               | -                  |  |
| National treasury notes                        | -                | -                | 7,439             | 88                 | 7,527                                | 7,527             | -                  | 17,642                               | -                  | 8,234                                | -                  |  |
| Shares   | 34,248           | -                | -                 | -                  | 34,248                               | 34,248            | -                  | 24,993                               | -                  | 34,651                               | -                  |  |
| Debentures                                     | 1,524            | -                | -                 | 4,713              | 6,237                                | 6,237             | -                  | 5,063                                | -                  | 4,384                                | -                  |  |
| Foreign private bonds                          | -                | 5,180            | -                 | -                  | 5,180                                | 5,180             | -                  | 5,134                                | -                  | 47,730                               | -                  |  |
| Other  | 1,099,552        | 83,048           | 1,576             | 219,518            | 1,403,694                            | 1,403,694         | -                  | 1,285,357                            | -                  | 1,069,204                            | -                  |  |





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| Securities (3)  | 2010               |                   |                   |                    |                                      |                    |                    |                                      |                    |                                      | 2009               |  |
|---|--------------------|-------------------|-------------------|--------------------|--------------------------------------|--------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|--|
|   | September 30       |                   |                   |                    |                                      | June 30            |                    |                                      |                    |                                      | September 30       |  |
|   | 1 to 30 days       | 31 to 180 days    | 181 to 360 days   | More than 360 days | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost   | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market |  |
| <b>- Private pension plans</b>                        | <b>3,809,435</b>   | <b>5,840,376</b>  | <b>3,217,706</b>  | <b>13,235,096</b>  | <b>26,102,613</b>                    | <b>26,102,420</b>  | <b>193</b>         | <b>28,642,382</b>                    | <b>17</b>          | <b>29,916,630</b>                    | <b>207</b>         |  |
| Financial treasury bills                              | -                  | 15                | 195,188           | 5,428              | 200,631                              | 200,631            | -                  | 203,419                              | -                  | 200,042                              | -                  |  |
| National treasury notes                               | -                  | -                 | 6,975             | 7,753              | 14,728                               | 14,535             | 193                | 13,011                               | 17                 | 16,565                               | 207                |  |
| Bank deposit certificates                             | -                  | -                 | -                 | -                  | -                                    | -                  | -                  | -                                    | -                  | 3,085                                | -                  |  |
| National treasury bills                               | -                  | 10,037            | -                 | 13,029             | 23,066                               | 23,066             | -                  | 9,748                                | -                  | 9,115                                | -                  |  |
| Shares  | 2,403              | -                 | -                 | -                  | 2,403                                | 2,403              | -                  | 2,153                                | -                  | 2,507                                | -                  |  |
| PGBL / VGBL restricted bonds                          | 3,594,704          | 5,830,324         | 3,015,543         | 13,208,886         | 25,649,457                           | 25,649,457         | -                  | 28,203,557                           | -                  | 29,457,710                           | -                  |  |
| Other   | 212,328            | -                 | -                 | -                  | 212,328                              | 212,328            | -                  | 210,494                              | -                  | 227,606                              | -                  |  |
| <b>- Other activities</b>                             | <b>47,149</b>      | <b>13,851</b>     | <b>70,346</b>     | <b>181,140</b>     | <b>312,486</b>                       | <b>312,486</b>     | <b>-</b>           | <b>313,279</b>                       | <b>-</b>           | <b>327,840</b>                       | <b>-</b>           |  |
| Financial treasury bills                              | 33,259             | -                 | 57,335            | 174,887            | 265,481                              | 265,481            | -                  | 271,623                              | -                  | 185,831                              | -                  |  |
| Bank deposit certificates                             | 1,282              | 8,690             | 2,582             | 1,020              | 13,574                               | 13,574             | -                  | 14,066                               | -                  | 33,300                               | -                  |  |
| National treasury bills                               | -                  | 957               | 3,170             | 845                | 4,972                                | 4,972              | -                  | 4,429                                | -                  | 19,251                               | -                  |  |
| Debentures  | 5,905              | 1,758             | 5,703             | 1,719              | 15,085                               | 15,085             | -                  | 17,184                               | -                  | 16,586                               | -                  |  |
| National treasury notes                               | 4,124              | -                 | 696               | -                  | 4,820                                | 4,820              | -                  | 3,686                                | -                  | 70,930                               | -                  |  |
| Promissory notes                                      | -                  | -                 | -                 | -                  | -                                    | -                  | -                  | -                                    | -                  | 399                                  | -                  |  |
| Other   | 2,579              | 2,446             | 860               | 2,669              | 8,554                                | 8,554              | -                  | 2,291                                | -                  | 1,543                                | -                  |  |
| <b>Subtotal</b>                                       | <b>11,979,009</b>  | <b>11,334,986</b> | <b>16,099,294</b> | <b>51,919,915</b>  | <b>91,333,204</b>                    | <b>91,141,075</b>  | <b>192,129</b>     | <b>70,590,852</b>                    | <b>127,184</b>     | <b>77,403,145</b>                    | <b>530,385</b>     |  |
| <b>Purchase and sale commitments (2)</b>              | <b>32,587,978</b>  | <b>274,844</b>    | <b>1,153,147</b>  | <b>1,868</b>       | <b>34,017,837</b>                    | <b>34,017,837</b>  | <b>-</b>           | <b>29,202,365</b>                    | <b>-</b>           | <b>23,278,214</b>                    | <b>-</b>           |  |
| - Financial   | 2,065,116          | 807               | 42,812            | 1,868              | 2,110,603                            | 2,110,603          | -                  | 2,717,492                            | -                  | 3,864,376                            | -                  |  |
| - Insurance companies and savings bonds               | 4,670,004          | 2,396             | 880               | -                  | 4,673,280                            | 4,673,280          | -                  | 4,766,583                            | -                  | 3,787,383                            | -                  |  |
| - Private pension plans                               | 25,852,858         | 271,641           | 1,109,455         | -                  | 27,233,954                           | 27,233,954         | -                  | 21,718,290                           | -                  | 15,626,455                           | -                  |  |
| - PGBL/VGBL   | 24,741,560         | 271,641           | 1,109,455         | -                  | 26,122,656                           | 26,122,656         | -                  | 21,151,733                           | -                  | 13,948,625                           | -                  |  |
| - Funds   | 1,111,298          | -                 | -                 | -                  | 1,111,298                            | 1,111,298          | -                  | 566,557                              | -                  | 1,677,830                            | -                  |  |
| <b>Overall total</b>                                  | <b>44,566,987</b>  | <b>11,609,830</b> | <b>17,252,441</b> | <b>51,921,783</b>  | <b>125,351,041</b>                   | <b>125,158,912</b> | <b>192,129</b>     | <b>99,793,217</b>                    | <b>127,184</b>     | <b>100,681,359</b>                   | <b>530,385</b>     |  |
| <b>Derivative financial instruments (liabilities)</b> | <b>(1,195,011)</b> | <b>(433,672)</b>  | <b>(92,015)</b>   | <b>(157,306)</b>   | <b>(1,878,004)</b>                   | <b>(1,855,899)</b> | <b>(22,105)</b>    | <b>(1,096,892)</b>                   | <b>72,651</b>      | <b>(1,668,696)</b>                   | <b>50,560</b>      |  |

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II) Available -for-sale securities

| Securities (3) (8)                             | 2010             |                  |                 |                    |                                      |                   |                    |                                      |                    |                                      | R\$ thousand       |  |
|--|------------------|------------------|-----------------|--------------------|--------------------------------------|-------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|--------------------|--|
|  | September 30     |                  |                 |                    |                                      | June 30           |                    |                                      |                    |                                      | 2009               |  |
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days | More than 360 days | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market |  |
| <b>- Financial</b>                             | <b>1,101,485</b> | <b>6,278,378</b> | <b>290,733</b>  | <b>30,676,194</b>  | <b>38,346,790</b>                    | <b>38,030,402</b> | <b>316,388</b>     | <b>25,274,448</b>                    | <b>54,175</b>      | <b>17,781,093</b>                    | <b>567,255</b>     |  |
| National treasury bills                        | -                | 6,197,917        | -               | 3,415,342          | 9,613,259                            | 9,630,627         | (17,368)           | 6,019,332                            | (33,158)           | 1,870,005                            | (5,626)            |  |
| Brazilian foreign debt securities              | 9,202            | -                | 804             | 728,621            | 738,627                              | 625,255           | 113,372            | 634,494                              | 139,565            | 1,884,130                            | 417,882            |  |
| Foreign corporate securities                   | 40,629           | 52               | 538             | 2,678,841          | 2,720,060                            | 2,527,217         | 192,843            | 2,067,923                            | 76,279             | 1,744,680                            | 79,892             |  |
| National treasury notes                        | -                | -                | 150,068         | 19,870,016         | 20,020,084                           | 19,989,286        | 30,798             | 12,270,461                           | (81,023)           | 7,727,621                            | (44,518)           |  |
| Financial treasury bills                       | -                | 8,648            | 26,444          | 332,239            | 367,331                              | 367,494           | (163)              | 362,658                              | (173)              | 344,345                              | (27)               |  |
| Bank deposit certificates                      | 3,726            | 5                | 34,333          | 813,331            | 851,395                              | 851,395           | -                  | 47,789                               | -                  | 141,940                              | -                  |  |
| Debentures                                     | -                | -                | -               | 768,904            | 768,904                              | 768,411           | 493                | 846,898                              | 535                | 916,878                              | (1,326)            |  |
| Shares   | 992,606          | -                | -               | -                  | 992,606                              | 1,029,632         | (37,026)           | 911,662                              | (76,970)           | 1,134,294                            | 146,985            |  |
| Privatization currencies                       | -                | -                | -               | 88,607             | 88,607                               | 74,459            | 14,148             | 90,829                               | 14,197             | 95,275                               | 14,852             |  |
| Foreign governments bonds                      | -                | -                | -               | -                  | -                                    | -                 | -                  | -                                    | -                  | 133,049                              | (2,200)            |  |
| Other  | 55,322           | 71,756           | 78,546          | 1,980,293          | 2,185,917                            | 2,166,626         | 19,291             | 2,022,402                            | 14,923             | 1,788,876                            | (38,659)           |  |
| <b>- Insurance companies and savings bonds</b> | <b>1,476,024</b> | <b>14,476</b>    | <b>12,240</b>   | <b>253,277</b>     | <b>1,756,017</b>                     | <b>1,848,349</b>  | <b>(92,332)</b>    | <b>1,593,338</b>                     | <b>(195,753)</b>   | <b>1,971,412</b>                     | <b>(68,235)</b>    |  |
| Financial treasury bills                       | -                | 14,476           | 12,240          | 80,151             | 106,867                              | 106,845           | 22                 | 107,603                              | 31                 | 127,511                              | 79                 |  |
| Shares   | 1,449,452        | -                | -               | -                  | 1,449,452                            | 1,527,726         | (78,274)           | 1,276,041                            | (211,611)          | 1,362,038                            | (78,819)           |  |
| Debentures                                     | 34               | -                | -               | 173,088            | 173,122                              | 167,449           | 5,673              | 182,876                              | 6,284              | 163,656                              | 6,640              |  |
| National treasury bills                        | -                | -                | -               | -                  | -                                    | -                 | -                  | -                                    | -                  | 267,858                              | 460                |  |
| Other  | 26,538           | -                | -               | 38                 | 26,576                               | 46,329            | (19,753)           | 26,818                               | 9,543              | 50,349                               | 3,405              |  |
| <b>- Private pension plans</b>                 | <b>1,546,139</b> | <b>22,721</b>    | <b>37,408</b>   | <b>312,485</b>     | <b>1,918,753</b>                     | <b>2,047,643</b>  | <b>(128,890)</b>   | <b>1,796,464</b>                     | <b>(238,574)</b>   | <b>1,614,805</b>                     | <b>(74,649)</b>    |  |
| Shares   | 1,546,139        | -                | -               | -                  | 1,546,139                            | 1,675,185         | (129,046)          | 1,423,900                            | (238,740)          | 1,230,760                            | (75,007)           |  |
| Financial treasury bills                       | -                | 22,721           | 37,408          | 237,729            | 297,858                              | 297,702           | 156                | 299,991                              | 166                | 311,463                              | 358                |  |
| Other  | -                | -                | -               | 74,756             | 74,756                               | 74,756            | -                  | 72,573                               | -                  | 72,582                               | -                  |  |
| <b>- Other activities</b>                      | <b>58,898</b>    | <b>-</b>         | <b>-</b>        | <b>1,715</b>       | <b>60,613</b>                        | <b>60,613</b>     | <b>-</b>           | <b>69,834</b>                        | <b>123</b>         | <b>1,215</b>                         | <b>119</b>         |  |
|  | 3,849            | -                | -               | -                  | 3,849                                | 3,849             | -                  | 20,366                               | -                  | 1,078                                | -                  |  |

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|                           |                  |                  |                |                   |                   |                   |                |                   |                  |                   |                |
|---------------------------|------------------|------------------|----------------|-------------------|-------------------|-------------------|----------------|-------------------|------------------|-------------------|----------------|
| Bank deposit certificates |                  |                  |                |                   |                   |                   |                |                   |                  |                   |                |
| Shares                    | 141              | -                | -              | -                 | 141               | 141               | -              | 140               | 123              | 137               | 119            |
| Financial treasury bills  | -                | -                | -              | 1,715             | 1,715             | 1,715             | -              | -                 | -                | -                 | -              |
| Other                     | 54,908           | -                | -              | -                 | 54,908            | 54,908            | -              | 49,328            | -                | -                 | -              |
| <b>Subtotal</b>           | <b>4,182,546</b> | <b>6,315,575</b> | <b>340,381</b> | <b>31,243,671</b> | <b>42,082,173</b> | <b>41,987,007</b> | <b>95,166</b>  | <b>28,734,084</b> | <b>(380,029)</b> | <b>21,368,525</b> | <b>424,490</b> |
| Hedge cash flow (Note 8g) | -                | -                | -              | -                 | -                 | -                 | 67,101         | -                 | 274,915          | -                 | (80,784)       |
| <b>Overall total (8)</b>  | <b>4,182,546</b> | <b>6,315,575</b> | <b>340,381</b> | <b>31,243,671</b> | <b>42,082,173</b> | <b>41,987,007</b> | <b>162,267</b> | <b>28,734,084</b> | <b>(105,114)</b> | <b>21,368,525</b> | <b>343,706</b> |

## III) Held-to-maturity securities

| Securities (3)                               | 2010           |                |                 |                    | 2009                        |                             | R\$ thousand                |
|--|----------------|----------------|-----------------|--------------------|-----------------------------|-----------------------------|-----------------------------|
|  | September 30   |                |                 |                    | June 30                     |                             | September 30                |
|  | 1 to 30 days   | 31 to 180 days | 181 to 360 days | More than 360 days | Restated cost value (5) (6) | Restated cost value (5) (6) | Restated cost value (5) (6) |
| <b>Financial</b>                             | <b>22,125</b>  | <b>10,594</b>  | <b>-</b>        | <b>797,467</b>     | <b>830,186</b>              | <b>897,485</b>              | <b>875,878</b>              |
| Brazilian foreign debt notes                 | 20,469         | -              | -               | 797,467            | 817,936                     | 883,118                     | 862,422                     |
| Financial treasury bills                     | 1,656          | 10,594         | -               | -                  | 12,250                      | 14,367                      | 13,456                      |
| <b>Insurance companies and savings bonds</b> | <b>-</b>       | <b>-</b>       | <b>-</b>        | <b>7,241,735</b>   | <b>7,241,735</b>            | <b>7,095,753</b>            | <b>7,385,646</b>            |
| Debentures                                   | -              | -              | -               | 25,819             | 25,819                      | -                           | -                           |
| National treasury notes                      | -              | -              | -               | 7,215,916          | 7,215,916                   | 7,095,753                   | 7,385,646                   |
| <b>Private pension plans</b>                 | <b>291,069</b> | <b>304,390</b> | <b>28,642</b>   | <b>19,951,973</b>  | <b>20,576,074</b>           | <b>20,234,456</b>           | <b>17,412,911</b>           |
| Debentures                                   | 291,069        | -              | 28,493          | 404,026            | 723,588                     | 725,967                     | 686,405                     |
| National treasury notes                      | -              | 304,390        | -               | 19,547,947         | 19,852,337                  | 19,508,344                  | 16,726,506                  |
| Financial treasury bills                     | -              | -              | 149             | -                  | 149                         | 145                         | -                           |
| <b>Overall total (4)</b>                     | <b>313,194</b> | <b>314,984</b> | <b>28,642</b>   | <b>27,991,175</b>  | <b>28,647,995</b>           | <b>28,227,694</b>           | <b>25,674,435</b>           |

## d) Breakdown of the portfolios by financial statements classification

| Securities                                       | R\$ thousand      |                   |                   |                    |                                       |                                  |                                       |
|--|-------------------|-------------------|-------------------|--------------------|---------------------------------------|----------------------------------|---------------------------------------|
|  | 2010              |                   |                   |                    |                                       | 2009                             |                                       |
|  | 1 to 30 days      | 31 to 180 days    | 181 to 360 days   | More than 360 days | Total on September 30 (3) (5) (6) (7) | Total on June 30 (3) (5) (6) (7) | Total on September 30 (3) (5) (6) (7) |
| <b>Own portfolio</b>                             | <b>47,847,548</b> | <b>10,083,756</b> | <b>12,281,045</b> | <b>66,272,338</b>  | <b>136,484,687</b>                    | <b>126,837,674</b>               | <b>120,606,363</b>                    |
| <b>Fixed income securities</b>                   | <b>43,729,588</b> | <b>10,083,756</b> | <b>12,281,045</b> | <b>66,272,338</b>  | <b>132,366,727</b>                    | <b>123,064,168</b>               | <b>116,787,845</b>                    |
| Financial treasury bills                         | 34,562            | 114,021           | 1,250,707         | 4,528,482          | 5,927,772                             | 6,886,954                        | 5,390,531                             |
| Purchase and sale commitments (2)                | 32,587,978        | 274,844           | 1,153,147         | 1,868              | 34,017,837                            | 29,202,365                       | 23,278,214                            |
| National treasury notes                          | 4,124             | 401,574           | 166,697           | 29,225,608         | 29,798,003                            | 30,663,500                       | 28,156,064                            |
| Brazilian foreign debt securities                | 4,287             | 11,840            | 804               | 365,518            | 382,449                               | 961,671                          | 2,717,781                             |
| Bank deposit certificates                        | 104,275           | 160,217           | 294,627           | 918,064            | 1,477,183                             | 1,027,662                        | 1,801,111                             |
| National treasury bills                          | 311,087           | 1,156,617         | 6,228,556         | 1,180,912          | 8,877,172                             | 1,431,794                        | 3,505,679                             |
| Foreign corporate securities                     | 22,269            | 6,077             | 538               | 1,304,229          | 1,333,113                             | 2,112,619                        | 1,817,709                             |
| Debentures                                       | 375,073           | 161,412           | 36,632            | 13,139,412         | 13,712,529                            | 11,701,352                       | 8,357,129                             |
| Promissory notes                                 | 122,541           | 1,789,211         | 46,619            | -                  | 1,958,371                             | 2,724,255                        | 3,845,227                             |
| Foreign government securities                    | 788,774           | 14,713            | -                 | 48                 | 803,535                               | 768,140                          | 1,691,365                             |
| PGBL/VGBL restricted bonds                       | 3,594,704         | 5,830,324         | 3,015,543         | 13,208,886         | 25,649,457                            | 28,203,557                       | 29,457,710                            |
| Other  | 5,779,914         | 162,906           | 87,175            | 2,399,311          | 8,429,306                             | 7,380,299                        | 6,769,325                             |
| <b>Equity securities</b>                         | <b>4,117,960</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>4,117,960</b>                      | <b>3,773,506</b>                 | <b>3,818,518</b>                      |
| Shares of listed companies (technical provision) | 1,787,808         | -                 | -                 | -                  | 1,787,808                             | 327,592                          | 911,749                               |
| Shares of listed companies (other)               | 2,330,152         | -                 | -                 | -                  | 2,330,152                             | 3,445,914                        | 2,906,769                             |
| <b>Restricted securities</b>                     | <b>45,750</b>     | <b>7,912,857</b>  | <b>5,239,381</b>  | <b>43,994,639</b>  | <b>57,192,627</b>                     | <b>28,270,990</b>                | <b>24,573,299</b>                     |
| <b>Repurchase agreements</b>                     | <b>44,622</b>     | <b>7,642,014</b>  | <b>4,235,247</b>  | <b>41,966,357</b>  | <b>53,888,240</b>                     | <b>16,778,614</b>                | <b>1,491,258</b>                      |
| National treasury bills                          | -                 | 7,642,014         | 2,090,664         | 14,611,654         | 24,344,332                            | 2,604,608                        | 7,725                                 |
| Brazilian foreign debt securities                | 26,162            | -                 | -                 | 1,178,793          | 1,204,955                             | 586,461                          | 64,624                                |
| Financial treasury bills                         | -                 | -                 | -                 | 2,346,516          | 2,346,516                             | 2,131,857                        | 1,376,863                             |
| National treasury notes                          | -                 | -                 | 2,144,583         | 22,398,895         | 24,543,478                            | 11,446,317                       | -                                     |
| Foreign corporate securities                     | 18,460            | -                 | -                 | 1,430,499          | 1,448,959                             | 9,371                            | 42,046                                |
| <b>Central Bank</b>                              | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>                              | <b>4,553,045</b>                 | <b>17,510,958</b>                     |
| National treasury bills                          | -                 | -                 | -                 | -                  | -                                     | 2,705,716                        | 1,101,362                             |
| National treasury notes                          | -                 | -                 | -                 | -                  | -                                     | 824,328                          | 12,187,976                            |
| Financial treasury bills                         | -                 | -                 | -                 | -                  | -                                     | 1,023,001                        | 4,221,620                             |

| Securities  | 2010              |                   |                   |                    |                    |                    | R\$ thousand       |  |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--|
|   | 1 to 30 days      | 31 to 180 days    | 181 to 360        | More than          | Total on           | Total on           | Total on           |  |
|   |                   |                   | days              | 360 days           | September 30       | June 30            | September 30       |  |
|   |                   |                   |                   | (3)                | (5) (6)            | (3) (5) (6)        | (3) (5) (6)        |  |
|   |                   |                   |                   | (7)                | (7)                | (7)                | (7)                |  |
| <b>Privatization currencies</b>                                       | -                 | -                 | -                 | <b>88,607</b>      | <b>88,607</b>      | <b>90,829</b>      | <b>95,275</b>      |  |
| <b>Guarantees provided</b>  | <b>1,128</b>      | <b>270,843</b>    | <b>1,004,134</b>  | <b>1,939,675</b>   | <b>3,215,780</b>   | <b>6,848,502</b>   | <b>5,475,808</b>   |  |
| National treasury bills   | -                 | 252,697           | 774,598           | 20,514             | 1,047,809          | 2,215,569          | 465,256            |  |
| Financial treasury bills  | 1,128             | 18,146            | 185,455           | 1,904,265          | 2,108,994          | 2,775,022          | 1,677,063          |  |
| National treasury notes   | -                 | -                 | 44,081            | 14,896             | 58,977             | 1,857,911          | 3,333,489          |  |
| <b>Derivative financial instruments (1)</b>                           | <b>1,169,429</b>  | <b>243,776</b>    | <b>101,038</b>    | <b>849,640</b>     | <b>2,363,883</b>   | <b>1,606,981</b>   | <b>2,500,268</b>   |  |
| <b>Securities subject to repurchase agreements but not restricted</b> | -                 | -                 | -                 | <b>40,012</b>      | <b>40,012</b>      | <b>39,350</b>      | <b>44,389</b>      |  |
| Financial treasury bills  | -                 | -                 | -                 | 40,012             | 40,012             | 39,350             | 44,389             |  |
| <b>Overall total</b>  | <b>49,062,727</b> | <b>18,240,389</b> | <b>17,621,464</b> | <b>111,156,629</b> | <b>196,081,209</b> | <b>156,754,995</b> | <b>147,724,319</b> |  |
| <b>%</b>  | <b>25.0</b>       | <b>9.3</b>        | <b>9.0</b>        | <b>56.7</b>        | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       |  |

- (1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/02 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedge under the category "Trading Securities";
- (2) These refer to investment fund resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated
- (3) The investment fund quotas were distributed according to the instruments composing their portfolios and preserving the category classification of the funds;
- (4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/02, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified as held-to-maturity . This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations as of September 30, 2010;
- (5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (6) This column reflects book value subsequent to mark-to-market according to item (7), except for held-to-maturity securities, whose market value is higher than the restated cost in the amount of R\$4,026,102 thousand (June 30, 2010 R\$3,395,319 thousand and September 30, 2009 R\$3,604,723 thousand);
- (7) The market value of securities is determined based on the market price available on the balance sheet date. Should there be no market prices available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or price quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the market value of the respective quotas; and
- (8) There were no other than temporary losses in the 9-month period ended September 30, 2010.

**e) Derivative financial instruments**

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

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

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

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

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

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

## I) Amount of derivative financial instruments recorded in equity and memorandum accounts

|                              | R\$ thousand       |             |                    |             |                   |            |
|------------------------------|--------------------|-------------|--------------------|-------------|-------------------|------------|
|                              | 2010               |             |                    |             | 2009              |            |
|                              | September 30       |             | June 30            |             | September 30      |            |
|                              | Overall amount     | Net amount  | Overall amount     | Net amount  | Overall amount    | Net amount |
| <b>Futures contracts</b>     |                    |             |                    |             |                   |            |
| <b>Purchase commitments:</b> | <b>4,415,680</b>   |             | <b>3,304,312</b>   |             | <b>20,300,706</b> |            |
| - Interbank market           | 296,884            | -           | 12,229             | -           | 14,966,795        | -          |
| - Foreign currency           | 4,118,796          | -           | 3,292,083          | -           | 5,121,842         | -          |
| - Other                      | -                  | -           | -                  | -           | 212,069           | 212,069    |
| <b>Sale commitments:</b>     | <b>180,960,622</b> |             | <b>162,783,516</b> |             | <b>83,643,484</b> |            |
| - Interbank market (1)       | 166,675,803        | 166,378,919 | 140,070,390        | 140,058,161 | 66,115,070        | 51,148,275 |
| - Foreign currency (2)       | 14,284,819         | 10,166,023  | 22,713,126         | 19,421,043  | 17,528,414        | 12,406,572 |
| - Other                      | -                  | -           | -                  | -           | -                 | -          |
| <b>Option contracts</b>      |                    |             |                    |             |                   |            |
| <b>Purchase commitments:</b> | <b>12,498,462</b>  |             | <b>69,577,758</b>  |             | <b>6,190,748</b>  |            |
| - Interbank market           | 11,464,378         | -           | 66,678,380         | -           | 3,486,101         | -          |
| - Foreign currency           | 316,279            | -           | 2,199,165          | -           | 1,877,220         | 1,291,432  |
| - Other                      | 717,805            | -           | 700,213            | -           | 827,427           | -          |
| <b>Sale commitments:</b>     | <b>17,774,410</b>  |             | <b>92,788,350</b>  |             | <b>7,739,967</b>  |            |
| - Interbank market           | 16,338,570         | 4,874,192   | 89,460,470         | 22,782,090  | 6,079,200         | 2,593,099  |
| - Foreign currency           | 598,452            | 282,173     | 2,613,120          | 413,955     | 585,788           | -          |
| - Other                      | 837,388            | 119,583     | 714,760            | 14,547      | 1,074,979         | 247,552    |
| <b>Forward contracts</b>     |                    |             |                    |             |                   |            |
| <b>Purchase commitments:</b> | <b>5,081,201</b>   |             | <b>3,637,213</b>   |             | <b>4,558,877</b>  |            |
| - Foreign currency           | 4,834,497          | -           | 3,367,730          | -           | 4,347,947         | -          |
| - Other                      | 246,704            | -           | 269,483            | -           | 210,930           | -          |
| <b>Sale commitments:</b>     | <b>6,468,494</b>   |             | <b>4,855,384</b>   |             | <b>5,560,076</b>  |            |
| - Foreign currency           | 5,740,704          | 906,207     | 4,562,825          | 1,195,095   | 4,811,137         | 463,190    |
| - Other                      | 727,790            | 481,086     | 292,559            | 23,076      | 748,939           | 538,009    |
| <b>Swap contracts</b>        |                    |             |                    |             |                   |            |
| <b>Beneficiary:</b>          | <b>19,135,693</b>  |             | <b>23,293,030</b>  |             | <b>15,269,952</b> |            |
| - Interbank market           | 2,674,227          | -           | 2,590,779          | -           | 5,550,665         | 1,669,062  |
| - Prefixed                   | 2,092,485          | 1,376,100   | 2,176,184          | 1,393,577   | 1,916,135         | 1,573,162  |
| - Foreign currency (3)       | 12,163,980         | 1,282,049   | 16,322,023         | 1,023,671   | 6,241,120         | -          |



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|                                |         |   |         |   |         |         |
|--------------------------------|---------|---|---------|---|---------|---------|
| - Reference Interest Rate - TR | 928,413 | - | 934,475 | - | 867,749 | 712,555 |
|--------------------------------|---------|---|---------|---|---------|---------|

|  | 2010              |           |                   |           | R\$ thousand<br>2009 |           |
|--|-------------------|-----------|-------------------|-----------|----------------------|-----------|
|  | September 30      |           | June 30           |           | September 30         |           |
|  | Overall           | Net       | Overall           | Net       | Overall              | Net       |
|  | amount            | amount    | amount            | amount    | amount               | amount    |
| - Special Clearance and Custody System (Selic) | 61,238            | 20,398    | 67,270            | 21,247    | 207,293              | 113,692   |
| - General Price Index Market (IGP-M)           | 797,904           | 655,261   | 675,149           | 582,649   | 84,443               | -         |
| - Other  | 417,446           | 39,092    | 527,150           | 189,535   | 402,547              | -         |
| <b>Guarantor:</b>                              | <b>18,556,756</b> |           | <b>22,579,740</b> |           | <b>14,469,958</b>    |           |
| - Interbank market                             | 5,435,291         | 2,761,064 | 5,071,831         | 2,481,052 | 3,881,603            | -         |
| - Fixed rate                                   | 716,385           | -         | 782,607           | -         | 342,973              | -         |
| - Foreign currency (3)                         | 10,881,931        | -         | 15,298,352        | -         | 8,934,516            | 2,693,396 |
| - TR   | 961,312           | 32,899    | 950,812           | 16,337    | 155,194              | -         |
| - Selic  | 40,840            | -         | 46,023            | -         | 93,601               | -         |
| - IGP-M  | 142,643           | -         | 92,500            | -         | 488,901              | 404,458   |
| - Other  | 378,354           | -         | 337,615           | -         | 573,170              | 170,623   |

(1) Includes cash flow hedges to protect CDI-related funding in the amount of R\$75,928,223 thousand (June 30, 2010 R\$58,743,971 thousand and September 30, 2009 R\$59,850,104 thousand) (Note 8g);

(2) Includes specific hedges to protect investments abroad that totaled R\$15,090,078 thousand (June 30, 2010 R\$16,051,360 thousand and September 30, 2009, R\$10,645,246 thousand); and

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

Derivatives include operations maturing in D+1.

II) Breakdown of derivative financial instruments (assets and liabilities) stated at restated cost and market value

|                                 | R\$ thousand       |  |                    |                    |  |                    |                    |  |                    |
|---------------------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|
|                                 | 2010               |  |                    | 2009               |  |                    |                    |  |                    |
|                                 | Restated cost      | September 30<br>Mark-to-market<br>adjustment | Market<br>value    | Restated cost      | September 30<br>Mark-to-market<br>adjustment | Market<br>value    | Restated cost      | September 30<br>Mark-to-market<br>adjustment | Market<br>Value    |
| Adjustment                      |                    |  |                    |                    |  |                    |                    |  |                    |
| receivables swaps               | 1,135,206          | 67,160                                       | 1,202,366          | 987,571            | 66,315                                       | 1,053,886          | 969,656            | 121,659                                      | 1,091,315          |
| Receivable forward purchases    | 248,157            | (52)   | 248,105            | 267,654            | (302)  | 267,352            | 214,202            | (65)   | 214,137            |
| Receivable forward sales        | 867,702            | (585)  | 867,117            | 259,228            | 45   | 259,273            | 1,094,887          | (244)  | 1,094,643          |
| Premiums on exercisable options | 37,249             | 9,046  | 46,295             | 65,495             | (39,025)                                     | 26,470             | 120,562            | (20,389)                                     | 100,173            |
| <b>Total assets</b>             | <b>2,288,314</b>   | <b>75,569</b>                                | <b>2,363,883</b>   | <b>1,579,948</b>   | <b>27,033</b>                                | <b>1,606,981</b>   | <b>2,399,307</b>   | <b>100,961</b>                               | <b>2,500,268</b>   |
| Adjustment payables swaps       | (593,785)          | (29,644)                                     | (623,429)          | (347,829)          | 7,233  | (340,596)          | (298,782)          | 7,461  | (291,321)          |
| Payable forward purchases       | (443,818)          | 52   | (443,766)          | (364,603)          | 302  | (364,301)          | (347,173)          | 65   | (347,108)          |
| Payable forward sales           | (733,317)          | 585  | (732,732)          | (307,688)          | (45)   | (307,733)          | (776,234)          | 244  | (775,990)          |
| Premiums on written options     | (84,979)           | 6,902  | (78,077)           | (149,423)          | 65,161                                       | (84,262)           | (297,067)          | 42,790                                       | (254,277)          |
| <b>Total liabilities</b>        | <b>(1,855,899)</b> | <b>(22,105)</b>                              | <b>(1,878,004)</b> | <b>(1,169,543)</b> | <b>72,651</b>                                | <b>(1,096,892)</b> | <b>(1,719,256)</b> | <b>50,560</b>                                | <b>(1,668,696)</b> |

III) Futures, option, forward and swap contracts

|                                    | R\$ thousand       |                    |                    |                       |                             |                     |                             |  |
|------------------------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------------|---------------------|-----------------------------|--|
|                                    | 2010               |                    |                    |                       | 2009                        |                     |                             |  |
|                                    | 1 to 90<br>days    | 91 to 180<br>days  | 181 to 360<br>days | More than<br>360 days | Total on<br>September<br>30 | Total on<br>June 30 | Total on<br>September<br>30 |  |
| Futures contracts                  | 37.046.528         | 83.156.392         | 9.345.861          | 55.827.521            | 185.376.302                 | 166.087.828         | 103.944.190                 |  |
| Option contracts                   | 10.540.753         | 17.881.515         | 228.664            | 1.621.940             | 30.272.872                  | 162.366.108         | 13.930.715                  |  |
| Forward contracts                  | 6.955.495          | 1.937.937          | 1.415.649          | 1.240.614             | 11.549.695                  | 8.492.597           | 10.118.953                  |  |
| Swap contracts                     | 7.971.535          | 1.390.833          | 1.039.687          | 7.531.272             | 17.933.327                  | 22.239.144          | 14.178.637                  |  |
| <b>Total on September 30, 2010</b> | <b>62.514.311</b>  | <b>104.366.677</b> | <b>12.029.861</b>  | <b>66.221.347</b>     | <b>245.132.196</b>          |                     |                             |  |
| <b>Total on June 30, 2010</b>      | <b>236.736.769</b> | <b>36.450.285</b>  | <b>47.500.559</b>  | <b>38.498.064</b>     |                             | <b>359.185.677</b>  |                             |  |
| <b>Total on September 30, 2009</b> | <b>45.530.146</b>  | <b>52.896.670</b>  | <b>12.871.694</b>  | <b>30.873.985</b>     |                             |                     | <b>142.172.495</b>          |  |



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

|                              | 2010             |                  | R\$ thousand<br>2009 |
|------------------------------|------------------|------------------|----------------------|
|                              | September 30     | June 30          | September 30         |
| <b>Government securities</b> |                  |                  |                      |
| National treasury notes      | 1,730,033        | 1,564,841        | 2,592,397            |
| Financial treasury bills     | 48,686           | 806,163          | 14,157               |
| National treasury bills      | 2,442,172        | 1,780,847        | 87,332               |
| <b>Total</b>                 | <b>4,220,891</b> | <b>4,151,851</b> | <b>2,693,886</b>     |

## V) Revenues and expenses, net

|  | 2010                    |                         |                     | R\$ thousand<br>2009 |
|--|-------------------------|-------------------------|---------------------|----------------------|
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD  |
| Swap contracts                                   | 32,886                  | 127,100                 | 83,987              | 615,726              |
| Forward contracts                                | 21,268                  | (20,997)                | (24,674)            | 283,524              |
| Option contracts                                 | (26,450)                | 100,015                 | 193,401             | 593,837              |
| Futures contracts                                | 1,020,811               | 180,772                 | 1,067,579           | 2,859,185            |
| Foreign exchange variation of investments abroad | (778,269)               | 60,663                  | (641,256)           | (2,338,050)          |
| <b>Total</b>                                     | <b>270,246</b>          | <b>447,553</b>          | <b>679,037</b>      | <b>2,014,222</b>     |

## VI) Overall amounts of derivative financial instruments, broken down by trading place and counter-parties

|   | 2010               |                    | R\$ thousand<br>2009 |
|---|--------------------|--------------------|----------------------|
|   | September 30       | June 30            | September 30         |
| Cetip - OTC Clearing House (over-the-counter) | 9,043,014          | 16,155,054         | 8,312,354            |
| BM&FBovespa (stock exchange)                  | 223,801,964        | 333,602,059        | 124,804,629          |
| Foreign (over-the-counter) (1)                | 8,890,313          | 6,084,090          | 5,250,044            |
| Foreign (stock exchange) (1)                  | 3,396,905          | 3,344,474          | 3,805,468            |
| <b>Total</b>                                  | <b>245,132,196</b> | <b>359,185,677</b> | <b>142,172,495</b>   |

(1) Comprise operations carried out on the Stock Exchanges of Chicago and New York and the over-the-counter markets.

On September 30, 2010, counter parties are distributed among corporate entities with 94%, financial institutions with 5% and individuals/others with 1%.



**f) Credit Default Swaps (CDS)**

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

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

|   | R\$ thousand       |                  |                  |  |                 |                 |
|---|--------------------|------------------|------------------|--|-----------------|-----------------|
|   | Credit risk amount |                  |                  | Effect on the calculation of the<br>required<br>shareholders' equity |                 |                 |
|   | 2010               |                  | 2009             | 2010   |                 | 2009            |
|   | September<br>30    | June 30          | September<br>30  | September<br>30  | June 30         | September<br>30 |
| Sold protection                           |                    |                  |                  |  |                 |                 |
| Credit swaps whose underlying assets are: |                    |                  |                  |  |                 |                 |
| Securities Brazilian public debt          | (508,260)          | (522,435)        | (560,102)        | -  | -               | -               |
| Securities Foreign public debt            | (508,260)          | (540,450)        | -                | (27,954)   | (29,725)        | -               |
| Derivatives with companies                | (3,388)            | (3,603)          | (3,556)          | (186)  | (198)           | (196)           |
| Purchased protection                      |                    |                  |                  |  |                 |                 |
| Credit swaps whose underlying assets are: |                    |                  |                  |  |                 |                 |
| Securities Brazilian public debt          | 1,797,546          | 6,225,984        | 8,784,703        | -  | -               | -               |
| Derivatives with companies                | 13,554             | 14,412           | 14,225           | 1,491  | 1,585           | 1,565           |
| <b>Total</b>                              | <b>791,192</b>     | <b>5,173,908</b> | <b>8,235,270</b> | <b>(26,649)</b>  | <b>(28,338)</b> | <b>1,369</b>    |
| Deposited margin                          | 95,432             | 316,216          | 456,399          |  |                 |                 |

Bradesco carries out operations involving credit derivatives with the purpose of better managing its risk exposure and assets. Contracts related to the credit derivatives operations described above have several maturities up to 2013, 95.50% of which mature in the fourth quarter of 2010. The mark-to-market of protection rates that remunerate the counterparty selling protection amounts to R\$994 thousand (June 30, 2010 R\$(1,543) thousand and September 30, 2009 (7,553) thousand) . There was no credit event related to triggering events as defined in the contracts in the period.

**g) Cash flow hedge**

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

Bradesco trades DI Future contracts at BM&FBovespa as from 2009, used as a cash flow hedge for funding linked to DI. The following table presents the DI Future position, where:

|  | R\$ thousand |            |              |
|--|--------------|------------|--------------|
|  | 2010         |            | 2009         |
|  | September 30 | June 30    | September 30 |
| DI Future with maturity between 2010 and 2017                  | 75,928,223   | 58,743,971 | 59,850,104   |
| Funding indexed to CDI   | 75,356,945   | 58,440,008 | 59,537,114   |
| Mark-to-market adjustment recorded in shareholders' equity (1) | 67,101       | 274,915    | (80,784)     |
| Non-effective market value recorded in income                  | 448          | 3,730      | 2,666        |

(1) The adjustment in the shareholders' equity is R\$40,261 thousand net of tax effects (June 30, 2010 - R\$164,949 thousand and September 30, 2009 - R\$(48,470) thousand).

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

**h) Income from securities, insurance, private pension plans and savings bonds financial activities and derivative financial instruments**

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         |                     | 2009                |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Fixed income securities  | 2,016,971               | 1,746,413               | 5,314,167           | 4,943,297           |
| Interbank investments (Note 7b)  | 2,391,419               | 1,928,624               | 6,581,201           | 6,791,134           |
| Equity securities  | 21,321                  | 7,232                   | 40,087              | (22,886)            |
| <b>Subtotal</b>  | <b>4,429,711</b>        | <b>3,682,269</b>        | <b>11,935,455</b>   | <b>11,711,545</b>   |
| Financial result of insurance, private pension plans and savings bonds | 2,676,416               | 1,612,581               | 6,561,260           | 6,043,375           |
| Income from derivative financial instruments (Note 8e V)               | 270,246                 | 447,553                 | 679,037             | 2,014,222           |
| <b>Total</b>   | <b>7,376,373</b>        | <b>5,742,403</b>        | <b>19,175,752</b>   | <b>19,769,142</b>   |



**9) INTERBANK ACCOUNTS RESTRICTED DEPOSITS****a) Mandatory reserve**

|   |                       | R\$ thousand            |                   |                         |
|---|-----------------------|-------------------------|-------------------|-------------------------|
|   | Remuneration          | 2010<br>September<br>30 | June 30           | 2009<br>September<br>30 |
| Reserve requirements demand deposits              | not remunerated       | 8,655,197               | 9,333,765         | 7,919,537               |
| Reserve requirements savings deposits             | savings index         | 10,118,767              | 9,557,242         | 8,353,550               |
| Time reserve requirements (1)                     | Selic rate            | 11,467,274              | 11,163,568        | -                       |
| Collection of funds from rural loan (3)           | not remunerated       | 39,722                  | -                 | -                       |
| Additional reserve requirements (2)               | Selic rate            | 18,817,435              | 18,349,679        | -                       |
| · Savings deposits                                |                       | 5,059,383               | 4,778,620         | -                       |
| · Demand deposits                                 |                       | 2,810,724               | 2,726,020         | -                       |
| · Time deposits                                   |                       | 10,947,328              | 10,845,039        | -                       |
| Restricted deposits National Housing System (SFH) | TR + interest<br>rate | 496,498                 | 493,322           | 474,572                 |
| Funds from rural loan                             | not remunerated       | 578                     | 578               | 578                     |
| <b>Total</b>                                      |                       | <b>49,595,471</b>       | <b>48,898,154</b> | <b>16,748,237</b>       |

(1) According to Bacen Circular Letter 3,485/10, banks are collecting 15% of time deposits in cash as of April 2010;

According to Bacen Circular Letter 3,486/10, as of March 2010, additional liabilities are collected in cash at the following rates: demand and time deposits

(2) 8%; and savings deposits 10%, the requirement of which, up to December 2009, was pegged to securities as shown below (Note 35b); and

According to Bacen Circular Letter 3,460/09, as of August 2010, it was mandatory for banks to collect rural loan funds (on demand funds) that have not

(3) been borrowed, refundable in August 2011.

**Additional reserve requirement**

|   | R\$ thousand             |
|---|--------------------------|
|   | On September 30,<br>2009 |
| <b>Restricted to securities (2) (4)</b> |                          |
| Savings deposits                        | 3,842,771                |
| Demand deposits                         | 1,209,933                |
| Time deposits                           | 4,704,712                |
| <b>Total</b>                            | <b>9,757,416</b>         |

(4) Classified in item securities, amounting to R\$7,379,230 thousand, and interbank investments, amounting to R\$2,378,186 thousand.

**b) Result from compulsory deposits**

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|  | 2010                    |                         | R\$ thousand<br>2009 |                     |
|--|-------------------------|-------------------------|----------------------|---------------------|
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD  | September 30<br>YTD |
| Compulsory deposits - Bacen (reserves requirement) | 946,396                 | 755,131                 | 1,880,270            | 400,368             |
| Restricted deposits - SFH                          | 7,005                   | 6,041                   | 19,003               | 20,516              |
| <b>Total</b>                                       | <b>953,401</b>          | <b>761,172</b>          | <b>1,899,273</b>     | <b>420,884</b>      |

**10) LOAN OPERATIONS**

The information relating to loan operations, including advances on foreign exchange contracts, leasing operations and other receivables with characteristics of credit, is as follows:

**a) By type and maturity**

|   | R\$ thousand      |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|   | Performing loans  |                   |                   |                   |                   |                   |                    | 2010        |                    | 2009        |                    |             |
|   | 1 to 30           | 31 to 60          | 61 to 90          | 91 to 180         | 181 to 360        | More than         | Total on           | %           | Total on           | %           | Total on           | %           |
|   | days              | days              | days              | days              | days              | 360 days          | September          | (6)         | June 30            | (6)         | September          | (6)         |
| Discounted trade receivables and loans                  |                   |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
| (1)   | 15,415,030        | 10,497,956        | 7,372,439         | 10,741,698        | 12,254,630        | 35,400,963        | 91,682,716         | 38.3        | 88,549,148         | 38.7        | 70,281,250         | 35.4        |
| Financing   | 3,121,833         | 2,493,391         | 2,510,712         | 6,016,468         | 10,395,561        | 39,663,838        | 64,201,803         | 26.8        | 58,174,624         | 25.5        | 46,183,026         | 23.3        |
| Agricultural and agribusiness financing                 | 820,106           | 945,307           | 708,932           | 1,387,818         | 3,627,530         | 5,706,973         | 13,196,666         | 5.5         | 12,051,228         | 5.3         | 11,038,188         | 5.6         |
| <b>Subtotal</b>   | <b>19,356,969</b> | <b>13,936,654</b> | <b>10,592,083</b> | <b>18,145,984</b> | <b>26,277,721</b> | <b>80,771,774</b> | <b>169,081,185</b> | <b>70.6</b> | <b>158,775,000</b> | <b>69.5</b> | <b>127,502,464</b> | <b>64.3</b> |
| Leasing operations                                      | 755,668           | 605,058           | 619,108           | 1,782,871         | 3,050,139         | 8,304,691         | 15,117,535         | 6.3         | 16,117,556         | 7.1         | 19,296,746         | 9.7         |
| Advances on foreign exchange contracts                  |                   |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
| (2)   | 1,093,995         | 756,600           | 900,319           | 1,891,480         | 931,173           | -                 | 5,573,567          | 2.3         | 5,615,986          | 2.5         | 7,541,419          | 3.8         |
| <b>Subtotal</b>   | <b>21,206,632</b> | <b>15,298,312</b> | <b>12,111,510</b> | <b>21,820,335</b> | <b>30,259,033</b> | <b>89,076,465</b> | <b>189,772,287</b> | <b>79.2</b> | <b>180,508,542</b> | <b>79.1</b> | <b>154,340,629</b> | <b>77.8</b> |
| Other receivables                                       |                   |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
| (3)   | 5,049,745         | 1,512,644         | 1,062,357         | 1,876,309         | 1,393,116         | 625,128           | 11,519,299         | 4.8         | 11,626,207         | 5.1         | 9,521,772          | 4.8         |
| <b>Total loan operations</b>                            | <b>26,256,377</b> | <b>16,810,956</b> | <b>13,173,867</b> | <b>23,696,644</b> | <b>31,652,149</b> | <b>89,701,593</b> | <b>201,291,586</b> | <b>84.0</b> | <b>192,134,749</b> | <b>84.2</b> | <b>163,862,401</b> | <b>82.6</b> |
| Sureties and guarantees                                 |                   |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
| (4)   | 1,211,017         | 642,076           | 983,147           | 1,586,220         | 3,637,030         | 27,233,733        | 35,293,223         | 14.7        | 33,504,586         | 14.6        | 32,404,121         | 16.3        |
| Credit assignment                                       |                   |                   |                   |                   |                   |                   |                    |             |                    |             |                    |             |
| (5)   | 30,716            | 28,646            | 26,554            | 66,926            | 93,726            | 148,764           | 395,332            | 0.2         | 383,913            | 0.2         | 352,424            | 0.2         |
| Credit assignment - Real estate receivables certificate | 27,730            | 27,728            | 27,727            | 79,799            | 119,093           | 400,399           | 682,476            | 0.3         | 710,276            | 0.3         | 799,143            | 0.4         |
| Acquisition of credit card receivables                  | 525,893           | 234,537           | 167,067           | 434,706           | 492,225           | 119,014           | 1,973,442          | 0.8         | 1,601,682          | 0.7         | 1,010,663          | 0.5         |

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|  |                   |                   |                   |                   |                   |                    |                    |              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|
| <b>Overall total on September 30, 2010</b> | <b>28,051,733</b> | <b>17,743,943</b> | <b>14,378,362</b> | <b>25,864,295</b> | <b>35,994,223</b> | <b>117,603,503</b> | <b>239,636,059</b> | <b>100.0</b> |
| <b>Overall total on June 30, 2010</b>      | <b>27,703,750</b> | <b>15,905,195</b> | <b>14,363,477</b> | <b>26,566,197</b> | <b>33,633,340</b> | <b>110,163,247</b> | <b>228,335,206</b> | <b>100.0</b> |
| <b>Overall total on September 30, 2009</b> | <b>23,703,267</b> | <b>15,071,548</b> | <b>12,782,836</b> | <b>26,475,532</b> | <b>29,988,263</b> | <b>90,407,306</b>  | <b>198,428,752</b> | <b>100.0</b> |

R\$ thousand

## Non-performing loans

## Installments past due

|   | 1 to 30<br>days  | 31 to 60<br>days | 61 to 90<br>days | 91 to 180<br>days | 181 to 540<br>days | 2010                               |              | 2009                       |              |                                    |              |
|---|------------------|------------------|------------------|-------------------|--------------------|------------------------------------|--------------|----------------------------|--------------|------------------------------------|--------------|
|   |                  |                  |                  |                   |                    | Total on<br>September<br>30<br>(B) | %<br>(6)     | Total on<br>June 30<br>(B) | %<br>(6)     | Total on<br>September<br>30<br>(B) | %<br>(6)     |
| Discounted trade receivables and loans<br>(1) | 819,492          | 662,796          | 619,971          | 1,321,687         | 1,744,709          | 5,168,655                          | 79.4         | 5,063,418                  | 77.8         | 4,739,096                          | 73.7         |
| Financing                                     | 173,697          | 130,548          | 71,712           | 148,747           | 154,352            | 679,056                            | 10.4         | 757,817                    | 11.6         | 897,607                            | 14.0         |
| Agricultural and agribusiness financing       | 35,100           | 35,920           | 19,271           | 28,667            | 20,047             | 139,005                            | 2.1          | 122,959                    | 1.9          | 185,645                            | 2.9          |
| <b>Subtotal</b>                               | <b>1,028,289</b> | <b>829,264</b>   | <b>710,954</b>   | <b>1,499,101</b>  | <b>1,919,108</b>   | <b>5,986,716</b>                   | <b>91.9</b>  | <b>5,944,194</b>           | <b>91.3</b>  | <b>5,822,348</b>                   | <b>90.6</b>  |
| Leasing operations                            | 96,606           | 74,960           | 43,587           | 95,362            | 130,110            | 440,625                            | 6.8          | 476,232                    | 7.3          | 423,489                            | 6.6          |
| Advances on foreign exchange contracts<br>(2) | 2,769            | 2,203            | 177              | 192               | -                  | 5,341                              | 0.1          | 13,620                     | 0.2          | 93,878                             | 1.5          |
| <b>Subtotal</b>                               | <b>1,127,664</b> | <b>906,427</b>   | <b>754,718</b>   | <b>1,594,655</b>  | <b>2,049,218</b>   | <b>6,432,682</b>                   | <b>98.8</b>  | <b>6,434,046</b>           | <b>98.8</b>  | <b>6,339,715</b>                   | <b>98.7</b>  |
| Other receivables (3)                         | 2,929            | 788              | 193              | 6,831             | 68,852             | 79,593                             | 1.2          | 78,663                     | 1.2          | 81,384                             | 1.3          |
| <b>Overall total on September 30, 2010</b>    | <b>1,130,593</b> | <b>907,215</b>   | <b>754,911</b>   | <b>1,601,486</b>  | <b>2,118,070</b>   | <b>6,512,275</b>                   | <b>100.0</b> |                            |              |                                    |              |
| <b>Overall total on June 30, 2010</b>         | <b>1,101,165</b> | <b>904,884</b>   | <b>857,948</b>   | <b>1,651,573</b>  | <b>1,997,139</b>   |                                    |              | <b>6,512,709</b>           | <b>100.0</b> |                                    |              |
| <b>Overall total on September 30, 2009</b>    | <b>1,063,637</b> | <b>850,070</b>   | <b>767,356</b>   | <b>1,634,774</b>  | <b>2,105,262</b>   |                                    |              |                            |              | <b>6,421,099</b>                   | <b>100.0</b> |

R\$ thousand

|  | Non-performing loans     |                  |                  |                   |                    |                                    |                  |                            |                  |                                    |                   |              |
|--|--------------------------|------------------|------------------|-------------------|--------------------|------------------------------------|------------------|----------------------------|------------------|------------------------------------|-------------------|--------------|
|  | Outstanding Installments |                  |                  |                   |                    |                                    |                  |                            |                  |                                    |                   |              |
|  | 1 to 30<br>days          | 31 to 60<br>days | 61 to 90<br>days | 91 to 180<br>days | 181 to 360<br>days | More than<br>360 days              | 2010             |                            | 2009             |                                    |                   |              |
|  |                          |                  |                  |                   |                    | Total on<br>September<br>30<br>(C) | %<br>(6)         | Total on<br>June 30<br>(C) | %<br>(6)         | Total on<br>September<br>30<br>(C) | %<br>(6)          |              |
| Discounted trade<br>receivables and loans (1)  | 352,686                  | 330,767          | 282,342          | 622,774           | 854,597            | 1,633,125                          | 4,076,291        | 43,0                       | 3,952,095        | 39,7                               | 3,957,260         | 37,0         |
| Financing                                      | 162,207                  | 149,918          | 149,066          | 406,959           | 643,876            | 1,468,845                          | 2,980,871        | 31,5                       | 3,259,067        | 32,8                               | 3,810,600         | 35,7         |
| Agricultural and<br>agribusiness financing     | 13,793                   | 3,444            | 3,357            | 6,582             | 31,256             | 264,588                            | 323,020          | 3,4                        | 367,420          | 3,7                                | 396,221           | 3,7          |
| <b>Subtotal</b>                                | <b>528,686</b>           | <b>484,129</b>   | <b>434,765</b>   | <b>1,036,315</b>  | <b>1,529,729</b>   | <b>3,366,558</b>                   | <b>7,380,182</b> | <b>77,9</b>                | <b>7,578,582</b> | <b>76,2</b>                        | <b>8,164,081</b>  | <b>76,4</b>  |
| Leasing operations                             | 81,994                   | 68,041           | 71,445           | 211,382           | 392,049            | 1,260,661                          | 2,085,572        | 22,0                       | 2,356,845        | 23,7                               | 2,490,178         | 23,3         |
| <b>Subtotal</b>                                | <b>610,680</b>           | <b>552,170</b>   | <b>506,210</b>   | <b>1,247,697</b>  | <b>1,921,778</b>   | <b>4,627,219</b>                   | <b>9,465,754</b> | <b>99,9</b>                | <b>9,935,427</b> | <b>99,9</b>                        | <b>10,654,259</b> | <b>99,7</b>  |
| Other receivables (3)                          | 265                      | 265              | 241              | 1,103             | 2,430              | 85                                 | 4,389            | 0,1                        | 4,986            | 0,1                                | 31,446            | 0,3          |
| <b>Overall total on<br/>September 30, 2010</b> | <b>610,945</b>           | <b>552,435</b>   | <b>506,451</b>   | <b>1,248,800</b>  | <b>1,924,208</b>   | <b>4,627,304</b>                   | <b>9,470,143</b> | <b>100,0</b>               |                  |                                    |                   |              |
| <b>Overall total on June 30,<br/>2010</b>      | <b>650,904</b>           | <b>543,229</b>   | <b>548,724</b>   | <b>1,290,451</b>  | <b>2,008,634</b>   | <b>4,898,471</b>                   |                  |                            | <b>9,940,413</b> | <b>100,0</b>                       |                   |              |
| <b>Overall total on<br/>September 30, 2009</b> | <b>684,111</b>           | <b>563,458</b>   | <b>578,349</b>   | <b>1,387,970</b>  | <b>2,123,027</b>   | <b>5,348,790</b>                   |                  |                            |                  |                                    | <b>10,685,705</b> | <b>100,0</b> |

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|  | R\$ thousand       |                             |                    |                                     |                    |              |
|--|--------------------|-----------------------------|--------------------|-------------------------------------|--------------------|--------------|
|  | Overall total      |                             |                    |                                     |                    |              |
|  | 2010               |                             |                    | 2009                                |                    |              |
| Total on<br>September 30<br>(A+B+C)                  | %                  | Total on June 30<br>(A+B+C) | %                  | Total on<br>September 30<br>(A+B+C) | %                  |              |
|  | (6)                |                             | (6)                |                                     | (6)                |              |
| Discounted trade receivables and loans (1)           | 100,927,662        | 39.5                        | 97,564,661         | 39.8                                | 78,977,606         | 36.5         |
| Financing  | 67,861,730         | 26.5                        | 62,191,508         | 25.4                                | 50,891,233         | 23.7         |
| Agricultural and agribusiness financing              | 13,658,691         | 5.3                         | 12,541,607         | 5.1                                 | 11,620,054         | 5.4          |
| <b>Subtotal</b>                                      | <b>182,448,083</b> | <b>71.3</b>                 | <b>172,297,776</b> | <b>70.3</b>                         | <b>141,488,893</b> | <b>65.6</b>  |
| Leasing operations                                   | 17,643,732         | 6.9                         | 18,950,633         | 7.7                                 | 22,210,413         | 10.3         |
| Advances on foreign exchange contracts (2)           | 5,578,908          | 2.2                         | 5,629,606          | 2.3                                 | 7,635,297          | 3.5          |
| <b>Subtotal</b>                                      | <b>205,670,723</b> | <b>80.4</b>                 | <b>196,878,015</b> | <b>80.3</b>                         | <b>171,334,603</b> | <b>79.4</b>  |
| Other receivables (3)                                | 11,603,281         | 4.5                         | 11,709,856         | 4.8                                 | 9,634,602          | 4.5          |
| <b>Total loan operations</b>                         | <b>217,274,004</b> | <b>84.9</b>                 | <b>208,587,871</b> | <b>85.1</b>                         | <b>180,969,205</b> | <b>83.9</b>  |
| Sureties and guarantees (4)                          | 35,293,223         | 13.8                        | 33,504,586         | 13.7                                | 32,404,121         | 15.0         |
| Credit assignment (5)                                | 395,332            | 0.2                         | 383,913            | 0.2                                 | 352,424            | 0.2          |
| Credit assignment real estate receivable certificate | 682,476            | 0.3                         | 710,276            | 0.3                                 | 799,143            | 0.4          |
| Acquisition of credit card receivables               | 1,973,442          | 0.8                         | 1,601,682          | 0.7                                 | 1,010,663          | 0.5          |
| <b>Overall total on September 30, 2010</b>           | <b>255,618,477</b> | <b>100.0</b>                |                    |                                     |                    |              |
| <b>Overall total on June 30, 2010</b>                |                    |                             | <b>244,788,328</b> | <b>100.0</b>                        |                    |              |
| <b>Overall total on September 30, 2009</b>           |                    |                             |                    |                                     | <b>215,535,556</b> | <b>100.0</b> |

(1) It includes loans of credit card operations and operations for advances of credit card receivables in the amount of R\$13,038,490 thousand (June 30, 2010 R\$12,290,894 thousand and September 30, 2009 - R\$8,523,846 thousand);

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

(3) Item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and credit purchases from storeowners) in the amount of R\$9,954,317 thousand (June 30, 2010 R\$9,748,231 thousand and September 30, 2009 - R\$6,866,291 thousand);

(4) Recorded in memorandum accounts;

(5) Restated amount of the credit assignment up to September 30, 2010, net of installments received; and

(6) Ratio between each type and the total loan portfolio including sureties and guarantee, credit assignment and acquisition of receivables.

b) By type and risk level

| Loan operations                            | Risk levels       |                   |                   |                   |                  |                  |                  |                  |                  | 2010                  |              |                    |              |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|--------------|--------------------|--------------|
|  | AA                | A                 | B                 | C                 | D                | E                | F                | G                | H                | Total on September 30 | % (1)        | Total on June 30   | % (1)        |
| Discounted trade receivables and loans     | 20,328,785        | 43,785,063        | 8,169,744         | 17,330,064        | 2,432,324        | 1,231,929        | 987,302          | 936,073          | 5,726,378        | 100,927,662           | 46.5         | 97,564,661         | 46.8         |
| Financings                                 | 11,312,022        | 31,040,170        | 8,438,435         | 14,559,217        | 742,487          | 305,601          | 215,089          | 166,702          | 1,082,007        | 67,861,730            | 31.2         | 62,191,508         | 29.8         |
| Agricultural and agribusiness financings   | 1,809,580         | 3,286,736         | 1,765,302         | 5,892,957         | 440,968          | 104,887          | 226,013          | 36,804           | 95,444           | 13,658,691            | 6.3          | 12,541,607         | 6.0          |
| <b>Subtotal</b>                            | <b>33,450,387</b> | <b>78,111,969</b> | <b>18,373,481</b> | <b>37,782,238</b> | <b>3,615,779</b> | <b>1,642,417</b> | <b>1,428,404</b> | <b>1,139,579</b> | <b>6,903,829</b> | <b>182,448,083</b>    | <b>84.0</b>  | <b>172,297,776</b> | <b>82.6</b>  |
| Leasing operations                         | 129,823           | 7,305,224         | 2,451,356         | 5,870,894         | 418,226          | 208,588          | 191,404          | 148,825          | 919,392          | 17,643,732            | 8.1          | 18,950,633         | 9.1          |
| Advances on foreign exchange contracts     | 2,155,818         | 1,907,296         | 861,738           | 565,138           | 17,860           | 1,294            | 2,609            | -                | 67,155           | 5,578,908             | 2.6          | 5,629,606          | 2.7          |
| <b>Subtotal</b>                            | <b>35,736,028</b> | <b>87,324,489</b> | <b>21,686,575</b> | <b>44,218,270</b> | <b>4,051,865</b> | <b>1,852,299</b> | <b>1,622,417</b> | <b>1,288,404</b> | <b>7,890,376</b> | <b>205,670,723</b>    | <b>94.7</b>  | <b>196,878,015</b> | <b>94.4</b>  |
| Other receivables                          | 279,224           | 8,780,310         | 449,831           | 1,611,979         | 72,989           | 31,191           | 26,962           | 18,250           | 332,545          | 11,603,281            | 5.3          | 11,709,856         | 5.6          |
| <b>Overall total on September 30, 2010</b> | <b>36,015,252</b> | <b>96,104,799</b> | <b>22,136,406</b> | <b>45,830,249</b> | <b>4,124,854</b> | <b>1,883,490</b> | <b>1,649,379</b> | <b>1,306,654</b> | <b>8,222,921</b> | <b>217,274,004</b>    | <b>100.0</b> |                    |              |
|  | <b>16.6</b>       | <b>44.2</b>       | <b>10.2</b>       | <b>21.1</b>       | <b>1.9</b>       | <b>0.9</b>       | <b>0.7</b>       | <b>0.6</b>       | <b>3.8</b>       | <b>100.0</b>          |              |                    |              |
| <b>Overall total on June 30, 2010</b>      | <b>34,206,493</b> | <b>93,191,504</b> | <b>21,181,099</b> | <b>42,775,262</b> | <b>4,266,771</b> | <b>1,741,107</b> | <b>1,884,672</b> | <b>1,397,832</b> | <b>7,943,131</b> |                       |              | <b>208,587,871</b> | <b>100.0</b> |
|  | <b>16.4</b>       | <b>44.7</b>       | <b>10.2</b>       | <b>20.5</b>       | <b>2.0</b>       | <b>0.8</b>       | <b>0.9</b>       | <b>0.7</b>       | <b>3.8</b>       |                       |              | <b>100.0</b>       |              |
| <b>Overall total on September 30, 2009</b> | <b>31,675,559</b> | <b>78,391,884</b> | <b>20,236,087</b> | <b>34,257,005</b> | <b>3,924,884</b> | <b>1,840,154</b> | <b>1,628,602</b> | <b>1,447,054</b> | <b>7,567,976</b> |                       |              |                    |              |
|  | <b>17.5</b>       | <b>43.3</b>       | <b>11.2</b>       | <b>18.9</b>       | <b>2.2</b>       | <b>1.0</b>       | <b>0.9</b>       | <b>0.8</b>       | <b>4.2</b>       |                       |              |                    |              |

(1) Ratio between the type and total of loan portfolio without sureties and guarantee, assignment of loans and acquisition of receivables.



c) Maturity ranges and risk level

|                     |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              | R\$ thousand                   |              |   |  |  |  |
|---------------------|----|---|------------------|------------------|------------------|------------------|------------------|----------------|------------------|-------------------|--------------|-------------------|--------------|--------------------------------|--------------|---|--|--|--|
|                     |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              | Risk levels                    |              |   |  |  |  |
|                     |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              | Non-performing loan operations |              |   |  |  |  |
|                     | AA | A | B                | C                | D                | E                | F                | G              | H                | 2010              |              | 2009              |              |                                |              |   |  |  |  |
|                     |    |   |                  |                  |                  |                  |                  |                |                  | Total on          | %            | Total             | %            |                                | Total on     | % |  |  |  |
|                     |    |   |                  |                  |                  |                  |                  |                |                  | September         | (1)          | on                | (1)          | September                      | (1)          |   |  |  |  |
|                     |    |   |                  |                  |                  |                  |                  |                |                  | 30                |              | June 30           |              | 30                             |              |   |  |  |  |
| <b>Outstanding</b>  |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              |                                |              |   |  |  |  |
| <b>installments</b> | -  | - | <b>1,768,163</b> | <b>2,052,700</b> | <b>1,111,073</b> | <b>815,239</b>   | <b>682,623</b>   | <b>503,957</b> | <b>2,536,388</b> | <b>9,470,143</b>  | <b>100.0</b> | <b>9,940,413</b>  | <b>100.0</b> | <b>10,685,705</b>              | <b>100.0</b> |   |  |  |  |
| 1 to 30             | -  | - | 134,909          | 157,794          | 63,555           | 43,216           | 32,763           | 28,558         | 150,150          | 610,945           | 6.5          | 650,904           | 6.5          | 684,111                        | 6.4          |   |  |  |  |
| 31 to 60            | -  | - | 116,024          | 138,452          | 58,312           | 40,309           | 31,275           | 26,253         | 141,810          | 552,435           | 5.8          | 543,229           | 5.5          | 563,458                        | 5.3          |   |  |  |  |
| 61 to 90            | -  | - | 105,584          | 118,792          | 53,802           | 38,285           | 29,215           | 25,426         | 135,347          | 506,451           | 5.3          | 548,724           | 5.5          | 578,349                        | 5.4          |   |  |  |  |
| 91 to 180           | -  | - | 227,874          | 282,673          | 140,041          | 101,021          | 78,273           | 65,686         | 353,232          | 1,248,800         | 13.2         | 1,290,451         | 13.0         | 1,387,970                      | 13.0         |   |  |  |  |
| 181 to 360          | -  | - | 350,466          | 423,619          | 219,808          | 157,631          | 122,669          | 102,297        | 547,718          | 1,924,208         | 20.3         | 2,008,634         | 20.2         | 2,123,027                      | 19.9         |   |  |  |  |
| More than 360       | -  | - | 833,306          | 931,370          | 575,555          | 434,777          | 388,428          | 255,737        | 1,208,131        | 4,627,304         | 48.9         | 4,898,471         | 49.3         | 5,348,790                      | 50.0         |   |  |  |  |
| <b>Past due</b>     |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              |                                |              |   |  |  |  |
| <b>installments</b> | -  | - | <b>392,611</b>   | <b>669,970</b>   | <b>548,492</b>   | <b>530,285</b>   | <b>472,035</b>   | <b>478,117</b> | <b>3,420,765</b> | <b>6,512,275</b>  | <b>100.0</b> | <b>6,512,709</b>  | <b>100.0</b> | <b>6,421,099</b>               | <b>100.0</b> |   |  |  |  |
| 1 to 14             | -  | - | 15,027           | 69,904           | 32,444           | 20,000           | 14,494           | 12,317         | 125,570          | 289,756           | 4.4          | 250,786           | 3.8          | 369,003                        | 5.7          |   |  |  |  |
| 15 to 30            | -  | - | 357,711          | 192,625          | 76,257           | 44,847           | 27,198           | 20,712         | 121,487          | 840,837           | 12.9         | 850,379           | 13.1         | 694,634                        | 10.8         |   |  |  |  |
| 31 to 60            | -  | - | 19,873           | 374,120          | 149,810          | 92,223           | 50,254           | 35,837         | 185,098          | 907,215           | 13.9         | 904,884           | 13.9         | 850,070                        | 13.2         |   |  |  |  |
| 61 to 90            | -  | - | -                | 10,979           | 257,426          | 116,788          | 68,404           | 48,841         | 252,473          | 754,911           | 11.6         | 857,948           | 13.2         | 767,356                        | 12.0         |   |  |  |  |
| 91 to 180           | -  | - | -                | 22,342           | 18,796           | 249,114          | 298,742          | 344,244        | 668,248          | 1,601,486         | 24.6         | 1,651,573         | 25.4         | 1,634,774                      | 25.5         |   |  |  |  |
| 181 to 360          | -  | - | -                | -                | 13,759           | 7,313            | 12,943           | 16,166         | 1,942,276        | 1,992,457         | 30.7         | 1,890,105         | 29.0         | 2,029,975                      | 31.6         |   |  |  |  |
| More than 360       | -  | - | -                | -                | -                | -                | -                | -              | 125,613          | 125,613           | 1.9          | 107,034           | 1.6          | 75,287                         | 1.2          |   |  |  |  |
| <b>Subtotal</b>     | -  | - | <b>2,160,774</b> | <b>2,722,670</b> | <b>1,659,565</b> | <b>1,345,524</b> | <b>1,154,658</b> | <b>982,074</b> | <b>5,957,153</b> | <b>15,982,418</b> |              | <b>16,453,122</b> |              | <b>17,106,804</b>              |              |   |  |  |  |
| <b>Specific</b>     |    |   |                  |                  |                  |                  |                  |                |                  |                   |              |                   |              |                                |              |   |  |  |  |
| provision           | -  | - | 21,608           | 81,680           | 165,956          | 403,658          | 577,329          | 687,452        | 5,957,153        | 7,894,836         |              | 7,885,123         |              | 8,422,312                      |              |   |  |  |  |

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|  | Risk levels       |                   |                   |                   |                  |                  |                  |                  |                  |                             | 2010         |                        |              |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------|--------------|------------------------|--------------|
|  | AA                | A                 | B                 | C                 | D                | E                | F                | G                | H                | Total on<br>September<br>30 | %<br>(1)     | Total<br>on<br>June 30 | %<br>(1)     |
| <b>Performing loan operations</b>                          |                   |                   |                   |                   |                  |                  |                  |                  |                  |                             |              |                        |              |
| <b>Outstanding</b>   |                   |                   |                   |                   |                  |                  |                  |                  |                  |                             |              |                        |              |
| <b>installments</b>  | <b>36,015,252</b> | <b>96,104,799</b> | <b>19,975,632</b> | <b>43,107,579</b> | <b>2,465,289</b> | <b>537,966</b>   | <b>494,721</b>   | <b>324,580</b>   | <b>2,265,768</b> | <b>201,291,586</b>          | <b>100.0</b> | <b>192,134,749</b>     | <b>100.0</b> |
| 1 to 30  | 4,025,911         | 14,855,438        | 1,874,071         | 4,773,060         | 200,958          | 69,451           | 48,451           | 34,314           | 374,723          | 26,256,377                  | 13.0         | 26,104,406             | 13.6         |
| 31 to 60   | 2,316,709         | 9,342,776         | 1,352,576         | 3,395,167         | 103,589          | 37,297           | 25,957           | 20,301           | 216,584          | 16,810,956                  | 8.4          | 15,126,412             | 7.9          |
| 61 to 90   | 2,335,277         | 6,464,309         | 1,166,099         | 2,885,692         | 114,311          | 28,947           | 19,238           | 14,776           | 145,218          | 13,173,867                  | 6.5          | 13,279,611             | 6.9          |
| 91 to 180  | 2,878,572         | 12,298,403        | 2,796,551         | 5,037,127         | 235,612          | 62,981           | 45,110           | 30,578           | 311,710          | 23,696,644                  | 11.8         | 24,200,314             | 12.6         |
| 181 to 360   | 4,802,432         | 15,325,305        | 3,219,177         | 7,425,698         | 300,617          | 87,400           | 57,030           | 39,830           | 394,660          | 31,652,149                  | 15.7         | 29,663,515             | 15.4         |
| More than<br>360   | 19,656,351        | 37,818,568        | 9,567,158         | 19,590,835        | 1,510,202        | 251,890          | 298,935          | 184,781          | 822,873          | 89,701,593                  | 44.6         | 83,760,491             | 43.6         |
| Generic<br>provision                                       | -                 | 480,524           | 199,756           | 1,293,227         | 246,529          | 161,389          | 247,360          | 227,205          | 2,265,768        | 5,121,758                   |              | 4,888,859              |              |
| <b>Overall total<br/>on<br/>September<br/>30,<br/>2010</b> | <b>36,015,252</b> | <b>96,104,799</b> | <b>22,136,406</b> | <b>45,830,249</b> | <b>4,124,854</b> | <b>1,883,490</b> | <b>1,649,379</b> | <b>1,306,654</b> | <b>8,222,921</b> | <b>217,274,004</b>          |              |                        |              |
| Existing<br>provision                                      | -                 | 607,522           | 235,627           | 2,599,400         | 1,066,455        | 905,684          | 1,104,162        | 1,276,969        | 8,222,921        | 16,018,740                  |              |                        |              |
| Minimum<br>required<br>provision                           | -                 | 480,524           | 221,364           | 1,374,907         | 412,485          | 565,047          | 824,689          | 914,657          | 8,222,921        | 13,016,594                  |              |                        |              |
| Additional<br>provision                                    | -                 | 126,998           | 14,263            | 1,224,493         | 653,970          | 340,637          | 279,473          | 362,312          | -                | 3,002,146                   |              |                        |              |
| <b>Overall total<br/>on<br/>June 30,<br/>2010</b>          | <b>34,206,493</b> | <b>93,191,504</b> | <b>21,181,099</b> | <b>42,775,262</b> | <b>4,266,771</b> | <b>1,741,107</b> | <b>1,884,672</b> | <b>1,397,832</b> | <b>7,943,131</b> |                             |              | <b>208,587,871</b>     |              |
| Existing<br>provision                                      | -                 | 584,574           | 226,719           | 2,457,699         | 1,100,728        | 836,630          | 1,265,276        | 1,366,816        | 7,943,131        |                             |              | 15,781,573             |              |
| Minimum<br>required<br>provision                           | -                 | 465,956           | 211,810           | 1,283,257         | 426,676          | 522,332          | 942,337          | 978,483          | 7,943,131        |                             |              | 12,773,982             |              |
| Additional<br>provision                                    | -                 | 118,618           | 14,909            | 1,174,442         | 674,052          | 314,298          | 322,939          | 388,333          | -                |                             |              | 3,007,591              |              |
| <b>Overall total<br/>on<br/>September<br/>30,</b>          |                   |                   |                   |                   |                  |                  |                  |                  |                  |                             |              |                        |              |

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|                            |                   |                   |                   |                   |                  |                  |                  |                  |                  |
|----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| <b>2009</b>                | <b>31,675,559</b> | <b>78,391,884</b> | <b>20,236,087</b> | <b>34,257,005</b> | <b>3,924,884</b> | <b>1,840,154</b> | <b>1,628,602</b> | <b>1,447,054</b> | <b>7,567,976</b> |
| Existing provision         | -                 | 392,857           | 205,483           | 2,373,211         | 1,034,547        | 886,987          | 1,094,992        | 1,396,552        | 7,567,976        |
| Minimum required provision | -                 | 391,957           | 202,360           | 1,027,711         | 392,488          | 552,046          | 814,302          | 1,012,938        | 7,567,976        |
| Additional provision       | -                 | 900               | 3,123             | 1,345,500         | 642,059          | 334,941          | 280,690          | 383,614          | -                |

(1) Ratio between maturities and types.

## d) Concentration of loan operations

|                       | R\$ thousand |      |            |      |              |      |
|-----------------------|--------------|------|------------|------|--------------|------|
|                       | 2010         |      | 2009       |      |              |      |
|                       | September 30 | %    | June 30    | %    | September 30 | %    |
| Largest borrower      | 2,364,686    | 1.1  | 2,380,932  | 1.1  | 1,846,509    | 1.0  |
| 10 largest borrowers  | 13,054,180   | 6.0  | 12,527,453 | 6.0  | 11,792,334   | 6.5  |
| 20 largest borrowers  | 20,232,808   | 9.3  | 19,455,500 | 9.3  | 18,164,443   | 10.0 |
| 50 largest borrowers  | 31,571,613   | 14.5 | 30,812,121 | 14.8 | 29,281,027   | 16.2 |
| 100 largest borrowers | 40,380,290   | 18.6 | 39,603,686 | 19.0 | 37,585,869   | 20.8 |

## e) By economic activity sector

|  | R\$ thousand       |             |                    |             |                    |             |
|--|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|  | 2010               |             | 2009               |             |                    |             |
|  | September 30       | %           | June 30            | %           | September 30       | %           |
| <b>Public sector</b>                         | <b>960,301</b>     | <b>0.4</b>  | <b>1,248,908</b>   | <b>0.6</b>  | <b>1,162,053</b>   | <b>0.6</b>  |
| <b>Federal Government</b>                    | <b>526,527</b>     | <b>0.2</b>  | <b>814,830</b>     | <b>0.4</b>  | <b>689,720</b>     | <b>0.3</b>  |
| Petrochemical                                | 511,020            | 0.2         | 795,304            | 0.4         | 622,397            | 0.3         |
| Financial intermediaries                     | 15,507             | -           | 19,526             | -           | 67,323             | -           |
| <b>State Government</b>                      | <b>433,774</b>     | <b>0.2</b>  | <b>434,078</b>     | <b>0.2</b>  | <b>472,333</b>     | <b>0.3</b>  |
| Production and distribution of electricity   | 433,774            | 0.2         | 434,078            | 0.2         | 472,333            | 0.3         |
| <b>Private sector</b>                        | <b>216,313,703</b> | <b>99.6</b> | <b>207,338,963</b> | <b>99.4</b> | <b>179,807,152</b> | <b>99.4</b> |
| <b>Manufacturing</b>                         | <b>44,446,043</b>  | <b>20.4</b> | <b>42,505,138</b>  | <b>20.4</b> | <b>39,256,282</b>  | <b>21.7</b> |
| Food products and beverages                  | 11,854,582         | 5.5         | 11,275,829         | 5.4         | 10,362,609         | 5.8         |
| Steel, metallurgy and mechanics              | 7,143,603          | 3.3         | 6,897,820          | 3.3         | 5,681,543          | 3.1         |
| Chemical                                     | 4,496,717          | 2.1         | 4,490,138          | 2.2         | 5,037,334          | 2.8         |
| Pulp and paper                               | 2,979,109          | 1.4         | 2,478,656          | 1.2         | 2,525,377          | 1.4         |
| Textiles and apparel                         | 2,367,136          | 1.1         | 2,263,605          | 1.1         | 1,997,362          | 1.1         |
| Rubber and plastic articles                  | 2,258,115          | 1.0         | 2,114,040          | 1.0         | 1,783,506          | 1.0         |
| Oil refining and production of alcohol       | 2,126,614          | 1.0         | 2,035,620          | 1.0         | 2,434,071          | 1.3         |
| Light and heavy vehicles                     | 1,995,873          | 0.9         | 1,837,511          | 0.9         | 1,700,280          | 0.9         |
| Extraction of metallic and non-metallic ores | 1,801,779          | 0.8         | 1,989,436          | 1.0         | 1,784,674          | 1.0         |
| Electric and electronic products             | 1,782,765          | 0.8         | 1,728,517          | 0.8         | 1,153,071          | 0.6         |
| Furniture and wood products                  | 1,528,372          | 0.7         | 1,419,450          | 0.7         | 1,266,562          | 0.7         |
| Non-metallic materials                       | 1,156,517          | 0.5         | 1,065,989          | 0.5         | 1,105,389          | 0.6         |
| Automotive parts and accessories             | 915,530            | 0.4         | 928,890            | 0.4         | 844,869            | 0.5         |
| Leather articles                             | 480,652            | 0.2         | 498,263            | 0.2         | 551,118            | 0.3         |
| Publishing, printing and reproduction        | 479,560            | 0.2         | 464,934            | 0.2         | 446,860            | 0.2         |

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|  |                   |             |                   |             |                   |             |
|--|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| Other industries                             | 1,079,119         | 0.5         | 1,016,440         | 0.5         | 581,657           | 0.4         |
| <b>Commerce</b>                              | <b>31,104,293</b> | <b>14.2</b> | <b>29,106,875</b> | <b>14.0</b> | <b>25,108,063</b> | <b>13.9</b> |
| Merchandise in specialty stores              | 7,632,205         | 3.5         | 7,305,625         | 3.5         | 6,408,941         | 3.5         |
| Food products, beverages and tobacco         | 3,940,514         | 1.8         | 3,727,963         | 1.8         | 3,378,176         | 1.9         |
| Automobile                                   | 2,869,368         | 1.3         | 2,813,484         | 1.3         | 2,142,757         | 1.2         |
| Non-specialized retailer                     | 2,838,491         | 1.3         | 2,626,709         | 1.2         | 2,195,825         | 1.2         |
| Clothing and footwear                        | 2,303,316         | 1.1         | 2,042,078         | 1.0         | 1,629,490         | 0.9         |
| Motor vehicle repairs, parts and accessories | 2,195,399         | 1.0         | 2,090,113         | 1.0         | 1,809,984         | 1.0         |
| Grooming and household articles              | 2,009,895         | 0.9         | 1,806,641         | 0.9         | 1,583,213         | 0.9         |
| Waste and scrap                              | 1,531,995         | 0.7         | 1,421,829         | 0.7         | 1,208,494         | 0.7         |

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|   | R\$ thousand       |              |                    |              |                    |              |
|---|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|   | 2010               |              |                    | 2009         |                    |              |
|   | September<br>30    | %            | June 30            | %            | September<br>30    | %            |
| Fuel  | 1,398,349          | 0.6          | 1,237,986          | 0.6          | 1,096,775          | 0.6          |
| Trade intermediary  | 1,344,078          | 0.6          | 1,198,473          | 0.6          | 1,103,978          | 0.6          |
| Wholesale of goods in general   | 1,140,490          | 0.5          | 1,005,845          | 0.5          | 959,209            | 0.5          |
| Agricultural products   | 818,752            | 0.4          | 778,822            | 0.4          | 819,467            | 0.5          |
| Other commerce  | 1,081,441          | 0.5          | 1,051,307          | 0.5          | 771,754            | 0.4          |
| <b>Financial intermediaries</b>   | <b>602,936</b>     | <b>0.3</b>   | <b>588,611</b>     | <b>0.3</b>   | <b>664,268</b>     | <b>0.4</b>   |
| <b>Services</b>   | <b>45,536,387</b>  | <b>21.1</b>  | <b>44,101,510</b>  | <b>21.1</b>  | <b>37,887,103</b>  | <b>20.9</b>  |
| Transportation and storage  | 11,608,318         | 5.3          | 10,996,535         | 5.3          | 9,308,827          | 5.1          |
| Civil construction  | 10,087,159         | 4.6          | 9,145,154          | 4.4          | 7,116,896          | 3.9          |
| Real estate activities, rentals and corporate services                    | 9,215,153          | 4.2          | 8,903,263          | 4.3          | 7,973,814          | 4.4          |
| Production and distribution of electric power, gas and water              | 4,921,142          | 2.3          | 5,036,773          | 2.4          | 4,189,559          | 2.3          |
| Holding companies, legal, accounting and business advisory services       | 1,926,865          | 0.9          | 1,764,046          | 0.8          | 2,683,869          | 1.5          |
| Hotels and catering   | 1,675,494          | 0.8          | 1,549,467          | 0.7          | 1,438,287          | 0.8          |
| Social services, education, health, defense and social security           | 1,671,285          | 0.8          | 1,590,286          | 0.8          | 1,499,450          | 0.8          |
| Clubs, leisure, cultural and sport activities                             | 1,247,045          | 0.6          | 1,190,684          | 0.6          | 955,351            | 0.5          |
| Telecommunications  | 414,081            | 0.2          | 502,552            | 0.2          | 591,233            | 0.3          |
| Other services  | 2,769,845          | 1.4          | 3,422,750          | 1.6          | 2,129,817          | 1.3          |
| <b>Agriculture, cattle raising, fishing, forestry and timber industry</b> | <b>2,970,007</b>   | <b>1.4</b>   | <b>2,714,705</b>   | <b>1.3</b>   | <b>2,663,076</b>   | <b>1.5</b>   |
| <b>Individuals</b>  | <b>91,654,037</b>  | <b>42.2</b>  | <b>88,322,124</b>  | <b>42.3</b>  | <b>74,228,360</b>  | <b>41.0</b>  |
| <b>Total</b>  | <b>217,274,004</b> | <b>100.0</b> | <b>208,587,871</b> | <b>100.0</b> | <b>180,969,205</b> | <b>100.0</b> |

## f) Breakdown of loan operations and allowance for loan losses

| Risk level                                 | Portfolio balance    |                   |                            |                    |                    |              | R\$ thousand         |                 |                      |
|--|----------------------|-------------------|----------------------------|--------------------|--------------------|--------------|----------------------|-----------------|----------------------|
|  | Non-performing loans |                   |                            | Performing loans   | Total              | %            | 2010                 |                 | 2009                 |
|  | Past due             | Outstanding       | Total non-performing loans |                    |                    |              | September 30 YTD (2) | June 30 YTD (2) | September 30 YTD (2) |
|  |                      |                   |                            |                    |                    | (1)          | %                    | %               | %                    |
| AA   | -                    | -                 | -                          | 36,015,252         | 36,015,252         | 16.6         | 16.6                 | 16.4            | 17.5                 |
| A  | -                    | -                 | -                          | 96,104,799         | 96,104,799         | 44.2         | 60.8                 | 61.1            | 60.8                 |
| B  | 392,611              | 1,768,163         | 2,160,774                  | 19,975,632         | 22,136,406         | 10.2         | 71.0                 | 71.3            | 72.0                 |
| C  | 669,970              | 2,052,700         | 2,722,670                  | 43,107,579         | 45,830,249         | 21.1         | 92.1                 | 91.8            | 90.9                 |
| <b>Subtotal</b>                            | <b>1,062,581</b>     | <b>3,820,863</b>  | <b>4,883,444</b>           | <b>195,203,262</b> | <b>200,086,706</b> | <b>92.1</b>  |                      |                 |                      |
| D  | 548,492              | 1,111,073         | 1,659,565                  | 2,465,289          | 4,124,854          | 1.9          | 94.0                 | 93.8            | 93.1                 |
| E  | 530,285              | 815,239           | 1,345,524                  | 537,966            | 1,883,490          | 0.9          | 94.9                 | 94.6            | 94.1                 |
| F  | 472,035              | 682,623           | 1,154,658                  | 494,721            | 1,649,379          | 0.7          | 95.6                 | 95.5            | 95.0                 |
| G  | 478,117              | 503,957           | 982,074                    | 324,580            | 1,306,654          | 0.6          | 96.2                 | 96.2            | 95.8                 |
| H  | 3,420,765            | 2,536,388         | 5,957,153                  | 2,265,768          | 8,222,921          | 3.8          | 100.0                | 100.0           | 100.0                |
| <b>Subtotal</b>                            | <b>5,449,694</b>     | <b>5,649,280</b>  | <b>11,098,974</b>          | <b>6,088,324</b>   | <b>17,187,298</b>  | <b>7.9</b>   |                      |                 |                      |
| <b>Overall total on September 30, 2010</b> |                      |                   |                            |                    |                    |              |                      |                 |                      |
|  | <b>6,512,275</b>     | <b>9,470,143</b>  | <b>15,982,418</b>          | <b>201,291,586</b> | <b>217,274,004</b> | <b>100.0</b> |                      |                 |                      |
| %  | 3.0                  | 4.4               | 7.4                        | 92.6               | 100.0              |              |                      |                 |                      |
| <b>Overall total on June 30, 2010</b>      |                      |                   |                            |                    |                    |              |                      |                 |                      |
|  | <b>6,512,709</b>     | <b>9,940,413</b>  | <b>16,453,122</b>          | <b>192,134,749</b> | <b>208,587,871</b> |              |                      |                 |                      |
| %  | 3.1                  | 4.8               | 7.9                        | 92.1               | 100.0              |              |                      |                 |                      |
| <b>Overall total on September 30, 2009</b> |                      |                   |                            |                    |                    |              |                      |                 |                      |
|  | <b>6,421,099</b>     | <b>10,685,705</b> | <b>17,106,804</b>          | <b>163,862,401</b> | <b>180,969,205</b> |              |                      |                 |                      |
| %  | 3.6                  | 5.9               | 9.5                        | 90.5               | 100.0              |              |                      |                 |                      |

(1) Ratio between risk level and total portfolio; and

(2) Accumulated ratio between risk level and total portfolio.

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| Risk level                | R\$ thousand               |                  |                      |                        |                  |                   |                  |                   |             |             |             |
|---------------------------|----------------------------|------------------|----------------------|------------------------|------------------|-------------------|------------------|-------------------|-------------|-------------|-------------|
|                           | Minimum required provision | Allowance        |                      |                        |                  |                   |                  |                   | 2010<br>%   | 2009<br>%   |             |
|                           |                            | Minimum required |                      |                        | Additional       | Existing          | 2010<br>%        | 2009<br>%         |             |             |             |
|                           |                            | Past due         | Specific Outstanding | Generic Total specific |                  |                   |                  |                   |             |             | Total       |
| AA                        | -                          | -                | -                    | -                      | -                | -                 | -                | -                 | -           | -           |             |
| A                         | 0.5                        | -                | -                    | -                      | 480,524          | 480,524           | 126,998          | 607,522           | 0.6         | 0.6         | 0.5         |
| B                         | 1.0                        | 3,926            | 17,682               | 21,608                 | 199,756          | 221,364           | 14,263           | 235,627           | 1.1         | 1.1         | 1.0         |
| C                         | 3.0                        | 20,099           | 61,581               | 81,680                 | 1,293,227        | 1,374,907         | 1,224,493        | 2,599,400         | 5.7         | 5.7         | 6.9         |
| <b>Subtotal</b>           |                            | <b>24,025</b>    | <b>79,263</b>        | <b>103,288</b>         | <b>1,973,507</b> | <b>2,076,795</b>  | <b>1,365,754</b> | <b>3,442,549</b>  | <b>1.7</b>  | <b>1.7</b>  | <b>1.8</b>  |
| D                         | 10.0                       | 54,849           | 111,107              | 165,956                | 246,529          | 412,485           | 653,970          | 1,066,455         | 25.9        | 25.8        | 26.4        |
| E                         | 30.0                       | 159,086          | 244,572              | 403,658                | 161,389          | 565,047           | 340,637          | 905,684           | 48.1        | 48.1        | 48.2        |
| F                         | 50.0                       | 236,017          | 341,312              | 577,329                | 247,360          | 824,689           | 279,473          | 1,104,162         | 66.9        | 67.1        | 67.2        |
| G                         | 70.0                       | 334,682          | 352,770              | 687,452                | 227,205          | 914,657           | 362,312          | 1,276,969         | 97.7        | 97.8        | 96.5        |
| H                         | 100.0                      | 3,420,765        | 2,536,388            | 5,957,153              | 2,265,768        | 8,222,921         | -                | 8,222,921         | 100.0       | 100.0       | 100.0       |
| <b>Subtotal</b>           |                            | <b>4,205,399</b> | <b>3,586,149</b>     | <b>7,791,548</b>       | <b>3,148,251</b> | <b>10,939,799</b> | <b>1,636,392</b> | <b>12,576,191</b> | <b>73.2</b> | <b>72.6</b> | <b>73.0</b> |
| <b>Overall total on</b>   |                            |                  |                      |                        |                  |                   |                  |                   |             |             |             |
| <b>September 30, 2010</b> |                            | <b>4,229,424</b> | <b>3,665,412</b>     | <b>7,894,836</b>       | <b>5,121,758</b> | <b>13,016,594</b> | <b>3,002,146</b> | <b>16,018,740</b> | <b>7.4</b>  |             |             |
| <b>%</b>                  |                            | <b>26.4</b>      | <b>22.9</b>          | <b>49.3</b>            | <b>32.0</b>      | <b>81.3</b>       | <b>18.7</b>      | <b>100.0</b>      |             |             |             |
| <b>Overall total on</b>   |                            |                  |                      |                        |                  |                   |                  |                   |             |             |             |
| <b>June</b>               |                            |                  |                      |                        |                  |                   |                  |                   |             |             |             |
| <b>30, 2010</b>           |                            | <b>4,126,724</b> | <b>3,758,399</b>     | <b>7,885,123</b>       | <b>4,888,859</b> | <b>12,773,982</b> | <b>3,007,591</b> | <b>15,781,573</b> |             | <b>7.6</b>  |             |
| <b>%</b>                  |                            | <b>26.1</b>      | <b>23.8</b>          | <b>49.9</b>            | <b>31.0</b>      | <b>80.9</b>       | <b>19.1</b>      | <b>100.0</b>      |             |             |             |
| <b>Overall total on</b>   |                            |                  |                      |                        |                  |                   |                  |                   |             |             |             |
| <b>September 30, 2009</b> |                            | <b>4,325,395</b> | <b>4,096,917</b>     | <b>8,422,312</b>       | <b>3,539,466</b> | <b>11,961,778</b> | <b>2,990,827</b> | <b>14,952,605</b> |             |             | <b>8.3</b>  |
| <b>%</b>                  |                            | <b>28.9</b>      | <b>27.4</b>          | <b>56.3</b>            | <b>23.7</b>      | <b>80.0</b>       | <b>20.0</b>      | <b>100.0</b>      |             |             |             |

(1) Ratio between allowance and total portfolio by risk level.



**g) Breakdown of allowance for loan losses**

|                            | R\$ thousand            |                         |                     |                     |
|----------------------------|-------------------------|-------------------------|---------------------|---------------------|
|                            | 2010                    |                         | 2009                |                     |
|                            | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| <b>Opening balance</b>     | <b>15,781,573</b>       | <b>15,835,807</b>       | <b>16,313,243</b>   | <b>10,262,601</b>   |
| - Specific provision (1)   | 7,885,123               | 8,230,070               | 8,886,147           | 5,928,371           |
| - Generic provision (2)    | 4,888,859               | 4,600,769               | 4,424,421           | 2,713,660           |
| - Additional provision (3) | 3,007,591               | 3,004,968               | 3,002,675           | 1,620,570           |
| <b>Additions</b>           | <b>2,259,680</b>        | <b>2,318,996</b>        | <b>6,737,963</b>    | <b>10,207,295</b>   |
| <b>Reductions</b>          | <b>(2,022,513)</b>      | <b>(2,373,230)</b>      | <b>(7,032,466)</b>  | <b>(5,517,291)</b>  |
| <b>Closing balance</b>     | <b>16,018,740</b>       | <b>15,781,573</b>       | <b>16,018,740</b>   | <b>14,952,605</b>   |
| - Specific provision (1)   | 7,894,836               | 7,885,123               | 7,894,836           | 8,422,312           |
| - Generic provision (2)    | 5,121,758               | 4,888,859               | 5,121,758           | 3,539,466           |
| - Additional provision (3) | 3,002,146               | 3,007,591               | 3,002,146           | 2,990,827           |

(1) For operations with installments overdue for more than 14 days;

(2) Recorded based on the customer/transaction classification and, accordingly, not included in the preceding item; and

(3) The additional provision is recorded based on Management's experience and expected realization of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risks, together with the provision calculated based on risk level ratings and the corresponding minimum percentage of provision established by CMN Resolution 2,682/99. The additional provision per customer was classified according to the corresponding risk levels (Note 10f).

**h) PLL expenses net of amounts recovered**

Expenses of the allowance for loan losses, net of recoveries of written-off credits, are as follows:

|   | R\$ thousand            |                         |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|
|   | 2010                    |                         | 2009                |                     |
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Amount recorded                             | 2,259,680               | 2,318,996               | 6,737,963           | 10,207,295          |
| Amount recovered (1)                        | (727,193)               | (719,169)               | (1,954,481)         | (1,078,676)         |
| <b>PLL expense net of amounts recovered</b> | <b>1,532,487</b>        | <b>1,599,827</b>        | <b>4,783,482</b>    | <b>9,128,619</b>    |

(1) Classified in income from loan operations (Note 10j).

**i) Changes in renegotiated portfolio**

|  | R\$ thousand |  |
|--|--------------|--|
|  | 2010         |  |
|  | 2009         |  |
|  |              |  |

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|                                       | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
|---------------------------------------|-------------------------|-------------------------|---------------------|---------------------|
| <b>Opening balance</b>                | <b>6,306,296</b>        | <b>5,840,626</b>        | <b>5,546,177</b>    | <b>3,089,034</b>    |
| Amount renegotiated                   | 1,609,922               | 1,582,675               | 4,325,474           | 3,652,279           |
| Amount received                       | (729,840)               | (557,742)               | (1,773,082)         | (972,725)           |
| Reductions                            | (515,233)               | (559,263)               | (1,427,424)         | (852,565)           |
| <b>Closing balance</b>                | <b>6,671,145</b>        | <b>6,306,296</b>        | <b>6,671,145</b>    | <b>4,916,023</b>    |
| Allowance for loan losses             | 4,197,715               | 3,928,140               | 4,197,715           | 2,928,976           |
| Percentage on renegotiation portfolio | 62.9%                   | 62.3%                   | 62.9%               | 59.6%               |

**j) Income on loan and leasing operations**

|   | 2010                    |                         |                     | R\$ thousand                |
|---|-------------------------|-------------------------|---------------------|-----------------------------|
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | 2009<br>September 30<br>YTD |
| Discounted trade receivables and loans  | 6,472,944               | 6,182,432               | 18,436,376          | 15,665,366                  |
| Financings                              | 2,172,078               | 2,029,200               | 6,100,919           | 5,800,060                   |
| Agricultural and agribusiness loans     | 265,845                 | 273,916                 | 810,552             | 619,878                     |
| <b>Subtotal</b>                         | <b>8,910,867</b>        | <b>8,485,548</b>        | <b>25,347,847</b>   | <b>22,085,304</b>           |
| Recovery of credits charged-off as loss | 727,193                 | 719,169                 | 1,954,481           | 1,078,676                   |
| <b>Subtotal</b>                         | <b>9,638,060</b>        | <b>9,204,717</b>        | <b>27,302,328</b>   | <b>23,163,980</b>           |
| Leasing net of expenses                 | 536,157                 | 556,604                 | 1,732,873           | 2,689,307                   |
| <b>Total</b>                            | <b>10,174,217</b>       | <b>9,761,321</b>        | <b>29,035,201</b>   | <b>25,853,287</b>           |

**11) OTHER RECEIVABLES****a) Foreign exchange portfolio Balance sheet accounts**

|   | 2010              |                   | R\$ thousand         |
|---|-------------------|-------------------|----------------------|
|   | September 30      | June 30           | 2009<br>September 30 |
| <b>Assets other receivables</b>                                       |                   |                   |                      |
| Exchange purchases pending settlement                                 | 12,100,799        | 9,117,146         | 9,449,972            |
| Foreign exchange acceptances and term documents in foreign currencies | -                 | 1,951             | 15                   |
| Exchange sale receivables   | 6,827,865         | 3,918,059         | 2,926,463            |
| (-) Advances in local currency received                               | (316,462)         | (348,522)         | (322,170)            |
| Income receivable on advances granted                                 | 86,455            | 88,351            | 240,295              |
| <b>Total</b>  | <b>18,698,657</b> | <b>12,776,985</b> | <b>12,294,575</b>    |
| <b>Liabilities other liabilities</b>                                  |                   |                   |                      |
| Exchange sales pending settlement                                     | 6,804,667         | 3,909,517         | 2,904,922            |
| Exchange purchase payables  | 12,461,631        | 9,200,781         | 10,543,684           |
| (-) Advances on foreign exchange contracts                            | (5,578,908)       | (5,629,606)       | (7,635,297)          |
| Other   | 9,236             | 4,031             | 6,179                |
| <b>Total</b>  | <b>13,696,626</b> | <b>7,484,723</b>  | <b>5,819,488</b>     |
| <b>Net foreign exchange portfolio</b>                                 | <b>5,002,031</b>  | <b>5,292,262</b>  | <b>6,475,087</b>     |
| <b>Memorandum accounts</b>  |                   |                   |                      |
| Loans available for imports   | 1,594,463         | 870,616           | 1,476,988            |
| Confirmed exports loans   | 42,548            | 80,317            | 59,452               |



**Foreign exchange results****Breakdown of foreign exchange transaction results adjusted to facilitate presentation**

|   | 2010                    |                         | R\$ thousand<br>2009 |                     |
|---|-------------------------|-------------------------|----------------------|---------------------|
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD  | September 30<br>YTD |
| <b>Foreign exchange operations result</b>                     | <b>195,279</b>          | <b>83,664</b>           | <b>409,820</b>       | <b>1,740,392</b>    |
| <b>Adjustments:</b>   |                         |                         |                      |                     |
| - Income on foreign currency financing (1)                    | 4,231                   | 20,375                  | 44,025               | 10,250              |
| - Income on export financing (1)                              | 113,765                 | 81,606                  | 277,835              | 333,008             |
| - Income on foreign investments (2)                           | 877                     | (19,508)                | 27,887               | 6,547               |
| - Expenses of liabilities with foreign bankers (3) (Note 17c) | 21,497                  | (95,285)                | (232,129)            | 105,565             |
| - Funding expenses (4)  | (78,750)                | (61,884)                | (197,668)            | (272,810)           |
| - Other   | (157,972)               | 90,662                  | (21,871)             | (1,366,394)         |
| <b>Total adjustments</b>                                      | <b>(96,352)</b>         | <b>15,966</b>           | <b>(101,921)</b>     | <b>(1,183,834)</b>  |
| <b>Adjusted foreign exchange operations result</b>            | <b>98,927</b>           | <b>99,630</b>           | <b>307,899</b>       | <b>556,558</b>      |

(1) Classified in item "Income from loan operations";

(2) Stated in item "Income on securities transactions";

(3) Related to funds for financing advances on foreign exchange contracts and import financing, classified in item "Borrowing and onlending expenses"; and

(4) Refer to funding expenses of investments on foreign exchange transactions.

**b) Sundry**

|   | 2010              |                   | R\$ thousand<br>2009 |
|---|-------------------|-------------------|----------------------|
|   | September 30      | June 30           | September 30         |
| Tax credits (Note 34c)  | 17,187,593        | 17,273,477        | 16,547,709           |
| Credit card operations  | 11,927,759        | 11,349,913        | 7,876,954            |
| Borrowers by escrow deposits  | 7,290,302         | 7,166,084         | 6,972,173            |
| Prepaid taxes   | 2,103,925         | 2,152,663         | 1,542,558            |
| Sundry borrowers  | 2,149,807         | 1,788,487         | 1,409,209            |
| Trade and credit receivables (1)  | 2,074,690         | 2,336,629         | 3,052,740            |
| Advances to <i>Fundo Garantidor de Crédito</i> (Deposit Guarantee Fund FGC) | 578,426           | 624,092           | 761,087              |
| Payments to be reimbursed   | 503,866           | 471,378           | 516,979              |
| Receivables from sale of assets   | 65,949            | 75,476            | 74,515               |
| Other   | 308,089           | 319,380           | 288,279              |
| <b>Total</b>  | <b>44,190,406</b> | <b>43,557,579</b> | <b>39,042,203</b>    |

(1) Includes receivables from the acquisition of financial assets from loan operations without substantial transfer of risks and benefits.



**12) OTHER ASSETS****a) Foreclosed assets/others**

|                                     | Cost           | Provision for losses | Residual value |                | R\$ thousand   |
|-------------------------------------|----------------|----------------------|----------------|----------------|----------------|
|                                     |                |                      | 2010           |                | 2009           |
|                                     |                |                      | September 30   | June 30        | September 30   |
| Real estate                         | 148,632        | (38,907)             | 109,725        | 142,833        | 134,170        |
| Goods subject to special conditions | 58,387         | (58,387)             | -              | -              | -              |
| Vehicles and similar                | 477,917        | (144,927)            | 332,990        | 342,291        | 334,041        |
| Inventories/warehouse               | 21,258         | -                    | 21,258         | 26,515         | 16,746         |
| Machinery and equipment             | 20,716         | (10,151)             | 10,565         | 9,489          | 3,970          |
| Others                              | 8,213          | (7,074)              | 1,139          | 1,156          | 1,045          |
| <b>Total on September 30, 2010</b>  | <b>735,123</b> | <b>(259,446)</b>     | <b>475,677</b> |                |                |
| <b>Total on June 30, 2010</b>       | <b>778,811</b> | <b>(256,527)</b>     |                | <b>522,284</b> |                |
| <b>Total on September 30, 2009</b>  | <b>749,949</b> | <b>(259,977)</b>     |                |                | <b>489,972</b> |

**b) Prepaid expenses**

|  | 2010             |                  | 2009             |
|--|------------------|------------------|------------------|
|  | September 30     | June 30          | September 30     |
|  | R\$ thousand     |                  |                  |
| Commission on the placement of financing (1) | 681,846          | 705,933          | 882,862          |
| Insurance selling expenses (2)               | 461,195          | 433,227          | 324,389          |
| Advertising and publicity expenses (3)       | 55,917           | 63,297           | 71,017           |
| Other  | 156,809          | 182,280          | 147,815          |
| <b>Total</b>                                 | <b>1,355,767</b> | <b>1,384,737</b> | <b>1,426,083</b> |

- (1) Commissions paid to storeowners and car dealers. As of the second quarter of 2008, commission on the placement of financings are included in the respective financing/leasing operations balance;
- (2) Commissions paid to brokers for the sale of insurance, private pension plans and savings bond products; and
- (3) Prepaid future advertising and marketing expenses.

**13) INVESTMENTS****a) Changes in investments in the consolidated financial statements**

| Affiliates                          | R\$ thousand     |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
|                                     | 2010             |                  | 2009             |
|                                     | September 30     | June 30          | September 30     |
| - IRB-Brasil Resseguros S.A.        | 439,337          | 435,431          | 415,125          |
| - Integritas Participações S.A.     | 425,184          | 424,765          | 350,421          |
| - Serasa S.A.                       | 83,808           | 85,454           | 87,744           |
| - BES Investimento do Brasil S.A.   | 91,651           | 89,593           | 62,097           |
| - Other                             | 94,112           | 37,426           | 37,420           |
| <b>Total in affiliates</b>          | <b>1,134,092</b> | <b>1,072,669</b> | <b>952,807</b>   |
| - Tax incentives                    | 260,323          | 260,448          | 257,541          |
| - Other investments                 | 503,843          | 502,437          | 460,964          |
| Provision for:                      |                  |                  |                  |
| - Tax incentives                    | (231,295)        | (231,295)        | (228,067)        |
| - Other investments                 | (51,105)         | (51,155)         | (51,106)         |
| <b>Overall total of investments</b> | <b>1,615,858</b> | <b>1,553,104</b> | <b>1,392,139</b> |



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b) The adjustments resulting from the equity accounting for investments were recorded in income accounts, under "Equity in the Earnings (losses) of Unconsolidated Companies" and correspond to R\$66,689 thousand on September 30, 2010 (R\$58,090 thousand on September 30, 2009) and in the third quarter of 2010 - R\$18,918 thousand (R\$19,016 thousand in the second quarter of 2010).

| Companies  | Capital stock | Adjusted shareholders equity | Number of shares/quotas held (thousands) |           | Consolidated ownership on capital stock | Adjusted net income | Equity Accounting Adjustments (1) |               |                  |                  |
|--|---------------|------------------------------|--|-----------|---|---------------------|-----------------------------------|---------------|------------------|------------------|
|  |               |                              | Common                                   | Preferred |   |                     | 2010                              |               | 2009             |                  |
|  |               |                              |  |           |   |                     | 3rd quarter                       | 2nd quarter   | September 30 YDT | September 30 YDT |
|  |               |                              | R\$ thousand                             |           |   |                     |                                   |               |                  |                  |
| IRB-Brasil Resseguros S.A. (2)                                     | 1,030,000     | 2,068,442                    | -  | 212       | 21.24%                                  | 118,060             | 8,129                             | 6,940         | 25,076           | 12,211           |
| BES Investimento do Brasil   |               |                              |  |           |   |                     |                                   |               |                  |                  |
| S.A. Banco de Investimento (2)                                     | 320,000       | 458,255                      | 10,745                                   | 10,745    | 20.00%                                  | 50,885              | 4,567                             | 2,890         | 10,177           | 14,549           |
| Serasa S.A.  | 145,000       | 1,014,625                    | 909                                      | -         | 8.26%                                   | 180,860             | 3,872                             | 3,984         | 14,939           | 20,217           |
| Integritas Participações S.A.                                      | 98,779        | 667,996                      | 22,581                                   | -         | 20.54%                                  | 80,316              | 2,350                             | 5,202         | 16,497           | 11,113           |
| <b>Equity in the earnings (losses) of unconsolidated companies</b> |               |                              |  |           |   |                     | <b>18,918</b>                     | <b>19,016</b> | <b>66,689</b>    | <b>58,090</b>    |

- (1) Equity adjustments comprise participation in the results recorded by the companies as from their acquisition and include equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting practices, when applicable; and
- (2) Data related to August 31, 2010 unaudited.

**14) PREMISES AND EQUIPMENT AND LEASED ASSETS**

These assets are stated at acquisition cost. Depreciation is calculated based on the straight -line method at annual rates which take into consideration their economic useful lives.

|  | Annual rate | Cost             | Depreciation       | R\$ thousand            |                  |                         |
|--|-------------|------------------|--------------------|-------------------------|------------------|-------------------------|
|  |             |                  |                    | Residual value          |                  | 2009<br>September<br>30 |
|  |             |                  |                    | 2010<br>September<br>30 | 2010<br>June 30  |                         |
| Premises and equipment:                    |             |                  |                    |                         |                  |                         |
| - Buildings                                | 4%          | 619,487          | (341,284)          | 278,203                 | 290,273          | 311,219                 |
| - Land                                     | -           | 345,182          | -                  | 345,182                 | 348,967          | 347,815                 |
| Facilities, furniture and equipment in use | 10%         | 3,407,842        | (1,911,845)        | 1,495,997               | 1,487,199        | 1,426,574               |
| Security and communication systems         | 10%         | 200,188          | (122,555)          | 77,633                  | 76,498           | 73,269                  |
| Data processing systems                    | 20 to 50%   | 1,605,823        | (990,105)          | 615,718                 | 562,028          | 475,198                 |
| Transportation systems                     | 20%         | 35,426           | (21,901)           | 13,525                  | 13,582           | 13,915                  |
| Financing lease of data processing systems | 20 to 50%   | 2,061,151        | (1,491,610)        | 569,541                 | 641,874          | 610,152                 |
| <b>Subtotal</b>                            |             | <b>8,275,099</b> | <b>(4,879,300)</b> | <b>3,395,799</b>        | <b>3,420,421</b> | <b>3,258,142</b>        |
| Leased assets                              |             | 13,943           | (8,692)            | 5,251                   | 6,530            | 13,950                  |
| <b>Total on September 30, 2010</b>         |             | <b>8,289,042</b> | <b>(4,887,992)</b> | <b>3,401,050</b>        |                  |                         |
| <b>Total on June 30, 2010</b>              |             | <b>8,359,789</b> | <b>(4,932,838)</b> |                         | <b>3,426,951</b> |                         |
| <b>Total on September 30, 2009</b>         |             | <b>7,784,833</b> | <b>(4,512,741)</b> |                         |                  | <b>3,272,092</b>        |

Bradesco Organization's premises and equipment present an unrecorded surplus value of R\$2,070,510 thousand (June 30, 2010 R\$1,987,530 thousand and September 30, 2009 R\$1,861,043 thousand) based on appraisal reports prepared by independent experts in 2010, 2009 and 2008.

Bradesco has entered into lease agreements, for data processing systems (hardware), which are included in premises and equipment. Under this accounting policy, assets and liabilities are classified in the financial statements and depreciation is calculated according to the depreciation policy adopted for the Bank's own assets. Interest on the liability is also recognized.

The fixed assets to reference shareholders' equity ratio in the "economic-financial consolidated" is 16.66% (June 30, 2010 20.91% and September 30, 2009 15.44%), and in the "financial consolidated" is 47.29% (June 30, 2010 48.03% and September 30, 2009 44.34%), whereas the maximum limit is 50%.

The difference between the fixed assets to shareholders' equity ratio in the "economic-financial consolidated" and in the "financial consolidated" is due to non-financial subsidiaries which have high liquidity and low fixed assets to shareholders' equity ratio, with the consequent increase in the fixed assets to shareholders' equity ratio of the "financial consolidated." Whenever necessary, we may reallocate the funds to the financial companies through the payment of dividends/interest on shareholders' equity to financial companies or a corporate reorganization between the financial and non-financial companies, thus improving the ratio.

## **15) INTANGIBLE ASSETS**

### **a) Goodwill**

Goodwill from investment acquisitions amounted to R\$2,969,366 thousand, net of accrued amortization, when applicable, of which (i) R\$491,112 thousand represents the difference between book value and market value of shares recorded in Permanent Assets Investments (BM&FBovespa and Integritas/Fleury shares), to be amortized upon their realization; and (ii) R\$2,478,254 thousand representing future profitability/client portfolio, which is amortized over twenty years, net of accrued amortization, when applicable.

In the period ended on September 30, 2010, goodwill amortization totaled R\$171,514 thousand (R\$73,732 thousand on September 30, 2009) and in the third quarter of 2010 R\$56,631 thousand (R\$56,011 thousand in the second quarter of 2010), Note 29.

**b) Intangible assets**

Acquired intangible assets comprise:

|   | Amortization rate (1) | Cost             | Amortization       | R\$ thousand            |                  |                         |
|---|-----------------------|------------------|--------------------|-------------------------|------------------|-------------------------|
|   |                       |                  |                    | Residual value          |                  | 2009<br>September<br>30 |
|   |                       |                  |                    | 2010<br>September<br>30 | 2010<br>June 30  |                         |
| Acquisition of banking services rights    | Contract (4)          | 2,922,224        | (1,627,390)        | 1,294,834               | 1,408,732        | 1,653,619               |
| Software (2)                              | 20% to 50%            | 4,027,372        | (2,150,204)        | 1,877,168               | 1,829,845        | 1,359,467               |
| Future profitability/client portfolio (3) | Up to 20%             | 2,791,705        | (313,451)          | 2,478,254               | 1,972,263        | 421,164                 |
| Other                                     | 20%                   | 108,763          | (52,603)           | 56,160                  | 41,347           | 129,409                 |
| <b>Total on September 30, 2010</b>        |                       | <b>9,850,064</b> | <b>(4,143,648)</b> | <b>5,706,416</b>        |                  |                         |
| <b>Total on June 30, 2010</b>             |                       | <b>9,061,745</b> | <b>(3,809,558)</b> |                         | <b>5,252,187</b> |                         |
| <b>Total on September 30, 2009</b>        |                       | <b>6,512,081</b> | <b>(2,948,422)</b> |                         |                  | <b>3,563,659</b>        |

- (1) Intangible assets are amortized over the estimated period of economic benefit and charged to other administrative expenses and other operating expenses, when applicable;
- (2) Software acquired and/or developed by specialized companies;
- (3) Mainly composed by goodwill on the acquisition of interest in Banco Ibi - R\$1,021,514 thousand, Odontoprev - R\$345,350 thousand, Ágora Corretora - R\$286,736 thousand, Ibi México - R\$22,167 thousand, in Europ Assistance Serviços de Assistência Personalizados - R\$26,413 thousand, CBSS Cia. Brasileira de Soluções e Serviços - R\$123,645 thousand and Cielo S.A. - R\$408,014 thousand, net of accrued amortization, when applicable; and
- (4) Based on each pay-back agreement.

Expenses with research and development of systems corresponded to R\$112,072 thousand in the period ended September 30, 2010 (R\$53,046 thousand on September 30, 2009) and R\$39,371 thousand in the third quarter of 2010 (R\$37,007 thousand in the second quarter of 2010).

## c) Change in intangible assets by type

|                                      | Acquisition of<br>banking<br>service rights | Software         | Future<br>profitability/<br>client portfolio | Other         | R\$ thousand<br>Total |
|--------------------------------------|---|------------------|--|---------------|-----------------------|
| <b>Balance on December 31, 2009</b>  | <b>1,603,773</b>                            | <b>1,598,877</b> | <b>1,992,406</b>                             | <b>32,970</b> | <b>5,228,026</b>      |
| Additions /Write-offs                | 129,328                                     | 505,306          | 657,362                                      | 64,610        | 1,356,606             |
| Amortization for the period          | (438,267)                                   | (227,015)        | (171,514)                                    | (41,420)      | (878,216)             |
| <b>Balance on September 30, 2010</b> | <b>1,294,834</b>                            | <b>1,877,168</b> | <b>2,478,254</b>                             | <b>56,160</b> | <b>5,706,416</b>      |

## 16) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES

## a) Deposits

|  | 2010              |                   |                   |                    |                    | 2009               |                    |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|  | 1 to 30 days      | 31 to 180 days    | 181 to 360 days   | More than 360 days | September 30       | June 30            | September 30       |
| Demand deposits (1)                        | 33,903,803        | -                 | -                 | -                  | 33,903,803         | 32,754,590         | 29,298,424         |
| Savings deposits (1)                       | 50,113,236        | -                 | -                 | -                  | 50,113,236         | 47,331,685         | 40,922,202         |
| Interbank deposits                         | 218,459           | 157,279           | 48,083            | 21,500             | 445,321            | 454,948            | 738,859            |
| Time deposits (2)                          | 8,925,721         | 9,505,819         | 8,443,712         | 73,855,021         | 100,730,273        | 96,823,703         | 96,033,325         |
| Other investment deposits                  | 1,001,625         | -                 | -                 | -                  | 1,001,625          | 1,087,043          | 994,711            |
| <b>Overall total on September 30, 2010</b> | <b>94,162,844</b> | <b>9,663,098</b>  | <b>8,491,795</b>  | <b>73,876,521</b>  | <b>186,194,258</b> |                    |                    |
| <b>%</b>                                   | <b>50.6</b>       | <b>5.2</b>        | <b>4.5</b>        | <b>39.7</b>        | <b>100.0</b>       |                    |                    |
| <b>Overall total on June 30, 2010</b>      | <b>85,969,992</b> | <b>11,309,883</b> | <b>7,422,967</b>  | <b>73,749,127</b>  |                    | <b>178,451,969</b> |                    |
| <b>%</b>                                   | <b>48.2</b>       | <b>6.3</b>        | <b>4.2</b>        | <b>41.3</b>        |                    | <b>100.0</b>       |                    |
| <b>Overall total on September 30, 2009</b> | <b>75,363,310</b> | <b>8,263,406</b>  | <b>10,437,826</b> | <b>73,922,979</b>  |                    |                    | <b>167,987,521</b> |
| <b>%</b>                                   | <b>44.9</b>       | <b>4.9</b>        | <b>6.2</b>        | <b>44.0</b>        |                    |                    | <b>100.0</b>       |

(1) Classified as "1 to 30 days", not considering average historical turnover; and

(2) Considers the maturities established in investments.

## b) Federal funds purchased and securities sold under agreements to repurchase

|  | 2010               |                   |                  |                    |                    | 2009               |                    | R\$ thousand |
|--|--------------------|-------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------|
|  | 1 to 30 days       | 31 to 180 days    | 181 to 360 days  | More than 360 days | September 30       | June 30            | September 30       |              |
| <b>Own portfolio</b>                           | <b>50,194,147</b>  | <b>7,774,883</b>  | <b>6,168,824</b> | <b>32,689,218</b>  | <b>96,827,072</b>  | <b>57,691,290</b>  | <b>35,495,790</b>  |              |
| Government securities                          | 48,972,403         | 297,215           | 1,702,064        | 53,381             | 51,025,063         | 16,124,062         | 1,378,731          |              |
| Debentures of own issuance                     | 676,396            | 5,426,163         | 4,466,760        | 32,613,075         | 43,182,394         | 40,914,745         | 33,992,601         |              |
| Foreign  | 545,348            | 2,051,505         | -                | 22,762             | 2,619,615          | 652,483            | 124,458            |              |
| <b>Third-party portfolio (1)</b>               | <b>54,490,507</b>  | <b>1,652,693</b>  | <b>-</b>         | <b>-</b>           | <b>56,143,200</b>  | <b>72,027,616</b>  | <b>66,524,357</b>  |              |
| <b>Unrestricted portfolio (1)</b>              | <b>461,204</b>     | <b>3,554,346</b>  | <b>22,915</b>    | <b>-</b>           | <b>4,038,465</b>   | <b>1,414,807</b>   | <b>583,533</b>     |              |
| <b>Overall total on September 30, 2010 (2)</b> | <b>105,145,858</b> | <b>12,981,922</b> | <b>6,191,739</b> | <b>32,689,218</b>  | <b>157,008,737</b> |                    |                    |              |
| <b>%</b>                                       | <b>67.0</b>        | <b>8.3</b>        | <b>3.9</b>       | <b>20.8</b>        | <b>100.0</b>       |                    |                    |              |
| <b>Overall total on June 30, 2010 (2)</b>      | <b>87,142,057</b>  | <b>8,103,183</b>  | <b>5,113,091</b> | <b>30,775,382</b>  |                    | <b>131,133,713</b> |                    |              |
| <b>%</b>                                       | <b>66.5</b>        | <b>6.2</b>        | <b>3.8</b>       | <b>23.5</b>        |                    | <b>100.0</b>       |                    |              |
| <b>Overall total on September 30, 2009 (2)</b> | <b>67,211,244</b>  | <b>2,573,771</b>  | <b>6,675,677</b> | <b>26,142,988</b>  |                    |                    | <b>102,603,680</b> |              |
| <b>%</b>                                       | <b>65.5</b>        | <b>2.5</b>        | <b>6.5</b>       | <b>25.5</b>        |                    |                    | <b>100.0</b>       |              |

(1) Represented by government securities; and

(2) Includes R\$34,017,837 thousand (June 30, 2010 - R\$29,202,365 thousand and September 30, 2009 R\$23,278,214 thousand) of investment funds in purchase and sale commitments with Bradesco, whose quotaholders are subsidiaries included in the consolidated financial statements (Notes 8a, b, c and d).

## c) Funds from issuance of securities

|   | 2010           |                  |                  |                    |                   | R\$ thousand      |                  |
|---|----------------|------------------|------------------|--------------------|-------------------|-------------------|------------------|
|   | 1 to 30 days   | 31 to 180 days   | 181 to 360 days  | More than 360 days | September 30      | June 30           | September 30     |
| <b>Securities - domestic:</b>   |                |                  |                  |                    |                   |                   |                  |
| - Exchange acceptances  | -              | -                | -                | -                  | -                 | -                 | 21               |
| - Mortgage bonds  | 124,765        | 416,795          | 459,459          | 653                | 1,001,672         | 996,081           | 893,039          |
| - Letters of credit for real estate   | 152            | 827              | 505,922          | -                  | 506,901           | 202,228           | -                |
| - Letters of credit for agribusiness  | 454,490        | 879,050          | 516,060          | 32,954             | 1,882,554         | 1,639,523         | 1,402,033        |
| - Financial bill  | -              | -                | -                | 4,046,774          | 4,046,774         | 3,432,015         | -                |
| - Debentures (1)  | -              | 31,813           | 730,000          | -                  | 761,813           | 741,669           | 758,319          |
| <b>Subtotal</b>   | <b>579,407</b> | <b>1,328,485</b> | <b>2,211,441</b> | <b>4,080,381</b>   | <b>8,199,714</b>  | <b>7,011,516</b>  | <b>3,053,412</b> |
| <b>Securities - foreign:</b>  |                |                  |                  |                    |                   |                   |                  |
| - MTN Program Issues (2) (3)  | 7,114          | -                | -                | 1,694,200          | 1,701,314         | 1,819,624         | 251,865          |
| - Securitization of future flow of money orders received from abroad (Note 16d)                             | 6,161          | 187,209          | 271,919          | 3,363,210          | 3,828,499         | 3,855,329         | 3,695,094        |
| - Securitization of future flow of credit card bill receivables from cardholders resident abroad (Note 16d) | 396            | 44,807           | 958              | -                  | 46,161            | 72,467            | 138,562          |
| - Issuance costs  | -              | -                | (114)            | (26,190)           | (26,304)          | (29,575)          | (28,099)         |
| <b>Subtotal</b>   | <b>13,671</b>  | <b>232,016</b>   | <b>272,763</b>   | <b>5,031,220</b>   | <b>5,549,670</b>  | <b>5,717,845</b>  | <b>4,057,422</b> |
| <b>Overall total on September 30, 2010</b>  | <b>593,078</b> | <b>1,560,501</b> | <b>2,484,204</b> | <b>9,111,601</b>   | <b>13,749,384</b> |                   |                  |
| <b>%</b>  | <b>4.3</b>     | <b>11.4</b>      | <b>18.1</b>      | <b>66.2</b>        | <b>100.0</b>      |                   |                  |
| <b>Overall total on June 30, 2010</b>   | <b>280,344</b> | <b>1,806,967</b> | <b>2,019,856</b> | <b>8,622,194</b>   |                   | <b>12,729,361</b> |                  |
| <b>%</b>  | <b>2.2</b>     | <b>14.2</b>      | <b>15.9</b>      | <b>67.7</b>        |                   | <b>100.0</b>      |                  |
| <b>Overall total on September 30, 2009</b>  | <b>562,011</b> | <b>1,083,882</b> | <b>1,223,781</b> | <b>4,241,160</b>   |                   |                   | <b>7,110,834</b> |
| <b>%</b>  | <b>7.9</b>     | <b>15.2</b>      | <b>17.2</b>      | <b>59.7</b>        |                   |                   | <b>100.0</b>     |

- (1) Refers to issuances of simple debentures not convertible into Bradesco Leasing S.A. Arrendamento Mercantil shares, maturing on May 1, 2011 with 104% of CDI remuneration;
- (2) Issuance of securities in the foreign market for costumers' foreign exchange operations, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, substantially in the short term; and
- (3) As of March 2010, it includes the issue of 4.10% senior notes due in 2015 amounting to US\$750,000 thousand.

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d) Since 2003, Bradesco Organization has been entering into certain agreements designed to optimize its funding and liquidity management activities through the use of SPEs. These SPEs, named International Diversified Payment Rights Company and Brazilian Merchant Voucher Receivables Limited, are financed with long-term debts and settled through future cash flows of the underlying assets, which basically include:

(i) Current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent; and

(ii) Current and future flows of credit card receivables arising from expenditures in Brazil by holders of credit cards issued outside Brazil.

Long-term notes issued by the SPEs and sold to investors are settled through funds derived from the money order flows and credit card bills. Bradesco is obliged to redeem these securities in specific cases of delinquency or if SPEs' operations are discontinued.

Funds from the sale of current and future money order flows and credit card receivables, received by the SPEs, must be maintained in a specific bank account until a minimum limit is attained.

We present below the main features of the notes issued by SPEs:

|  | Date of Issue            | Transaction amount | Maturity                 | R\$ thousand         |                  |                      |
|--|--------------------------|--------------------|--------------------------|----------------------|------------------|----------------------|
|  |                          |                    |                          | Total                |                  | 2009<br>September 30 |
|  |                          |                    |                          | 2010<br>September 30 | June 30          |                      |
|  | 8.20.2003                | 595,262            | 8.20.2010 <sup>(5)</sup> | -                    | -                | 40,849               |
|  | 7.28.2004                | 305,400            | 8.20.2012                | 53,825               | 64,394           | 92,955               |
|  | 6.11.2007                | 481,550            | 5.20.2014                | 370,279              | 421,787          | 444,854              |
|  | 6.11.2007                | 481,550            | 5.20.2014                | 370,093              | 421,579          | 445,019              |
|  | 12.20.2007               | 354,260            | 11.20.2014               | 270,658              | 305,743          | 356,055              |
| Securitization of future flow of money orders received from abroad                             | 12.20.2007               | 354,260            | 11.20.2014               | 270,658              | 305,743          | 356,055              |
|  | 3.6.2008                 | 836,000            | 5.22.2017 <sup>(1)</sup> | 845,901              | 899,168          | 890,184              |
|  | 12.19.2008               | 1,168,500          | 2.22.2016 <sup>(2)</sup> | 845,657              | 899,136          | 890,730              |
|  | 3.20.2009                | 225,590            | 2.20.2015 <sup>(6)</sup> | -                    | 179,444          | 178,393              |
|  | 12.17.2009               | 133,673            | 11.20.2014               | 126,657              | 134,673          | -                    |
|  | 12.17.2009               | 133,673            | 2.20.2017                | 126,200              | 134,212          | -                    |
|  | 12.17.2009               | 89,115             | 2.20.2020                | 84,110               | 89,450           | -                    |
|  | 8.20.2010 <sup>(3)</sup> | 307,948            | 8.21.2017                | 295,519              | -                | -                    |
|  | 9.29.2010 <sup>(4)</sup> | 170,530            | 8.21.2017                | 168,942              | -                | -                    |
| <b>Total</b>   |                          | <b>5,637,311</b>   |                          | <b>3,828,499</b>     | <b>3,855,329</b> | <b>3,695,094</b>     |
| Securitization of future flow of credit card bill receivables from cardholders resident abroad | 7.10.2003                | 800,818            | 6.15.2011                | 46,161               | 72,467           | 138,562              |
| <b>Total</b>   |                          | <b>800,818</b>     |                          | <b>46,161</b>        | <b>72,467</b>    | <b>138,562</b>       |

(1) The maturity date was postponed from May 20, 2015 to May 22, 2017;

(2) The maturity date was postponed from February 20, 2015 to February 22, 2016;

(3) New issuance of securities abroad due on August 21, 2017 in the amount of US\$175,000;



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- (4) New issuance of securities abroad due on August 21, 2017 in the amount of US\$100,000;
- (5) Security settled on August 20, 2010; and
- (6) Security presettled on August 20, 2010.

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e) Expenses with funding and monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds

|  | R\$ thousand            |                                 |                     |                             |
|--|-------------------------|---------------------------------|---------------------|-----------------------------|
|  | 3 <sup>rd</sup> quarter | 2010<br>2 <sup>nd</sup> quarter | September 30<br>YTD | 2009<br>September 30<br>YTD |
| Savings deposits   | 797,239                 | 707,648                         | 2,147,559           | 1,839,310                   |
| Time deposits  | 2,892,972               | 2,430,086                       | 7,510,391           | 8,402,309                   |
| Federal funds purchased and securities sold under agreements to repurchase   | 3,643,288               | 2,845,628                       | 8,906,765           | 7,168,371                   |
| Funds from issuance of securities  | 241,874                 | 230,630                         | 650,302             | 265,652                     |
| Other funding expenses   | 88,159                  | 83,506                          | 257,488             | 285,211                     |
| <b>Subtotal</b>  | <b>7,663,532</b>        | <b>6,297,498</b>                | <b>19,472,505</b>   | <b>17,960,853</b>           |
| Expenses for monetary restatement and interest on technical provisions from insurance, private pension plans and savings bonds | 1,854,425               | 981,331                         | 4,329,305           | 3,956,827                   |
| <b>Total</b>   | <b>9,517,957</b>        | <b>7,278,829</b>                | <b>23,801,810</b>   | <b>21,917,680</b>           |

## 17) BORROWING AND ONLENDING

## a) Borrowing

|  | 2010             |                  |                  |                    |                  | 2009             |              | R\$ thousand     |
|--|------------------|------------------|------------------|--------------------|------------------|------------------|--------------|------------------|
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days  | More than 360 days | September 30     | June 30          | September 30 |                  |
| <b>Local</b>                               | -                | -                | -                | -                  | -                | -                | -            | <b>8,692</b>     |
| - Other institutions                       | -                | -                | -                | -                  | -                | -                | -            | 8,692            |
| <b>Foreign</b>                             | <b>1,683,148</b> | <b>4,110,480</b> | <b>2,214,302</b> | <b>1,122,385</b>   | <b>9,130,315</b> | <b>9,392,342</b> |              | <b>8,216,047</b> |
| <b>Overall total on September 30, 2010</b> | <b>1,683,148</b> | <b>4,110,480</b> | <b>2,214,302</b> | <b>1,122,385</b>   | <b>9,130,315</b> |                  |              |                  |
| %  | 18.4             | 45.0             | 24.3             | 12.3               | 100.0            |                  |              |                  |
| <b>Overall total on June 30, 2010</b>      | <b>1,466,373</b> | <b>4,659,538</b> | <b>2,376,155</b> | <b>890,276</b>     |                  | <b>9,392,342</b> |              |                  |
| %  | 15.6             | 49.6             | 25.3             | 9.5                |                  | 100.0            |              |                  |
| <b>Overall total on September 30, 2009</b> | <b>873,349</b>   | <b>5,025,250</b> | <b>1,963,658</b> | <b>362,482</b>     |                  |                  |              | <b>8,224,739</b> |
| %  | 10.6             | 61.1             | 23.9             | 4.4                |                  |                  |              | 100.0            |

## b) Onlending

|  | 2010             |                  |                  |                    |                   | 2009              |              | R\$ thousand      |
|--|------------------|------------------|------------------|--------------------|-------------------|-------------------|--------------|-------------------|
|  | 1 to 30 days     | 31 to 180 days   | 181 to 360 days  | More than 360 days | September 30      | June 30           | September 30 |                   |
| <b>Local</b>                               | <b>1,110,741</b> | <b>3,168,485</b> | <b>3,856,054</b> | <b>20,266,544</b>  | <b>28,401,824</b> | <b>25,152,024</b> |              | <b>18,797,835</b> |
| - National Treasury                        | -                | -                | 24,193           | -                  | 24,193            | 19,236            |              | 143,388           |
| - BNDES                                    | 338,282          | 1,098,371        | 1,272,691        | 8,775,125          | 11,484,469        | 9,883,266         |              | 8,296,368         |
| - CEF                                      | 1,732            | 7,670            | 9,205            | 68,852             | 87,459            | 87,411            |              | 90,512            |
| - FINAME                                   | 770,727          | 2,062,444        | 2,549,965        | 11,421,940         | 16,805,076        | 15,161,456        |              | 10,266,883        |
| - Other institutions                       | -                | -                | -                | 627                | 627               | 655               |              | 684               |
| <b>Foreign</b>                             | <b>8,633</b>     | <b>457,218</b>   | <b>-</b>         | <b>-</b>           | <b>465,851</b>    | <b>488,925</b>    |              | <b>1,942</b>      |
| <b>Overall total on September 30, 2010</b> | <b>1,119,374</b> | <b>3,625,703</b> | <b>3,856,054</b> | <b>20,266,544</b>  | <b>28,867,675</b> |                   |              |                   |
| %  | 3.9              | 12.6             | 13.3             | 70.2               | 100.0             |                   |              |                   |
| <b>Overall total on June 30, 2010</b>      | <b>992,544</b>   | <b>2,950,587</b> | <b>3,969,751</b> | <b>17,728,067</b>  |                   | <b>25,640,949</b> |              |                   |
| %  | 3.9              | 11.5             | 15.5             | 69.1               |                   | 100.0             |              |                   |
| <b>Overall total on September 30, 2009</b> | <b>1,052,624</b> | <b>2,789,984</b> | <b>3,068,915</b> | <b>11,888,254</b>  |                   |                   |              | <b>18,799,777</b> |
| %  | 5.6              | 14.8             | 16.3             | 63.3               |                   |                   |              | 100.0             |

## c) Borrowing and onlending expenses

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| <b>Borrowing:</b>                        |                         |                         |                     |                     |
| - Local                                  | 476                     | 1,121                   | 2,065               | 1,638               |
| - Foreign                                | 15,717                  | 14,612                  | 44,972              | 70,477              |
| <b>Subtotal borrowing</b>                | <b>16,193</b>           | <b>15,733</b>           | <b>47,037</b>       | <b>72,115</b>       |
| <b>Local onlending:</b>                  |                         |                         |                     |                     |
| - National Treasury                      | 228                     | 645                     | 2,210               | 4,408               |
| - BNDES                                  | 159,103                 | 142,183                 | 440,238             | 429,987             |
| - CEF                                    | 1,818                   | 2,036                   | 5,211               | 5,753               |
| - FINAME                                 | 197,470                 | 194,418                 | 584,636             | 548,287             |
| - Other institutions                     | 8                       | 10                      | 77                  | 57                  |
| <b>Foreign onlending:</b>                |                         |                         |                     |                     |
| - Payables to foreign bankers (Note 11a) | (21,497)                | 95,285                  | 232,129             | (105,565)           |
| - Other expenses with foreign onlending  | (598,316)               | 120,159                 | (504,603)           | (258,278)           |
| <b>Subtotal onlending</b>                | <b>(261,186)</b>        | <b>554,736</b>          | <b>759,898</b>      | <b>624,649</b>      |
| <b>Total</b>                             | <b>(244,993)</b>        | <b>570,469</b>          | <b>806,935</b>      | <b>696,764</b>      |

## 18) CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES TAX AND SOCIAL SECURITY

## a) Contingent assets

Contingent assets are not recognized in the financial statements, although there are ongoing proceedings with good prospects of success. The main one is:

- Social Integration Program (PIS) - R\$55,965 thousand: claiming the compensation of PIS on the Gross Operating Revenue, paid pursuant to Decree Laws 2,445/88 and 2,449/88, over the amount due under the terms of the Supplementary Law 07/70 (PIS Repique).

## b) Contingent liabilities classified as probable losses and legal liabilities tax and social security

The Bradesco Organization is currently party to a number of labor, civil and tax lawsuits, arising from the normal course of its business activities.

Provisions were recorded based on the opinion of legal advisors, the type of lawsuit, similarity with previous lawsuits, complexity and positioning of the courts, whenever a loss is deemed probable.

Management considers that the provision recorded is sufficient to cover losses generated by the corresponding proceedings.

Liability related to litigation is held until the definite successful outcome of the lawsuit, represented by favorable judicial decisions, for which appeals can no longer be lodged or due to the statute of limitation.



### **I - Labor claims**

These are claims brought by former employees seeking indemnity, especially for unpaid overtime. In proceedings requiring judicial deposit, the amount of labor claims is recorded considering the effective perspective of loss of these deposits. For other proceedings, the provision is recorded based on the average of total payments made for claims settled in the last 12 months, considering the year of the judicial ruling.

Following a more effective control over working hours implemented in 1992, via electronic time cards, overtime is paid regularly during the employment contract and, accordingly, the amount of claims on an individual basis subsequent to 1997 substantially decreased.

### **II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to notarized protests, returned checks, the inclusion of information about debtors in the restricted credit registry and the reincorporation of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled by computer-based systems and provisioned whenever the loss is evaluated as probable, considering the opinion of the legal advisors, the nature of the lawsuits, and similarity with previous lawsuits, complexity and positioning of the courts.

The issues discussed in lawsuits relating to protests, returned checks and information on debtors in the credit restriction registry usually are not events that cause a significant impact on financial income. Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 minimum wages.

It is worth noting the increase in legal claims pleading the incidence of inflation rates which were excluded from the monetary restatement of savings accounts balances due to Government Economic Plans which were part of the Government economic policy to reduce inflation in the past. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been provisioned taking into consideration claims effectively notified and their assessed loss perspectives, taking into consideration the current judicial decision of the Superior Court of Justice (STJ).

Regarding the disputes related to Economic Plans, it is worth noting two aspects: 1) inexistence of potential representative liability, given the right to new suits is barred; and 2) the APDF /165 lawsuit (failure to comply with fundamental concepts) brought by the National Confederation of the Financial System (CONSIF), with a view to suspending all the pending lawsuits about economic plans is pending judgment by the Federal Supreme Court (STF).

Currently, there are no significant administrative lawsuits in course, filed as a result of the lack of compliance with National Financial System regulations or payment of fines, which could cause significant impacts on the Bank's interest income.

### **III - Legal liabilities tax and social security**

The Bradesco Organization is disputing in court the legality and constitutionality of certain taxes and contributions, for which provisions have been recorded in full, although the likelihood of a medium- and long-term favorable outcome is good based on the opinion of the legal advisors.

The main issues are:

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- Cofins R\$4,530,824 thousand: it requests authorization to calculate and pay Cofins, as from October 2005, on the effective income, whose concept is in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation basis introduced by paragraph 1 of Article 3 of Law 9,718/98;

- INSS Autonomous Brokers R\$812,673 thousand: questions the incidence of social security contribution on remunerations paid to autonomous service providers, established by Supplementary Law 84/96 and subsequent regulations/amendments, at the rate of 20% and additional of 2.5%, under the argument that services are not provided to insurance companies, but to policyholders, thus being outside the incidence of the contribution provided for in item I, Article 22, of Law 8,212/91, with new wording given in Law 9,876/99;

- IRPJ/Loan Losses R\$736,084 thousand: it requests authorization to deduct, for purposes of determination of the calculation basis of IRPJ and CSLL, the amount of effective and definite loan losses, total or partial, suffered in the reference years from 1997 to 2009, regardless of the compliance with the conditions and terms provided for in Articles 9 to 14 of Law 9,430/96 that only apply to temporary losses;

- CSLL Deductibility on the IRPJ calculation basis R\$539,418 thousand: it requests to calculate and pay income tax due, related to the reference year of 1997 and subsequent years, without adding the CSLL to the respective calculation basis, set forth by Article 1, of Law 9,316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and

- PIS R\$280,080 thousand: it requests the authorization to offset amounts overpaid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the amount above the calculation basis laid down in the Constitution, i.e., gross operating revenue, as defined in the income tax legislation concept in Article 44 of Law 4,506/64, not including interest income.

In the third quarter of 2010, Bradesco continued with the tax amnesty program, established by Law 11,941/09, which allowed for the payment of lawsuits in installments. The net effect from the adhesion to the program amounted to R\$4,214 thousand and was substantially recorded in the Other Operating Revenues item. Bradesco did not make use of tax loss carryforwards or negative basis of social contribution to settle interest of debits of the program as set forth by said law.

**IV - Provisions by nature**

|                             | R\$ thousand      |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|
|                             | 2010              |                   | 2009              |
|                             | September 30      | June 30           | September 30      |
| Labor claims                | 1,575,954         | 1,618,413         | 1,555,469         |
| Civil claims                | 2,528,732         | 2,446,055         | 2,186,368         |
| <b>Subtotal (1)</b>         | <b>4,104,686</b>  | <b>4,064,468</b>  | <b>3,741,837</b>  |
| Tax and social security (2) | 8,660,207         | 8,291,665         | 8,604,398         |
| <b>Total</b>                | <b>12,764,893</b> | <b>12,356,133</b> | <b>12,346,235</b> |

(1) Note 20b; and

(2) Classified under Other liabilities tax and social security (Note 20a).

**V - Changes in provisions**

|                                       | R\$ thousand     |                  |                                |
|---------------------------------------|------------------|------------------|--------------------------------|
|                                       | 2010             |                  | Tax and<br>social security (1) |
|                                       | Labor            | Civil            |                                |
| <b>At the beginning of the period</b> | <b>1,595,534</b> | <b>2,342,634</b> | <b>7,066,453</b>               |
| Monetary restatement                  | 133,038          | 228,249          | 380,213                        |
| Net reversals and write-offs          | 295,766          | 312,403          | 1,236,312                      |
| Payments                              | (448,384)        | (354,554)        | (22,771)                       |
| <b>At the end of the period</b>       | <b>1,575,954</b> | <b>2,528,732</b> | <b>8,660,207</b>               |

(1) Comprises, substantially, legal liabilities.

**c) Contingent liabilities classified as possible losses**

The Bradesco Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and based on the opinion of legal advisors, classifies the lawsuits according to the expectation of loss. The trends of administrative and judicial proceedings are periodically analyzed and, if necessary, the related risks are reclassified. In this context the contingent proceedings evaluated as having the risk of possible loss are not recognized in the financial statements. The main proceedings are related to leasing companies' Tax on Services of any Nature (ISSQN), the total processes of which corresponds to R\$238,471 thousand. In this lawsuit, the demand of tax by municipalities other than those where the companies are located and from which the tax is collected in compliance with the law is discussed when recording tax credit.



## 19) SUBORDINATED DEBT

| Maturity                       | Original term<br>in years | Amount of<br>the<br>operation | Currency | Remuneration  | R\$ thousand            |                   |                         |
|--------------------------------|---------------------------|-------------------------------|----------|---|-------------------------|-------------------|-------------------------|
|                                |                           |                               |          |   | 2010<br>September<br>30 | 2009<br>June 30   | 2009<br>September<br>30 |
| <b>In Brazil:</b>              |                           |                               |          |   |                         |                   |                         |
| Subordinated CDB               |                           |                               |          |   |                         |                   |                         |
| 2011                           | 5                         | 4,504,022                     | R\$      | 102.5% to 104.0% of CDI rate  | 7,486,624               | 7,289,281         | 6,831,393               |
| 2012                           | 5                         | 3,236,273                     | R\$      | 103.0% of CDI rate/<br>100.0% of CDI rate + (0.344% p.a.<br>to 0.4914%) /<br>IPCA + (7.102% p.a. 7.632% p.a.) | 4,464,032               | 4,348,840         | 4,061,203               |
| 2013                           | 5                         | 575,000                       | R\$      | 100.0% of CDI rate + (0.344% p.a.<br>1.0817% p.a.)/<br>IPCA + (7.74% p.a. 8.20% p.a.)                         | 757,265                 | 737,686           | 684,305                 |
| 2014                           | 6                         | 1,000,000                     | R\$      | 112.0% of CDI rate  | 1,220,614               | 1,185,886         | 1,105,601               |
| 2015                           | 6                         | 1,274,696                     | R\$      | 108.0% and 112.0% of CDI rate/<br>IPCA + (6.92% p.a. 8.55% p.a.)  | 1,475,991               | 1,444,378         | 1,316,970               |
| 2016                           | 6                         | 500                           | R\$      | IPCA + (7.1292% p.a.)   | 544                     | 534               | -                       |
| 2012                           | 10                        | 1,569,751                     | R\$      | 100.0% of DI rate CETIP/<br>100.0% of CDI rate + (0.75% p.a.<br>0.87% p.a.)/<br>101.0% to 102.5% of CDI rate  | 5,031,027               | 4,898,612         | 4,589,493               |
| 2019                           | 10                        | 20,000                        | R\$      | IPCA + (7.76% p.a.)   | 22,876                  | 22,408            | -                       |
| For loan operations/other (3): |                           |                               |          |   |                         |                   |                         |
| 2011 to 2016                   | 1 to 5                    | 22,815                        | R\$      | 100.0% to 110.0% of CDI rate  | 23,692                  | 3,628             | 2,717                   |
| 2010 to 2012                   | up to 2                   | 142,331                       | R\$      | 9.14% to 14.88% p.a. rate   | 148,065                 | 128,449           | 397,694                 |
| 2017                           | up to 7                   | 20,000                        | R\$      | IPCA + 7.416% p.a.  | 20,699                  | 20,298            | -                       |
| 2017                           | up to 7                   | 20,100                        | R\$      | 13.176% p.a. rate   | 20,990                  | 20,336            | -                       |
| <b>Subtotal in Brazil</b>      |                           |                               |          |   | <b>20,672,419</b>       | <b>20,100,336</b> | <b>18,989,376</b>       |
| <b>Abroad:</b>                 |                           |                               |          |   |                         |                   |                         |
| 2011                           | 10                        | 353,700                       | US\$     | 10.25% p.a. rate  | 260,976                 | 284,212           | 273,747                 |
| 2012 (1)                       | 10                        | 315,186                       | Yen      | 4.05% p.a. rate   | 236,132                 | 239,926           | 247,826                 |
| 2013                           | 10                        | 1,434,750                     | US\$     | 8.75% p.a. rate   | 876,678                 | 898,310           | 920,025                 |
| 2014                           | 10                        | 801,927                       | Euro     | 8.00% p.a. rate   | 536,529                 | 503,040           | 603,246                 |
| Undetermined (2)               |                           | 720,870                       | US\$     | 8.875% p.a. rate  | -                       | -                 | 537,112                 |
| 2019                           | 10                        | 1,333,575                     | US\$     | 6.75% p.a. rate   | 1,271,126               | 1,380,012         | 1,334,075               |
| 2021 (4)                       | 11                        | 1,100,000                     | US\$     | 5.90% p.a. rate   | 1,871,626               | -                 | -                       |

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|                        |                   |                   |                   |
|------------------------|-------------------|-------------------|-------------------|
| Issuance costs         | (28,243)          | (21,225)          | (24,730)          |
| <b>Subtotal abroad</b> | <b>5,024,824</b>  | <b>3,284,275</b>  | <b>3,891,301</b>  |
| <b>Overall total</b>   | <b>25,697,243</b> | <b>23,384,611</b> | <b>22,880,677</b> |

- (1) Including the cost of swap to U.S. dollar, the rate increases to 10.15% p.a.;
- (2) In June 2005, perpetual subordinated debt was issued in the amount of US\$300,000 thousand, with exclusive redemption option on the part of the issuer, in its totality and upon previous authorization of Bacen, under the following conditions: (i) after 5 years from the issuance date and subsequently on each date of interest maturity; and (ii) at any moment in the event of a change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and if the issuer is notified in writing by Bacen that the securities may no longer be included in the consolidated capital for capital adequacy ratio calculation purposes. On April 14, 2010, Bacen approved the request for this early redemption, which occurred on June 3, 2010, amounting to R\$556,834 thousand;
- (3) Refers to subordinated CBD pegged to loan operations that, pursuant to Circular Letter 2,953/01, do not comprise the Reference Shareholders' Equity Tier II; and
- (4) In August 2010, a US\$1,100,000 thousand subordinated debt was issued abroad with a 5.90% p.a. rate, due in 2021.

**20) OTHER LIABILITIES****a) Tax and social security**

|  | R\$ thousand      |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | 2010              |                   | 2009              |
|  | September 30      | June 30           | September 30      |
| Provision for tax risks (Note 18b IV)        | 8,660,207         | 8,291,665         | 8,604,398         |
| Provision for deferred income tax (Note 34f) | 5,038,682         | 4,875,607         | 4,327,943         |
| Taxes and contributions on profits payable   | 1,661,513         | 959,081           | 2,053,841         |
| Taxes and contributions payable              | 823,221           | 610,635           | 566,081           |
| <b>Total</b>                                 | <b>16,183,623</b> | <b>14,736,988</b> | <b>15,552,263</b> |

**b) Sundry**

|  | R\$ thousand      |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | 2010              |                   | 2009              |
|  | September 30      | June 30           | September 30      |
| Credit card operations   | 9,238,839         | 9,532,694         | 5,599,005         |
| Provision for payments   | 3,751,921         | 3,580,084         | 3,564,487         |
| Provision for contingent liabilities (civil and labor) (Note 18b IV) | 4,104,686         | 4,064,468         | 3,741,837         |
| Sundry creditors   | 2,586,965         | 1,765,182         | 1,575,794         |
| Liabilities for acquisition of assets financial leasing (1)          | 758,291           | 836,613           | 858,627           |
| Liabilities for acquisition of assets and rights                     | 584,191           | 585,459           | 666,280           |
| Liabilities for official agreements                                  | 257,888           | 288,149           | 294,184           |
| Other  | 921,524           | 870,612           | 762,251           |
| <b>Total</b>   | <b>22,204,305</b> | <b>21,523,261</b> | <b>17,062,465</b> |

(1) Refers to liabilities for acquisition of data processing systems (hardware) by means of financial leasing operations (Bradesco as lessee).

## 21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS

## a) Provisions by account

|   | R\$ thousand  |           |                                    |            |            |            |               |           |           |            |            |            |
|---|---------------|-----------|------------------------------------|------------|------------|------------|---------------|-----------|-----------|------------|------------|------------|
|   | Insurance (1) |           | Life and Private Pension Plans (3) |            |            |            | Savings bonds |           |           | Total      |            |            |
|   | 2010          |           | 2009                               |            | 2010       |            | 2009          |           | 2010      |            |            | 2009       |
|   | September     | June      | September                          | September  | June       | September  | September     | June      | September | September  | June       | September  |
|   | 30            | 30        | 30                                 | 30         | 30         | 30         | 30            | 30        | 30        | 30         | 30         | 30         |
| <b>Current and long-term liabilities</b>              |               |           |                                    |            |            |            |               |           |           |            |            |            |
| Mathematical provision for benefits to be granted     | 662,169       | 652,386   | 495,506                            | 60,040,322 | 57,423,497 | 50,836,650 | -             | -         | -         | 60,702,491 | 58,075,883 | 51,332,156 |
| Mathematical provision for benefits granted           | 123,156       | 123,848   | 43,800                             | 4,821,753  | 4,753,910  | 4,402,912  | -             | -         | -         | 4,944,909  | 4,877,758  | 4,446,712  |
| Mathematical provision for redemptions                | -             | -         | -                                  | -          | -          | -          | 2,866,105     | 2,728,694 | 2,327,610 | 2,866,105  | 2,728,694  | 2,327,610  |
| Provision for incurred but not reported (IBNR) claims | 1,455,372     | 1,482,913 | 1,291,915                          | 591,292    | 584,941    | 574,404    | -             | -         | -         | 2,046,664  | 2,067,854  | 1,866,319  |
| Unearned premiums provision                           | 1,826,069     | 1,789,978 | 1,828,997                          | 73,078     | 74,129     | 76,794     | -             | -         | -         | 1,899,147  | 1,864,107  | 1,905,791  |
| Provision for contribution insufficiency (4)          | -             | -         | -                                  | 3,213,973  | 3,498,876  | 2,980,905  | -             | -         | -         | 3,213,973  | 3,498,876  | 2,980,905  |
| Provision for unsettled claims                        | 1,401,739     | 1,330,477 | 1,264,731                          | 845,052    | 812,420    | 717,784    | -             | -         | -         | 2,246,791  | 2,142,897  | 1,982,515  |
| Financial fluctuation provision                       | -             | -         | -                                  | 640,008    | 636,880    | 621,324    | -             | -         | -         | 640,008    | 636,880    | 621,324    |
| Premium insufficiency provision                       | -             | -         | -                                  | 572,665    | 211,725    | 556,830    | -             | -         | -         | 572,665    | 211,725    | 556,830    |
| Financial surplus provision                           | -             | -         | -                                  | 353,796    | 361,072    | 362,503    | -             | -         | -         | 353,796    | 361,072    | 362,503    |
| Provision for drawings and redemptions                | -             | -         | -                                  | -          | -          | -          | 487,121       | 468,789   | 440,377   | 487,121    | 468,789    | 440,377    |
| Provision for administrative expenses                 | -             | -         | -                                  | 110,369    | 128,824    | 154,808    | 123,262       | 112,170   | 89,885    | 233,631    | 240,994    | 244,693    |
| Provision for contingencies                           | -             | -         | -                                  | -          | -          | -          | 6,720         | 7,424     | 7,422     | 6,720      | 7,424      | 7,422      |
|   | 1,636,224     | 1,636,791 | 1,692,353                          | 512,535    | 488,643    | 633,254    | -             | -         | -         | 2,148,759  | 2,125,434  | 2,325,607  |

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Other provisions

|                         |           |           |           |            |            |            |           |           |           |            |            |            |
|-------------------------|-----------|-----------|-----------|------------|------------|------------|-----------|-----------|-----------|------------|------------|------------|
| <b>Total provisions</b> | 7,104,729 | 7,016,393 | 6,617,302 | 71,774,843 | 68,974,917 | 61,918,168 | 3,483,208 | 3,317,077 | 2,865,294 | 82,362,780 | 79,308,387 | 71,400,764 |
|-------------------------|-----------|-----------|-----------|------------|------------|------------|-----------|-----------|-----------|------------|------------|------------|

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## b) Technical provisions by product

|                                   | R\$ thousand     |                  |                                |                   |                   |                   |                  |                  |                  |                   |                   |                   |
|-----------------------------------|------------------|------------------|--------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
|                                   | Insurance        |                  | Life and Private Pension Plans |                   |                   |                   | Savings bonds    |                  |                  | Total             |                   |                   |
|                                   | 2010             |                  | 2009                           |                   | 2010              |                   | 2009             |                  | 2010             |                   | 2009              |                   |
|                                   | September        | June             | September                      | September         | June              | September         | September        | June             | September        | September         | June              | September         |
|                                   | 30               | 30               | 30                             | 30                | 30                | 30                | 30               | 30               | 30               | 30                | 30                | 30                |
| Health (1)                        | 3,470,574        | 3,453,252        | 3,479,016                      | -                 | -                 | -                 | -                | -                | -                | 3,470,574         | 3,453,252         | 3,479,016         |
| Auto/RCF                          | 2,147,920        | 2,124,851        | 1,727,624                      | -                 | -                 | -                 | -                | -                | -                | 2,147,920         | 2,124,851         | 1,727,624         |
| Dpvat                             | 94,809           | 92,134           | 120,011                        | 214,293           | 207,272           | 203,921           | -                | -                | -                | 309,102           | 299,406           | 323,932           |
| Life                              | 14,061           | 16,330           | 17,469                         | 3,044,254         | 2,921,849         | 2,611,490         | -                | -                | -                | 3,058,315         | 2,938,179         | 2,628,959         |
| Basic lines                       | 1,377,365        | 1,329,826        | 1,273,182                      | -                 | -                 | -                 | -                | -                | -                | 1,377,365         | 1,329,826         | 1,273,182         |
| Unrestricted Benefits             |                  |                  |                                |                   |                   |                   |                  |                  |                  |                   |                   |                   |
| Generating Plan - PGBL            | -                | -                | -                              | 12,571,211        | 12,029,539        | 11,227,218        | -                | -                | -                | 12,571,211        | 12,029,539        | 11,227,218        |
| Long-Term Life Insurance - VGBL   | -                | -                | -                              | 39,200,902        | 37,325,751        | 32,179,116        | -                | -                | -                | 39,200,902        | 37,325,751        | 32,179,116        |
| Traditional plans                 | -                | -                | -                              | 16,744,183        | 16,490,506        | 15,696,423        | -                | -                | -                | 16,744,183        | 16,490,506        | 15,696,423        |
| Savings bonds                     | -                | -                | -                              | -                 | -                 | -                 | 3,483,208        | 3,317,077        | 2,865,294        | 3,483,208         | 3,317,077         | 2,865,294         |
| <b>Total technical provisions</b> | <b>7,104,729</b> | <b>7,016,393</b> | <b>6,617,302</b>               | <b>71,774,843</b> | <b>68,974,917</b> | <b>61,918,168</b> | <b>3,483,208</b> | <b>3,317,077</b> | <b>2,865,294</b> | <b>82,362,780</b> | <b>79,308,387</b> | <b>71,400,764</b> |

## c) Guarantees of technical provisions

|  | R\$ thousand     |                  |                                |                   |                   |                   |                  |                  |                  |                   |                   |                   |
|--|------------------|------------------|--------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
|  | Insurance        |                  | Life and Private Pension Plans |                   |                   |                   | Savings bonds    |                  |                  | Total             |                   |                   |
|  | 2010             |                  | 2009                           |                   | 2010              |                   | 2009             |                  | 2010             |                   | 2009              |                   |
|  | September<br>30  | June<br>30       | September<br>30                | September<br>30   | June<br>30        | September<br>30   | September<br>30  | June<br>30       | September<br>30  | September<br>30   | June<br>30        | September<br>30   |
| Investment fund quotas (VGBL and PGBL)               | -                | -                | -                              | 51,772,113        | 49,355,290        | 43,406,334        | -                | -                | -                | 51,772,113        | 49,355,290        | 43,406,334        |
| Investment fund quotas (excluding VGBL and PGBL) (2) | 5,891,865        | 5,911,775        | 5,292,667                      | 13,756,600        | 14,624,897        | 14,032,708        | 3,133,537        | 3,036,637        | 2,537,237        | 22,782,002        | 23,573,309        | 21,862,612        |
| Government securities                                | 80,027           | -                | 366,202                        | 4,413,690         | 4,146,162         | 3,133,068         | -                | -                | -                | 4,493,717         | 4,146,162         | 3,499,270         |
| Private securities                                   | 35,033           | 22,296           | 21,689                         | 507,276           | 798,531           | 758,978           | 198,907          | 182,842          | 163,624          | 741,216           | 1,003,669         | 944,291           |
| Shares   | 2,414            | 2,111            | 1,708                          | 1,434,614         | 27,868            | 655,578           | 350,780          | 297,613          | 254,463          | 1,787,808         | 327,592           | 911,749           |
| Receivables  | 716,058          | 704,274          | 553,338                        | -                 | -                 | -                 | -                | -                | -                | 716,058           | 704,274           | 553,338           |
| Deposits retained at IRB and court deposits          | 6,585            | 6,552            | 6,611                          | 69,484            | 65,770            | 65,102            | -                | -                | -                | 76,069            | 72,322            | 71,713            |
| Reinsurance credits                                  | 617,833          | 620,754          | 628,363                        | 4,939             | 7,126             | 6,318             | -                | -                | -                | 622,772           | 627,880           | 634,681           |
| <b>Total guarantees of technical provisions</b>      | <b>7,349,815</b> | <b>7,267,762</b> | <b>6,870,578</b>               | <b>71,958,716</b> | <b>69,025,644</b> | <b>62,058,086</b> | <b>3,683,224</b> | <b>3,517,092</b> | <b>2,955,324</b> | <b>82,991,755</b> | <b>79,810,498</b> | <b>71,883,988</b> |

(1) "Other provisions" basically refers to the technical provisions of the "individual health" portfolio made in order to cover the differences of future premium adjustments and those necessary to the portfolio technical balance;

(2) In compliance with SUSEP Circular 379/2008, the Bradesco Insurance Group lengthened the maturity profile of its securities by selling a portion of its held-to-maturity portfolio at the same time as it acquired new instruments, of the same type and category, whose maturities and amounts are greater than those of the securities sold. The effects of this operation did not have significant impact on the Bank's income for the quarter, due to the recording of technical provisions.

(3) Includes personal insurance and private pension operations; and

(4) The provision for contribution insufficiency for retirement and pension plans is calculated according to the normalized biometric table AT-2000, improved by 1.5% p.a., considering males separated from females, who have a longer life expectancy, and actual real interest rate of 4.0% p.a. For disabilities plans, the provision is also actuarially calculated according to the biometric AT-49 (male) table and the 4.0% p.a. real interest rate.





**d) Retained premiums from insurance, private pension plans contributions and savings bonds**

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Premiums written   | 3,684,321               | 3,545,445               | 10,315,578          | 9,082,554           |
| Supplementary private pension plan contributions (including VGBL)                | 3,402,921               | 3,052,115               | 9,745,595           | 8,151,959           |
| Revenues from savings bonds  | 658,080                 | 593,584                 | 1,777,856           | 1,415,501           |
| Coinsurance premiums   | (34,633)                | (31,847)                | (93,856)            | (271,520)           |
| Refunded premiums  | (38,064)                | (23,633)                | (85,550)            | (85,824)            |
| <b>Net premiums written</b>  | <b>7,672,625</b>        | <b>7,135,664</b>        | <b>21,659,623</b>   | <b>18,292,670</b>   |
| Reinsurance premiums   | (42,138)                | (79,658)                | (182,163)           | (185,837)           |
| <b>Retained premiums from insurance, private pension plans and savings bonds</b> | <b>7,630,487</b>        | <b>7,056,006</b>        | <b>21,477,460</b>   | <b>18,106,833</b>   |

**22) MINORITY INTEREST IN SUBSIDIARIES**

|                         | R\$ thousand   |                |                |
|-------------------------|----------------|----------------|----------------|
|                         | 2010           |                | 2009           |
|                         | September 30   | June 30        | September 30   |
| Andorra Holdings S.A.   | 185,957        | 180,812        | 169,268        |
| Banco Bradesco BBI S.A. | 91,724         | 89,956         | 86,537         |
| Other (1)               | 405,617        | 407,181        | 104,015        |
| <b>Total</b>            | <b>683,298</b> | <b>677,949</b> | <b>359,820</b> |

(1) Mainly represented by minority interest at Odontoprev S.A.

**23) SHAREHOLDERS' EQUITY (PARENT COMPANY)****a) Breakdown of capital stock in number of shares**

Fully subscribed and paid-up capital stock comprises non-par, registered, book-entry shares.

|                          | 2010                 |                      | 2009                 |
|--------------------------|----------------------|----------------------|----------------------|
|                          | September 30         | June 30              | September 30         |
| Common shares            | 1,881,225,318        | 1,881,225,318        | 1,534,934,979        |
| Preferred shares         | 1,881,225,123        | 1,881,225,123        | 1,534,934,821        |
| <b>Subtotal</b>          | <b>3,762,450,441</b> | <b>3,762,450,441</b> | <b>3,069,869,800</b> |
| Treasury (common shares) | -                    | -                    | (1,859,700)          |

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|                                 |                      |                      |                      |
|---------------------------------|----------------------|----------------------|----------------------|
| Treasury (preferred shares)     | -                    | -                    | (1,268,600)          |
| <b>Total outstanding shares</b> | <b>3,762,450,441</b> | <b>3,762,450,441</b> | <b>3,066,741,500</b> |

**b) Breakdown of capital stock in number of shares**

|  | Common               | Preferred            | Total                |
|--|----------------------|----------------------|----------------------|
| <b>Number of outstanding shares on December 31, 2009</b>               | <b>1,710,204,835</b> | <b>1,710,345,568</b> | <b>3,420,550,403</b> |
| Shares acquired and cancelled  | -                    | (140,910)            | (140,910)            |
| Capital stock increase with share issue 10% bonus stock <sup>(1)</sup> | 171,020,483          | 171,020,465          | 342,040,948          |
| <b>Number of outstanding shares on September 30, 2010</b>              | <b>1,881,225,318</b> | <b>1,881,225,123</b> | <b>3,762,450,441</b> |

(1) It benefitted shareholders registered in the bank on July 13, 2010.

At a Special Shareholders Meeting held on June 10, 2010, the capital stock increase by R\$2,000,000 thousand, from R\$26,500,000 thousand to R\$28,500,000 thousand was resolved. Capital was increased by means of the capitalization of part of the balance of "Profit Reserves -Statutory Reserves" account, as set forth in Article 169 of Law 6,404/76, with a 10% stock bonus, upon the issue of 342,040,948 new nominative, book-entry shares with no par value, out of which 171,020,483 are common and 171,020,465 are preferred shares, attributed free of charge to shareholders as bonuses at the ratio of one (1) new share to each ten (10) shares of the type of shares they hold, benefitting shareholders registered as such in the Bank's records on July 13, 2010.

Concurrently to the operation in the Brazilian Market, and at the same ratio, American Depositary Receipts (ADRs) were entitled to bonus in the American Market (NYSE) and Global Depositary Receipts (GDRs) in the European Market (Latibex). Investors received one (1) new DR for each ten (10) DRs they held on July 13, 2010.

**c) Interest on shareholders' equity/dividends**

Preferred shares have no voting rights, but are entitled to all rights and advantages given to common shares and, in compliance with Bradesco's Bylaws, have priority in repayment of capital and additional ten per cent (10%) of interest on shareholders' equity and/or dividends, in accordance with the provisions of Paragraph 1, item II, of Article 17 of Law 6,404/76, with the new wording given in Law 10,303/01.

According to Bradesco's Bylaws, shareholders are entitled to interest on shareholders' equity and/or total dividends of at least 30% of the net income for the year, adjusted in accordance with Brazilian Corporation Law.

Interest on shareholders' equity is calculated based on the shareholders' equity accounts and is limited to the variation in the Federal Government Long-Term Interest Rate (TJLP), provided there are available profits, calculated prior to the deduction thereof, or retained earnings and profit reserves in amounts equivalent to, or exceeding twice, the amount of such interest.

Bradesco's capital remuneration policy aims at distributing the interest on shareholders' equity at the maximum amount calculated pursuant to prevailing laws, and this is included, net of Withholding Income Tax, in the calculation of the mandatory dividends of the year set forth in the Company's Bylaws.

The Board of Directors' Meeting held on December 4, 2009 approved the Board of Executive Officers' proposal for the payment of supplementary interest on shareholders' equity to shareholders for the fiscal year of 2009 in the amount of R\$1,632,000 thousand, out of which R\$0.499755537 (net of withholding income tax of 15% - R\$0.424792206) per common share and R\$0.549731091 (net of 15% withholding income tax - R\$0.467271427) per preferred share, the payment of which will be made on March 9, 2010.

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At the Board of Directors' Meeting held on February 10, 2010, the board members approved the proposal of the Board of Executive Officers related to the payment of additional interest on shareholders' equity and dividends to shareholders related to 2009, in the amount of R\$76,995 thousand, of which R\$0.021438536 per common share and R\$0.023582390 per preferred share, the payment of which was made on March 9, 2010.

At a Board of Directors' Meeting held on June 28, 2010, the Board of Executive Officers' proposal was approved, which addresses the payment to shareholders of interim interest on shareholders' equity for the first half of 2010 in the amount of R\$558,600 thousand, out of which R\$0.155520588 (net of withholding income tax of 15% - R\$0.132192500) per common share and R\$0.171072647 (net of withholding income tax of 15% - R\$0.145411750) per preferred share, paid on July 19, 2010.

The calculation of interest on shareholders' equity and dividends related to the nine-month period ended September 30, 2010 is as follows:

|   | R\$ thousand     | % (1)        |
|---|------------------|--------------|
| Net income for the period   | 7,034,928        |              |
| (-) Legal reserve   | (351,746)        |              |
| <b>Adjusted calculation basis</b>   | <b>6,683,182</b> |              |
| Interest on shareholders' equity (gross) payable and provisioned                      | 1,975,947        |              |
| Withholding income tax on interest on shareholders' equity                            | (296,392)        |              |
| <b>Interest on shareholders' equity (net)</b>   | <b>1,679,555</b> |              |
| Monthly dividends paid and provisioned  | 432,439          |              |
| <b>Interest on shareholders' equity (net) and dividends on September 30, 2010 YTD</b> | <b>2,111,994</b> | <b>31.60</b> |
| <b>Interest on shareholders' equity (net) and dividends on September 30, 2009 YTD</b> | <b>1,746,159</b> | <b>31.52</b> |

(1) Percentage of interest on shareholders' equity/dividends over adjusted calculation basis.

Interest on shareholders' equity and dividends were paid and provisioned as follows:

| Description  | Per share (gross) |                     | Gross paid/<br>provisioned<br>amount | Withholding<br>Income Tax<br>(IRRF)<br>(15%) | R\$ thousand<br>Net paid/<br>provisioned<br>amount |
|--|-------------------|---------------------|--------------------------------------|--|--|
|  | Common<br>shares  | Preferred<br>shares |                                      |  |  |
| Supplementary interest on shareholders' equity             | 0.343309          | 0.377640            | 1,106,501                            | 165,975                                      | 940,526  |
| Interim interest on shareholders' equity                   | 0.155521          | 0.171073            | 501,269                              | 75,190                                       | 426,079  |
| Monthly dividends  | 0.117772          | 0.129549            | 379,554                              | -  | 379,554  |
| <b>Total on September 30, 2009 YTD</b>                     | <b>0.616602</b>   | <b>0.678262</b>     | <b>1,987,324</b>                     | <b>241,165</b>                               | <b>1,746,159</b>                                   |
| Provisioned supplementary interest on shareholders' equity | 0.358770          | 0.394647            | 1,417,347                            | 212,602                                      | 1,204,745  |
| Paid interim interest on shareholders' equity              | 0.155521          | 0.171073            | 558,600                              | 83,790                                       | 474,810  |
| Provisioned and paid monthly dividends                     | 0.118973          | 0.130870            | 432,439                              | -  | 432,439  |
| <b>Total on September 30, 2010 YTD</b>                     | <b>0.633264</b>   | <b>0.696590</b>     | <b>2,408,386</b>                     | <b>296,392</b>                               | <b>2,111,994</b>                                   |

### d) Treasury shares

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The Special Shareholders' Meeting held on March 10, 2010, approved the proposal of the Board of Directors to cancel 6,676,340 registered book-entry shares, held in treasury, of which 3,338,170 common and 3,338,170 preferred, representing the capital stock but not reducing it.

**24) FEE AND COMMISSION INCOME**

|   | R\$ thousand            |                         |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|
|   | 2010                    |                         | 2009                |                     |
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Card income                                 | 1,054,018               | 974,002                 | 2,982,768           | 2,433,025           |
| Checking accounts                           | 595,906                 | 576,618                 | 1,714,672           | 1,637,721           |
| Loan operations                             | 447,199                 | 454,586                 | 1,308,694           | 1,166,785           |
| Asset management                            | 470,150                 | 440,849                 | 1,340,511           | 1,171,441           |
| Collections                                 | 273,305                 | 265,115                 | 795,760             | 737,852             |
| Custody and brokerage services              | 111,896                 | 115,340                 | 341,251             | 296,841             |
| Consortium management                       | 112,236                 | 104,596                 | 314,084             | 256,392             |
| Taxes paid                                  | 73,889                  | 69,541                  | 212,447             | 189,755             |
| (Underwriting ) Financial advisory services | 84,626                  | 39,521                  | 200,374             | 235,152             |
| Other                                       | 135,417                 | 152,880                 | 421,560             | 392,061             |
| <b>Total</b>                                | <b>3,358,642</b>        | <b>3,193,048</b>        | <b>9,632,121</b>    | <b>8,517,025</b>    |

**25) PERSONNEL EXPENSES**

|                            | R\$ thousand            |                         |                     |                     |
|----------------------------|-------------------------|-------------------------|---------------------|---------------------|
|                            | 2010                    |                         | 2009                |                     |
|                            | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Payroll                    | 1,119,773               | 1,062,579               | 3,183,343           | 2,885,597           |
| Benefits                   | 490,551                 | 423,991                 | 1,331,984           | 1,166,359           |
| Social security charges    | 425,218                 | 400,301                 | 1,201,960           | 1,012,604           |
| Employee profit sharing    | 203,774                 | 196,553                 | 605,346             | 471,345             |
| Provision for labor claims | 141,250                 | 127,916                 | 378,375             | 283,100             |
| Training                   | 30,461                  | 26,356                  | 68,286              | 66,381              |
| <b>Total</b>               | <b>2,411,027</b>        | <b>2,237,696</b>        | <b>6,769,294</b>    | <b>5,885,386</b>    |

**26) OTHER ADMINISTRATIVE EXPENSES**

|                                    | R\$ thousand            |                         |                     |                     |
|------------------------------------|-------------------------|-------------------------|---------------------|---------------------|
|                                    | 2010                    |                         | 2009                |                     |
|                                    | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Third-party services               | 791,356                 | 730,204                 | 2,245,637           | 1,828,027           |
| Communication                      | 354,157                 | 342,609                 | 1,031,241           | 899,261             |
| Advertising and publicity          | 210,835                 | 156,337                 | 519,535             | 305,296             |
| Depreciation and amortization      | 333,106                 | 320,640                 | 967,125             | 778,944             |
| Transportation                     | 163,372                 | 160,839                 | 466,522             | 404,955             |
| Financial system services          | 88,960                  | 92,158                  | 267,177             | 190,106             |
| Rentals                            | 138,886                 | 137,015                 | 419,420             | 410,854             |
| Data processing                    | 217,702                 | 205,812                 | 614,280             | 560,067             |
| Asset maintenance and conservation | 113,413                 | 109,669                 | 330,538             | 306,902             |
| Supplies                           | 74,777                  | 66,352                  | 203,693             | 161,155             |
| Security and surveillance          | 70,307                  | 66,466                  | 202,916             | 185,699             |
| Water, electricity and gas         | 48,459                  | 52,579                  | 155,891             | 146,537             |
| Travels                            | 39,414                  | 28,884                  | 89,452              | 55,926              |
| Other                              | 163,502                 | 193,350                 | 521,982             | 374,412             |
| <b>Total</b>                       | <b>2,808,246</b>        | <b>2,662,914</b>        | <b>8,035,409</b>    | <b>6,608,141</b>    |

**27) TAX EXPENSES**

|   | R\$ thousand            |                         |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|
|   | 2010                    |                         | 2009                |                     |
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Contribution for Social Security Financing (Cofins) | 593,197                 | 493,081                 | 1,576,082           | 1,360,389           |
| Tax on Services (ISS)                               | 97,080                  | 92,285                  | 277,886             | 251,031             |
| Social Integration Program (PIS) contribution       | 98,784                  | 83,978                  | 265,560             | 258,164             |
| Municipal Real Estate Tax (IPTU) expenses           | 6,948                   | 7,031                   | 30,034              | 26,561              |
| Other   | 55,077                  | 44,774                  | 158,416             | 120,067             |
| <b>Total</b>  | <b>851,086</b>          | <b>721,149</b>          | <b>2,307,978</b>    | <b>2,016,212</b>    |

**28) OTHER OPERATING INCOME**

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Other interest income                          | 261,582                 | 252,033                 | 738,163             | 620,970             |
| Reversal of other operating provisions         | 87,443                  | 76,726                  | 258,238             | 127,116             |
| Gains on sale of goods                         | 14,927                  | 13,780                  | 42,418              | 39,703              |
| Revenues from recovery of charges and expenses | 15,409                  | 17,769                  | 46,228              | 46,729              |
| Others   | 260,113                 | 247,083                 | 816,004             | 811,159             |
| <b>Total</b>                                   | <b>639,474</b>          | <b>607,391</b>          | <b>1,901,051</b>    | <b>1,645,677</b>    |

**29) OTHER OPERATING EXPENSES**

|   | R\$ thousand            |                         |                     |                     |
|---|-------------------------|-------------------------|---------------------|---------------------|
|   | 2010                    |                         | 2009                |                     |
|   | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Other financial expenses  | 594,632                 | 526,679                 | 1,752,409           | 1,760,237           |
| Sundry losses   | 318,554                 | 318,149                 | 942,302             | 815,103             |
| Intangible assets amortization acquisition of banking services rights | 146,708                 | 148,550                 | 438,267             | 357,268             |
| Expenses with other operating provisions (1)                          | 241,422                 | 229,379                 | 1,044,180           | 1,122,711           |
| Goodwill amortization (Note 15a)                                      | 56,631                  | 56,011                  | 171,514             | 73,732              |
| Other   | 291,006                 | 275,417                 | 836,683             | 979,312             |
| <b>Total</b>  | <b>1,648,953</b>        | <b>1,554,185</b>        | <b>5,185,355</b>    | <b>5,108,363</b>    |

(1) Includes: (i) supplementary provision for civil lawsuits economic plans in the nine-month period ended September 30, 2010 R\$183,070 thousand (September 30, 2009 R\$803,811 thousand) and R\$71,511 thousand in the third quarter of 2010 (R\$75,603 thousand in the second quarter of 2010); and (ii) provision for tax contingencies in the nine-month period ended September 30, 2010 R\$396,731 thousand.

**30) NON-OPERATING RESULT**

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Result on sale and write-off of assets and investments (1) | 10,605                  | (95,876)                | (171,691)           | 2,261,895           |
| Non-operating provisions                                   | (16,973)                | (12,226)                | (46,710)            | (73,540)            |



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|              |                 |                  |                  |                  |
|--------------|-----------------|------------------|------------------|------------------|
| Others       | (16,597)        | (13,951)         | (21,991)         | 64,935           |
| <b>Total</b> | <b>(22,965)</b> | <b>(122,053)</b> | <b>(240,392)</b> | <b>2,253,290</b> |

(1) Includes: (i) R\$79,173 thousand in the third quarter of 2010 resulting from the partial sale of CPM Braxis shares; and (ii) R\$2,409,619 thousand in September 2009, which is the result in the partial spin-off of Visanet (currently Cielo) shares, net of distribution charges.

**31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT)**

a) Transactions with parent companies (direct and indirect) are carried out in conditions and at rates compatible with the averages practiced with third parties, and effective on the dates of the operations, and are as follows:

|  | 2010                 |                      | 2009                 | 2010                |                     | R\$ thousand        |                     |
|--|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
|  | September 30         | June 30              | September 30         | 3rd quarter         | 2nd quarter         | September 30 YTD    | September 30 YTD    |
|  | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) | Revenues (expenses) | Revenues (expenses) | Revenues (expenses) | Revenues (expenses) |
| <b>Interest on shareholders' equity and dividends:</b> | <b>(460,202)</b>     | <b>(233,875)</b>     | <b>(364,526)</b>     | -                   | -                   | -                   | -                   |
| Cidade de Deus Companhia Comercial de Participações    | (333,303)            | (169,385)            | (264,009)            | -                   | -                   | -                   | -                   |
| Fundação Bradesco                                      | (126,899)            | (64,490)             | (100,517)            | -                   | -                   | -                   | -                   |
| <b>Demand deposits:</b>                                | <b>(311)</b>         | <b>(309)</b>         | <b>(481)</b>         | -                   | -                   | -                   | -                   |
| Fundação Bradesco                                      | (290)                | (296)                | (462)                | -                   | -                   | -                   | -                   |
| BBD Participações S.A. (1)                             | (9)                  | (5)                  | (16)                 | -                   | -                   | -                   | -                   |
| Nova Cidade de Deus Participações S.A.                 | (8)                  | (1)                  | (1)                  | -                   | -                   | -                   | -                   |
| Cidade de Deus Companhia Comercial de Participações    | (4)                  | (7)                  | (2)                  | -                   | -                   | -                   | -                   |
| <b>Time deposits:</b>                                  | <b>(40,475)</b>      | <b>(11,441)</b>      | <b>(1,576)</b>       | <b>(16)</b>         | <b>(4)</b>          | <b>(33)</b>         | <b>(58)</b>         |
| Cidade de Deus Companhia Comercial de Participações    | (40,475)             | (11,441)             | (1,576)              | (16)                | (4)                 | (33)                | (58)                |
| <b>Rental of branches:</b>                             | -                    | -                    | -                    | <b>(123)</b>        | <b>(119)</b>        | <b>(359)</b>        | <b>(347)</b>        |
| Fundação Bradesco                                      | -                    | -                    | -                    | (123)               | (119)               | (359)               | (347)               |
| <b>Subordinated debts:</b>                             | <b>(251,269)</b>     | <b>(163,214)</b>     | <b>(263,345)</b>     | <b>(4,617)</b>      | <b>(3,376)</b>      | <b>(10,766)</b>     | <b>(17,466)</b>     |
| Cidade de Deus Companhia Comercial de Participações    | (174,611)            | (88,507)             | (107,047)            | (2,667)             | (1,746)             | (5,749)             | (3,469)             |
| Fundação Bradesco                                      | (76,658)             | (74,707)             | (156,298)            | (1,950)             | (1,630)             | (5,017)             | (13,997)            |

(1) Current name of Elo Participações e Investimentos S.A.

**b) Compensation of key Management personnel**

Each year, the Annual Shareholders Meeting approves:

- The annual overall amount of management compensation, set forth at the Board of Directors Meetings among the board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance supplementary private pension plans to Management, within the private pension plan for employees and management of the Bradesco Organization.

For 2010, the maximum amount of R\$258,900 thousand was set for management compensation (salaries and bonuses) and R\$233,500 thousand to finance defined contribution supplementary private pension plans.

**Short-term Management benefits**

|                    | R\$ thousand            |                         |                     |                     |
|--------------------|-------------------------|-------------------------|---------------------|---------------------|
|                    | 2010                    |                         | 2009                |                     |
|                    | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Salaries           | 36,021                  | 35,260                  | 106,920             | 108,416             |
| Bonuses            | 14,509                  | 34,632                  | 79,209              | 21,065              |
| <b>Subtotal</b>    | <b>50,530</b>           | <b>69,892</b>           | <b>186,129</b>      | <b>129,481</b>      |
| INSS contributions | 11,337                  | 15,680                  | 41,705              | 29,056              |
| <b>Total</b>       | <b>61,867</b>           | <b>85,572</b>           | <b>227,834</b>      | <b>158,537</b>      |

**Post-employment benefits**

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| Defined contribution supplementary private pension plans | 78,737                  | 34,917                  | 148,748             | 108,905             |
| <b>Total</b>   | <b>78,737</b>           | <b>34,917</b>           | <b>148,748</b>      | <b>108,905</b>      |

Bradesco does not offer long-term benefits related to severance pay or share-based compensation to its key Management personnel.

**Other information****D) According to current laws, financial institutions are not allowed to grant loans or advances to:**

- Officers and members of the advisory, administrative, fiscal or similar councils, as well as to their respective spouses and family members up to the second degree;
- Individuals or corporations that own more than 10% of their capital; and
- Corporations of which the financial institution itself, any officers or administrators of the institution, as well as their spouses and respective family members up to the second degree own more than 10%;



Therefore, no loans or advances are granted by financial institutions to any subsidiary, members of the Board of Directors or Board of Executive Officers and their relatives.

## II) Shareholding

Members of the Board of Directors and Board of Executive Officers, jointly, had the following shareholding in Bradesco on September 30, 2010:

|                  |       |
|------------------|-------|
| Common shares    | 0.74% |
| Preferred shares | 1.04% |
| Total shares     | 0.89% |

## 32) FINANCIAL INSTRUMENTS

### a) Risk management

The Bradesco Organization considers risk management essential to all its activities, using it to add value to its business and support business areas in the planning of its activities, maximizing the use of own and third-party resources, for the benefit its stakeholders and the company.

Risk management activity is highly strategic due to the increasing complexity of services and products offered and the globalization of the Organization's business, reason why it is always improving its processes, in addition to using as base the best international practices, Brazilian rules and the recommendations of the New Capital Accord.

The Organization makes strong investments in initiatives related to risk management processes, especially in staff training to improve the quality of said processes and ensure the necessary focus, inherent to these activities that generate a strong added value. In this context, the Organization has three large pillars that support the entire risk management structure: i) corporate governance; ii) management structure; and iii) risk management methodology.

#### Credit risk management

Credit risk is related to the possibility of losses associated to the non-compliance by the borrower or counterparty of their respective financial obligations pursuant to agreed terms, as well as to the reduction of a loan agreement value from decrease in the borrower's risk rating, to the reduction of gains or compensations, the advantages in renegotiations, recovery costs and other values related to the counterparty's non-compliance with its financial obligations.

To mitigate credit risk, the Organization continuously reviews credit activities processes, implementing improvements, examining and preparing inventories of its models, as well as monitoring concentrations and identifying new areas of credit risks.

#### Market risk management

Market risk is the possibility of loss by fluctuating market prices and rates, once the Organization's asset and liability portfolios may present mismatches in terms, currencies and indexes.

Market risk management at Bradesco enables the Organization to make strategic decisions with agility and a high level of reliance. Market risk is carefully monitored, assessed and managed. The Organization's market risk profile is conservative and all guidelines are monitored independently and on a daily basis.

Market risk is controlled for all of the Organization's companies in a corporate and centralized manner. All activities exposed to market risk are mapped, measured and classified by probability and importance, with their respective mitigation plans are duly approved by the corporate governance structure.

Bradesco always seeks to comply with the best international market practices, local regulations, and the recommendations of the New Basel Capital Accord. Therefore, the Bank applied to the Brazilian Central Bank to use its internal market risk models for capital allocation, on June 30, 2010, in accordance with the requirements of that autonomous agency, and consequently, in accordance with the New Basel Capital Accord. Thus, the Bank expects to reduce capital allocation for market risk once it starts utilizing its internal models after Bacen's approval.

The performance of limits is monitored daily by the Integrated Risk Control Department, which is independent to business management and adopts the Parametric VaR (Value at Risk) outlook, in the calculation of the trading portfolio risk, with a 99% confidence level, one-day horizon, and correlations and volatilities calculated using statistical methods in which recent returns are given more importance. In addition, the methodology applied and current statistic models in the measurement of market risks are evaluated daily using backtesting techniques.

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We present below the balance sheet by currency

|  | R\$ thousand       |                    |                   |                   |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | 2010               |                    |                   | 2009              |                   |
|  | Balance            | September 30       |                   | June 30           | September 30      |
|  |                    | Domestic           | Foreign (1) (2)   | Foreign (1) (2)   |                   |
| <b>Assets</b>  |                    |                    |                   |                   |                   |
| <b>Current and long-term assets</b>  | <b>601,180,102</b> | <b>558,861,249</b> | <b>42,318,853</b> | <b>37,278,675</b> | <b>35,748,834</b> |
| Funds available  | 9,668,864          | 6,306,885          | 3,361,979         | 1,224,837         | 2,115,883         |
| Interbank investments  | 92,567,082         | 90,171,209         | 2,395,873         | 2,119,671         | 1,786,446         |
| Securities and derivative financial instruments                            | 196,081,209        | 188,251,681        | 7,829,528         | 7,193,606         | 9,112,823         |
| Interbank and interdepartmental accounts                                   | 50,780,865         | 50,780,865         | -                 | 353,461           | 425,664           |
| Loan and leasing operations  | 184,808,431        | 168,619,390        | 16,189,041        | 16,804,073        | 12,099,734        |
| Other receivables and assets   | 67,273,651         | 54,731,219         | 12,542,432        | 9,583,027         | 10,208,284        |
| <b>Permanent assets</b>  | <b>10,723,324</b>  | <b>10,652,873</b>  | <b>70,451</b>     | <b>137,360</b>    | <b>7,341</b>      |
| Investments  | 1,615,858          | 1,573,166          | 42,692            | -                 | -                 |
| Premises and equipment and leased assets                                   | 3,401,050          | 3,395,448          | 5,602             | 12,523            | 7,247             |
| Intangible assets  | 5,706,416          | 5,684,259          | 22,157            | 124,837           | 94                |
| <b>Total</b>   | <b>611,903,426</b> | <b>569,514,122</b> | <b>42,389,304</b> | <b>37,416,035</b> | <b>35,756,175</b> |
| <b>Liabilities</b>   |                    |                    |                   |                   |                   |
| <b>Current and long-term liabilities</b>                                   | <b>564,794,409</b> | <b>522,204,169</b> | <b>42,590,240</b> | <b>29,692,749</b> | <b>27,924,611</b> |
| Deposits   | 186,194,258        | 175,621,835        | 10,572,423        | 4,043,580         | 6,301,070         |
| Federal funds purchased and securities sold under agreements to repurchase | 157,008,737        | 154,389,123        | 2,619,614         | 652,483           | 124,458           |
| Funds from issuance of securities  | 13,749,384         | 8,175,819          | 5,573,565         | 5,752,347         | 4,124,115         |
| Interbank and interdepartmental accounts                                   | 2,451,263          | 1,020,695          | 1,430,568         | 1,401,752         | 1,400,103         |
| Borrowing and onlending  | 37,997,990         | 28,091,444         | 9,906,546         | 10,168,190        | 8,491,792         |
| Derivative financial instruments   | 1,878,004          | 1,640,736          | 237,268           | 154,389           | 120,099           |
| Technical provision for insurance, private pension plans and savings bonds | 82,362,780         | 82,361,364         | 1,416             | 1,671             | 2,114             |
| Other liabilities:   |                    |                    |                   |                   |                   |
| - Subordinated debt  | 25,697,243         | 20,672,419         | 5,024,824         | 3,284,275         | 3,891,301         |
| - Other  | 57,454,750         | 50,230,734         | 7,224,016         | 4,234,062         | 3,469,559         |
| <b>Deferred income</b>   | <b>312,056</b>     | <b>312,056</b>     | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Minority interest in subsidiaries</b>                                   | <b>683,298</b>     | <b>683,298</b>     | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Shareholders' equity</b>  | <b>46,113,663</b>  | <b>46,113,663</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total</b>   | <b>611,903,426</b> | <b>569,313,186</b> | <b>42,590,240</b> | <b>29,692,749</b> | <b>27,924,611</b> |
| <b>Net position of assets and liabilities</b>                              |                    |                    | <b>(200,936)</b>  | <b>7,723,286</b>  | <b>7,831,564</b>  |
| Net position of derivatives (2)  |                    |                    | (10,324,597)      | (18,758,573)      | (15,742,503)      |
| Other net memorandum accounts (3)  |                    |                    | (61,278)          | (2,471)           | 1,188,896         |

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|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Net exchange position (liability)</b> | <b>(10,586,811)</b> | <b>(11,037,758)</b> | <b>(6,722,043)</b> |
|--|---------------------|---------------------|--------------------|

- (1) Amounts expressed and/or indexed mainly in USD;
- (2) Excluding operations maturing in D+1, to be settled at the rate of the last day of the month; and
- (3) Other commitments recorded in memorandum accounts.



We present the VaR in the chart below

| Risk factors                       | R\$ thousand |              |               |
|------------------------------------|--------------|--------------|---------------|
|                                    | 2010         |              | 2009          |
|                                    | September 30 | June 30      | September 30  |
| Fixed rates                        | 6,061        | 3,544        | 3,541         |
| Internal exchange coupon           | 873          | 1,505        | 372           |
| Foreign currency                   | 455          | 172          | 1,444         |
| IGP-M                              | 1,569        | 494          | 221           |
| IPCA                               | 1,563        | 716          | 13,061        |
| Variable income                    | 2,181        | 4,894        | 5,495         |
| Sovereign/Eurobonds and Treasuries | 302          | 3,113        | 15,417        |
| Other                              | 1            | 4            | 25            |
| Correlation/diversification effect | (4,532)      | (8,900)      | (14,105)      |
| <b>VaR (Value at Risk)</b>         | <b>8,473</b> | <b>5,542</b> | <b>25,471</b> |

### Sensitivity analysis

In conformity with good risk management governance practice, Bradesco maintains a continued process of management of its positions, which encompasses control of all positions exposed to market risk by means of measures compatible with the best international practices and the New Basel Capital Accord. It is also worth mentioning that financial institutions have risk limits and controls and leverage regulated by Bacen.

Risk limit proposals are validated by specific business committees and submitted to the approval of the Integrated Risk Management and Capital Allocation Committee, complying with limits laid down by the Board of Directors, according to the positions' targets, which are divided into the following portfolios:

- **Trading Portfolio:** consists of all financial instruments, commodities, derivatives operations held for trading or as a hedge of other trading portfolios, which are not subject to trading restrictions.  
Operations intended for trading are those for resale, to take advantage of expected or effective price movements, or for arbitrage purposes.
- **Banking Portfolio:** operations not classified in the Trading Portfolio, consist of structural operations of various lines of the Organization's business and eventual hedges.

Financial exposure impacts of the Banking Portfolio (mainly interest rates and price indexes) do not necessarily represent an accounting loss for the Organization, due to the following reasons:

- part of loan operations held in the Banking Portfolio is funded by demand deposits and/or savings deposits, which provides a natural hedge for eventual interest rate fluctuations;

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- for the Banking Portfolio, interest rates fluctuations do not necessarily have a material impact on the Organization's results, since the intention is to hold the loan operations until their maturity; and
- derivative operations of the Banking Portfolio are used to hedge operations with clients or to hedge investments abroad, also considering the tax effect on foreign exchange rate fluctuation.

The following tables present the financial exposure sensitivity analysis on September 30, 2010 and June 30, 2010 (Trading and Banking Portfolios) pursuant to CVM Rule 475/08 and do not reflect how these market risk exposures are managed in the Organization's daily operations, according to information provided in this note.

| Risk factors                       | Trading and Banking portfolios<br>Definition  | On September 30, 2010 - R\$ thousand |                    |                    |
|------------------------------------|---|--------------------------------------|--------------------|--------------------|
|                                    |   | Scenarios (1)                        |                    |                    |
|                                    |   | 1                                    | 2                  | 3                  |
| Interest rates in Reais            | Exposures subject to changes in fixed interest rates and interest rate coupon                     | (3,102)                              | (860,938)          | (1,664,177)        |
| Price indexes                      | Exposures subject to the changes in price index coupon rate                                       | (10,469)                             | (1,375,770)        | (2,449,167)        |
| Domestic exchange coupon           | Exposures subject to the changes in foreign currency coupon rate                                  | (81)                                 | (4,008)            | (7,986)            |
| Foreign currency                   | Exposures subject to foreign exchange variation   | (2,753)                              | (68,826)           | (137,653)          |
| Equities                           | Exposures subject to stock price variation  | (15,182)                             | (379,542)          | (759,085)          |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (311)                                | (16,579)           | (30,860)           |
| Other                              | Exposures not classified in the previous definitions  | (15)                                 | (373)              | (745)              |
| <b>Total not correlated</b>        |   | <b>(31,913)</b>                      | <b>(2,706,036)</b> | <b>(5,049,673)</b> |
| <b>Total correlated</b>            |   | <b>(17,562)</b>                      | <b>(1,953,978)</b> | <b>(3,585,011)</b> |

| Risk factors                       | Trading and Banking portfolios<br>Definition  | On June 30, 2010 - R\$ thousand |                    |                    |
|------------------------------------|---|---------------------------------|--------------------|--------------------|
|                                    |   | Scenarios (1)                   |                    |                    |
|                                    |   | 1                               | 2                  | 3                  |
| Interest rates in Reais            | Exposures subject to fixed interest rates variation and interest rate coupon                      | (2,786)                         | (821,984)          | (1,578,689)        |
| Price indexes                      | Exposures subject to the variation of price index coupon rate                                     | (9,339)                         | (1,288,063)        | (2,287,844)        |
| Domestic exchange coupon           | Exposures subject to the variation of foreign currency coupon rate                                | (108)                           | (7,667)            | (15,214)           |
| Foreign currency                   | Exposures subject to foreign exchange variation   | (43)                            | (1,069)            | (2,137)            |
| Equities                           | Exposures subject to stock price variation  | (14,026)                        | (350,658)          | (701,315)          |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (445)                           | (14,411)           | (28,648)           |
| Other                              | Exposures not classified into previous definitions  | -                               | (1)                | (2)                |
| <b>Total not correlated</b>        |   | <b>(26,747)</b>                 | <b>(2,483,853)</b> | <b>(4,613,849)</b> |

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|                         |                 |                    |                    |
|-------------------------|-----------------|--------------------|--------------------|
| <b>Total correlated</b> | <b>(17,480)</b> | <b>(1,672,997)</b> | <b>(3,067,224)</b> |
|-------------------------|-----------------|--------------------|--------------------|

(1) Amounts net of tax effects

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We present below the sensitivity analysis of the Trading Portfolio, which represents exposures that may cause material impacts on the Organization's results. It is worth mentioning that results show the impacts for each scenario for a static portfolio position on September 30, 2010 and June 30, 2010. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. In addition, as previously mentioned, we maintain a continued process of market risk management, which continuously seeks, through market dynamics, ways of mitigating/minimizing related risks, according to the strategy determined by Senior Management. Therefore, in case of signs of deterioration in a certain position, proactive measures are taken to minimize potential negative impacts, aiming at maximizing the risk/return ratio for the Organization.

| Risk factors                       | Trading portfolios<br>Definition  | On September 30, 2010 - R\$ thousand |                  |                  |
|------------------------------------|---|--------------------------------------|------------------|------------------|
|                                    |   | Scenarios (1)                        |                  |                  |
|                                    |   | 1                                    | 2                | 3                |
| Interest rates in Reais            | Exposures subject to changes in fixed interest rates and interest rate coupon                     | (284)                                | (78,051)         | (152,110)        |
| Price indexes                      | Exposures subject to changes in price index coupon rate   | (117)                                | (16,801)         | (31,858)         |
| Domestic exchange coupon           | Exposures subject to the changes in foreign currency coupon rate                                  | (15)                                 | (865)            | (1,711)          |
| Foreign currency                   | Exposures subject to foreign exchange variation   | (297)                                | (7,427)          | (14,854)         |
| Equities                           | Exposures subject to stock price variation  | (613)                                | (15,324)         | (30,648)         |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (168)                                | (861)            | (1,620)          |
| Other                              | Exposures not classified in the previous definitions  | -                                    | -                | (1)              |
| <b>Total not correlated</b>        |   | <b>(1,494)</b>                       | <b>(119,329)</b> | <b>(232,802)</b> |
| <b>Total correlated</b>            |   | <b>(776)</b>                         | <b>(91,207)</b>  | <b>(177,470)</b> |

| Risk factors                       | Trading portfolio<br>Definition   | On June 30, 2010 - R\$ thousand |                 |                  |
|------------------------------------|---|---------------------------------|-----------------|------------------|
|                                    |   | Scenarios (1)                   |                 |                  |
|                                    |   | 1                               | 2               | 3                |
| Interest rates in Reais            | Exposures subject to changes in fixed interest rates and interest rate coupon                     | (215)                           | (57,019)        | (112,008)        |
| Price indexes                      | Exposures subject to changes in price index coupon rate   | (41)                            | (6,240)         | (11,794)         |
| Domestic exchange coupon           | Exposures subject to changes in foreign currency coupon rate                                      | (35)                            | (2,865)         | (5,650)          |
| Foreign currency                   | Exposures subject to foreign exchange variation   | (43)                            | (1,069)         | (2,137)          |
| Equities                           | Exposures subject to stock price variation  | (583)                           | (14,563)        | (29,125)         |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (211)                           | (6,611)         | (13,066)         |
| Other                              | Exposures not classified in the previous definitions  | -                               | (1)             | (2)              |
| <b>Total not correlated</b>        |   | <b>(1,128)</b>                  | <b>(88,368)</b> | <b>(173,782)</b> |
| <b>Total correlated</b>            |   | <b>(588)</b>                    | <b>(59,627)</b> | <b>(117,213)</b> |

(1) Amounts net of tax effects.

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Sensitivity analyses were carried out based on scenarios prepared for the respective dates, always considering market data on the time and scenarios they would adversely affect our positions:

- Scenario 1:** Based on market information from September 30, 2010 and June 30, 2010 (BM&FBovespa, Anbima, etc), base point stresses were applied for interest rates and 1% variation for prices. For instance, in the scenario applied to positions on September 30, 2010, the exchange rate of Reais/Dollar was R\$1.71, whereas on June 30, 2010 it was R\$1.82. For the interest rate scenario, the 1-year fixed interest rate applied on the positions on September 30, 2010 and June 30, 2010 were 11.31% p.a. and 11.88% p.a., respectively.
- Scenario 2:** 25% stresses were determined based on the markets on September 30, 2010 and June 30, 2010. For instance, in the scenario applied to positions on September 30, 2010, the exchange rate of Reais/Dollar was R\$2.11, whereas on June 30, 2010 it was R\$2.25. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 30, 2010 and June 30, 2010 were 14.12% p.a. and 14.84% p.a., respectively. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices.
- Scenario 3:** 50% stresses were determined based on the markets on September 30, 2010 and June 30, 2010. For instance, in the scenario applied to positions on September 30, 2010, the exchange rate of Reais/Dollar was R\$2.54, whereas on June 30, 2010 it was R\$2.70. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 30, 2010 and June 30, 2010 were 16.95% p.a. and 17.81% p.a., respectively. Scenarios for other risk factors also represented a 50% stress on the respective curves or prices.

### **Liquidity Risk**

The Liquidity Risk is the possibility of the Organization not having enough financial funds to honor its commitments due to the mismatch between payments and deposits, taking in consideration different currencies and the settlement terms of its rights and obligations. Risk knowledge and monitoring are essential for the Organization to settled operations safely and in due time.

The Organization has a Liquidity Policy that establishes the minimum liquidity levels to be kept, as well as instruments to manage the liquidity in regular and crisis scenarios. Bradesco's policies and controls fully comply with the requirements of Resolution 2,804 of the National Monetary Council (CMN).

### **Operating Risk**

Operational risk is the risk of loss resulting from inadequate or faulty internal processes, people, systems and external events. This definition includes legal risk, but does not consider strategic and image risks.

Operational risk control is based on the preparation and implementation of methodologies, criteria and tools that standardize the collection and treatment of historical loss data and complies with Brazilian Central Bank regulations, the recommendations of the Bank for International Settlements (BIS) and best market practices.

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We present the Balance Sheet by maturity in the chart below

|   | R\$ thousand       |                   |                    |                       |                        |                    |
|---|--------------------|-------------------|--------------------|-----------------------|------------------------|--------------------|
|   | 1 to 30<br>days    | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | Not stated<br>maturity | Total              |
| <b>Assets</b>   |                    |                   |                    |                       |                        |                    |
| <b>Current and long-term assets</b>   | <b>332,800,508</b> | <b>88,218,007</b> | <b>43,812,804</b>  | <b>136,348,783</b>    | <b>-</b>               | <b>601,180,102</b> |
| Funds available   | 9,668,864          | -                 | -                  | -                     | -                      | 9,668,864          |
| Interbank investments   | 60,250,063         | 30,594,869        | 1,119,768          | 602,382               | -                      | 92,567,082         |
| Securities and derivative financial instruments (1) (2)                         | 156,808,586        | 5,144,113         | 9,290,154          | 24,838,356            | -                      | 196,081,209        |
| Interbank and interdepartmental accounts  | 50,287,695         | 3,029             | 2,520              | 487,621               | -                      | 50,780,865         |
| Loan and leasing operations   | 22,362,358         | 45,044,079        | 29,154,264         | 88,247,730            | -                      | 184,808,431        |
| Other receivables and assets  | 33,422,942         | 7,431,917         | 4,246,098          | 22,172,694            | -                      | 67,273,651         |
| <b>Permanent assets</b>   | <b>198,701</b>     | <b>898,775</b>    | <b>835,291</b>     | <b>6,421,503</b>      | <b>2,369,054</b>       | <b>10,723,324</b>  |
| Investments   | -                  | -                 | -                  | -                     | 1,615,858              | 1,615,858          |
| Premises and equipment and leased assets  | 48,858             | 244,291           | 293,150            | 2,469,569             | 345,182                | 3,401,050          |
| Intangible assets   | 149,843            | 654,484           | 542,141            | 3,951,934             | 408,014                | 5,706,416          |
| <b>Total on September 30, 2010</b>  | <b>332,999,209</b> | <b>89,116,782</b> | <b>44,648,095</b>  | <b>142,770,286</b>    | <b>2,369,054</b>       | <b>611,903,426</b> |
| <b>Total on June 30, 2010</b>   | <b>306,037,083</b> | <b>68,302,851</b> | <b>42,359,040</b>  | <b>139,499,171</b>    | <b>1,902,071</b>       | <b>558,100,216</b> |
| <b>Total on September 30, 2009</b>  | <b>262,076,806</b> | <b>68,904,073</b> | <b>33,950,196</b>  | <b>119,302,659</b>    | <b>1,451,956</b>       | <b>485,685,690</b> |
| <b>Liabilities</b>  |                    |                   |                    |                       |                        |                    |
| <b>Current and long-term liabilities</b>  | <b>301,488,464</b> | <b>41,092,960</b> | <b>31,610,694</b>  | <b>190,602,291</b>    | <b>-</b>               | <b>564,794,409</b> |
| Deposits (2)  | 94,162,844         | 9,663,098         | 8,491,795          | 73,876,521            | -                      | 186,194,258        |
| Federal funds purchased and securities sold under agreements to repurchase      | 105,145,858        | 12,981,922        | 6,191,739          | 32,689,218            | -                      | 157,008,737        |
| Funds from issuance of securities   | 593,078            | 1,560,501         | 2,484,204          | 9,111,601             | -                      | 13,749,384         |
| Interbank and interdepartmental accounts  | 2,451,263          | -                 | -                  | -                     | -                      | 2,451,263          |
| Borrowing and onlending   | 2,802,522          | 7,736,183         | 6,070,356          | 21,388,929            | -                      | 37,997,990         |
| Derivative financial instruments  | 1,195,011          | 433,671           | 92,016             | 157,306               | -                      | 1,878,004          |
| Technical provisions for insurance, private pension plans and savings bonds (3) | 59,722,581         | 2,061,327         | 1,190,354          | 19,388,518            | -                      | 82,362,780         |
| Other liabilities:  |                    |                   |                    |                       |                        |                    |
| - Subordinated debts  | 78,570             | 4,972,662         | 2,630,092          | 18,015,919            | -                      | 25,697,243         |
| - Other   | 35,336,737         | 1,683,596         | 4,460,138          | 15,974,279            | -                      | 57,454,750         |
| <b>Deferred income</b>  | <b>312,056</b>     | <b>-</b>          | <b>-</b>           | <b>-</b>              | <b>-</b>               | <b>312,056</b>     |
| <b>Minority interest in subsidiaries</b>  | <b>-</b>           | <b>-</b>          | <b>-</b>           | <b>-</b>              | <b>683,298</b>         | <b>683,298</b>     |
| <b>Shareholders' equity</b>   | <b>-</b>           | <b>-</b>          | <b>-</b>           | <b>-</b>              | <b>46,113,663</b>      | <b>46,113,663</b>  |
| <b>Total on September 30, 2010</b>  | <b>301,800,520</b> | <b>41,092,960</b> | <b>31,610,694</b>  | <b>190,602,291</b>    | <b>46,796,961</b>      | <b>611,903,426</b> |
| <b>Total on June 30, 2010</b>   | <b>264,781,813</b> | <b>32,575,624</b> | <b>31,068,184</b>  | <b>184,701,323</b>    | <b>44,973,272</b>      | <b>558,100,216</b> |
| <b>Total on September 30, 2009</b>  | <b>222,226,127</b> | <b>24,113,570</b> | <b>28,577,698</b>  | <b>170,997,558</b>    | <b>39,770,737</b>      | <b>485,685,690</b> |
| <b>Accumulated net assets on September 30, 2010</b>                             | <b>31,198,689</b>  | <b>79,222,511</b> | <b>92,259,912</b>  | <b>44,427,907</b>     | <b>-</b>               | <b>-</b>           |

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|   |                   |                   |                   |                   |          |          |
|---|-------------------|-------------------|-------------------|-------------------|----------|----------|
| <b>Accumulated net assets on June 30, 2010</b>      | <b>41,255,270</b> | <b>76,982,497</b> | <b>88,273,353</b> | <b>43,071,201</b> | <b>-</b> | <b>-</b> |
| <b>Accumulated net assets on September 30, 2009</b> | <b>39,850,679</b> | <b>84,641,182</b> | <b>90,013,680</b> | <b>38,318,781</b> | <b>-</b> | <b>-</b> |

- (1) Investments in investment funds are classified as up to 30 days;
- (2) Sale and purchase agreements are classified according to the maturity of the operation; and
- (3) Demand and savings deposits and technical provisions for insurance, private pension plans and savings bonds comprising VGBL and PGBL products are classified as up to 30 days, without considering average historical turnover.



**Capital Adequacy Ratio (Basel)**

The Organization's risk management seeks to optimize the risk-return ratio, aiming at minimizing losses, through the implementation of well-defined business strategies and maximizing efficiency in the combination of factors which impact the Capital Adequacy Ratio (Basel).

We present the Capital Adequacy Ratio II in the chart below

| Calculation basis Capital Adequacy Ratio (Basel II) (1)  | 2010               |                    |                    |                    | R\$ thousand<br>2009 |                    |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
|  | September 30       |                    | June 30            |                    | September 30         |                    |
|  | Financial          | Economic-financial | Financial          | Economic-financial | Financial            | Economic-financial |
| <b>Calculation basis Capital Adequacy Ratio (Basel)</b>  | <b>46,113,663</b>  | <b>46,113,663</b>  | <b>44,295,323</b>  | <b>44,295,323</b>  | <b>38,877,487</b>    | <b>38,877,487</b>  |
| Reduction for tax credits Bacen Resolution 3,059/02  | -                  | -                  | -                  | -                  | (143,179)            | (143,179)          |
| Reduction for deferred assets Bacen Resolution 3,444/07  | (223,467)          | (306,058)          | (357,852)          | (441,456)          | (226,279)            | (260,114)          |
| Decrease in gains/losses of mark-to-market adjustments in DPV and derivatives Bacen Resolution 3,444/07                    | 1,590,384          | 1,590,384          | 1,751,725          | 1,751,725          | 1,480,317            | 1,480,317          |
| Additional provision to the minimum required by Bacen Resolution 2,682/99 (3)  | -                  | -                  | -                  | -                  | 2,989,666            | 2,990,827          |
| Minority interest/other  | 168,948            | 683,298            | 164,029            | 677,949            | 400,228              | 359,820            |
| <b>Reference shareholders' equity - Tier I</b>   | <b>47,649,528</b>  | <b>48,081,287</b>  | <b>45,853,225</b>  | <b>46,283,541</b>  | <b>43,378,240</b>    | <b>43,305,158</b>  |
| Total of gains/losses of adjustments to market value in Available for Sale (DPV) and derivatives Bacen Resolution 3,444/07 | (1,590,384)        | (1,590,384)        | (1,751,725)        | (1,751,725)        | (1,480,317)          | (1,480,317)        |
| Subordinated debt (3)  | 9,668,818          | 9,668,818          | 8,607,645          | 8,607,645          | 12,003,947           | 12,003,947         |
| <b>Reference shareholders' equity Tier II</b>  | <b>8,078,434</b>   | <b>8,078,434</b>   | <b>6,855,920</b>   | <b>6,855,920</b>   | <b>10,523,630</b>    | <b>10,523,630</b>  |
| <b>Total reference shareholders' equity (Tier I + Tier II)</b>   | <b>55,727,962</b>  | <b>56,159,721</b>  | <b>52,709,145</b>  | <b>53,139,461</b>  | <b>53,901,870</b>    | <b>53,828,788</b>  |
| Deduction of instruments for funding - Bacen Resolution 3,444/07   | (91,651)           | (239,902)          | (89,593)           | (233,649)          | (62,097)             | (328,694)          |
| <b>Reference shareholders' equity (a)</b>  | <b>55,636,311</b>  | <b>55,919,819</b>  | <b>52,619,552</b>  | <b>52,905,812</b>  | <b>53,839,773</b>    | <b>53,500,094</b>  |
| <b>Capital allocation (by risk)</b>  |                    |                    |                    |                    |                      |                    |
| - Credit risk  | 36,352,388         | 36,425,640         | 34,824,557         | 34,754,633         | 31,483,525           | 31,633,767         |
| - Market risk  | 171,539            | 171,539            | 134,901            | 134,901            | 423,470              | 428,460            |
| - Operational risk (4)   | 1,758,568          | 2,574,130          | 1,677,756          | 1,677,756          | 1,132,832            | 1,132,832          |
| <b>Required reference shareholders' equity (b)</b>   | <b>38,282,495</b>  | <b>39,171,309</b>  | <b>36,637,214</b>  | <b>36,567,290</b>  | <b>33,039,827</b>    | <b>33,195,059</b>  |
| <b>Margin (a b)</b>  | <b>17,353,816</b>  | <b>16,748,510</b>  | <b>15,982,338</b>  | <b>16,338,522</b>  | <b>20,799,946</b>    | <b>20,305,035</b>  |
| <b>Risk-weighted assets (2) (c)</b>  | <b>348,022,677</b> | <b>356,102,809</b> | <b>333,065,578</b> | <b>332,429,906</b> | <b>300,362,064</b>   | <b>301,773,265</b> |
| <b>Capital adequacy ratio (a/c) (3)</b>  | <b>15.99%</b>      | <b>15.70%</b>      | <b>15.80%</b>      | <b>15.91%</b>      | <b>17.92%</b>        | <b>17.73%</b>      |

- (1) Article 4 of Bacen Circular Letter 3,389/08 gives the option to exclude position sold in foreign currency for purposes of ascertaining the Capital Adequacy Ratio, also computing tax effects, carried out with the purpose of hedging investments abroad. Bradesco opted to do this on September 2008;
- (2) As of July 1, 2008, with the New Basel Capital Accord, risk-weighted assets are determined based on 11% of required reference shareholders' equity which is the minimum capital required by Bacen;
- (3) The index calculated in June 2010 comprises the effect of early redemption of funding amounting to US\$300,000 thousand of perpetual subordinated debt issued in June 2005 and the effect of therevocation, as of April 2010, CMN Resolution 3,674/07 which allowed the full addition of the additional provision for loan losses at the calculation of the Reference Shareholders' Equity; and
- (4) As set forth by Circular Letters 3,383/08 and 3,476/09, we point out that, as of July 2010, the calculation of capital allocation for Operating Risk for the Economic-Financial Consolidated includes non-financial companies.



**b) Market value**

The book value, net of provisions for losses of the main financial instruments is as follows:

| Portfolios   | Book value  | Market value | Unrealized gain (loss) without tax effects |                  |                   |                         |                  |                  | R\$ thousand |
|--|-------------|--------------|--|------------------|-------------------|-------------------------|------------------|------------------|--------------|
|  |             |              | In the result                              |                  |                   | In shareholders' equity |                  |                  |              |
|  |             |              | 2010                                       | 2010             | 2009              | 2010                    | 2009             |                  |              |
|  |             |              | September 30                               | September 30     | June 30           | September 30            | June 30          | September 30     |              |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 196,081,209 | 200,107,311  | 4,188,369                                  | 3,290,205        | 3,948,429         | 4,026,102               | 3,395,319        | 3,604,723        |              |
| - Adjustment of available-for-sale securities (Note 8 cII)           |             |              | 162,267                                    | (105,114)        | 343,706           | -                       | -                | -                |              |
| - Adjustment of held-to-maturity securities (Note 8d item 6)         |             |              | 4,026,102                                  | 3,395,319        | 3,604,723         | 4,026,102               | 3,395,319        | 3,604,723        |              |
| Loan and leasing operations (Notes 2, 3g and 10) (1)                 | 217,274,004 | 217,703,543  | 429,539                                    | 178,274          | 302,263           | 429,539                 | 178,274          | 302,263          |              |
| Investments (Notes 3j, 4 and 13) (2)                                 | 1,615,858   | 8,539,083    | 6,923,225                                  | 6,527,565        | 6,592,407         | 6,923,225               | 6,527,565        | 6,592,407        |              |
| Treasury shares (Note 23d)   | -           | -            | -  | -                | -                 | -                       | -                | 3,978            |              |
| Time deposits (Notes 3n and 16a)                                     | 100,730,273 | 100,576,388  | 153,885                                    | 150,567          | 94,408            | 153,885                 | 150,567          | 94,408           |              |
| Funds from issuance of securities (Note 16c)                         | 13,749,384  | 13,745,680   | 3,704                                      | 8,905            | 2,524             | 3,704                   | 8,905            | 2,524            |              |
| Borrowing and onlending (Notes 17a and 17b)                          | 37,997,990  | 37,883,726   | 114,264                                    | 70,014           | 76,886            | 114,264                 | 70,014           | 76,886           |              |
| Subordinated debts (Note 19)   | 25,697,243  | 26,342,319   | (645,076)                                  | (999,041)        | (855,083)         | (645,076)               | (999,041)        | (855,083)        |              |
| <b>Unrealized gains without tax effects</b>                          |             |              | <b>11,167,910</b>                          | <b>9,226,489</b> | <b>10,161,834</b> | <b>11,005,643</b>       | <b>9,331,603</b> | <b>9,822,106</b> |              |

(1) Includes advances on foreign exchange contracts, leasing operations and other receivables with credit features; and

Basically includes the surplus of interest in subsidiaries and affiliated companies (Cielo (former Visanet), Odontoprev and Fleury) and other investments

(2) (BM&FBovespa and Cetip).

**Determination of market value of financial instruments:**

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price on the balance sheet date. Should there be no available market price quotations, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loan operations were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date; and
- Time deposits, funds from issuance of securities and borrowing and onlending were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

**33) EMPLOYEE BENEFITS**

Bradesco and its subsidiaries sponsor a supplementary private pension plan for employees and directors, in the PGBL modality, which is a private defined contribution pension plan that allows the accumulation of financial resources by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in Exclusive investment Fund (FIE).

PGBL is managed by Bradesco Vida e Previdência S.A. and Bradesco Asset Management (BRAM). The Securities Dealer company (DTVM) is responsible for the financial management of FIE funds.

Contributions paid by employees and directors of Bradesco and its subsidiaries are equivalent to 4% of the salary, except for participants who, in 2001, opted to migrate to the defined contribution plan (PGBL) plan from the defined benefit plan, whose contributions to the PGBL plan were maintained at the levels in force for the defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of defined contribution plan (PGBL) are fully covered by the net assets of the corresponding FIE.

In addition to the aforementioned plan (PGBL), former participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in this plan. For participants of the defined benefit plan, migrated or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by plan assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A.) maintains supplementary retirement plans of defined contribution and defined benefit, through Fundação Baneb de Seguridade Social -Bases (related to former employees of Baneb). The actuarial liabilities of defined contribution and defined benefit plans are fully covered by assets of the plans.

Banco Bradesco BBI S.A. (current name of Banco BEM S.A.) sponsors supplementary retirement plans of both defined benefit and defined contribution types, through the Assistance and Retirement Pension Fund for the Employees of the Bank of the State of Maranhão (Capof).

Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (Alvorada CCFI) (merging company of Banco BEC S.A.) sponsors a defined benefit plan by means of the Private Pension Plan Fund of the Bank of the State of Ceará (Cabec).

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The assets of the private pension plans are invested in compliance with the applicable legislation (government securities and private securities, listed company shares and real estate properties).

Bradesco's facilities abroad provide their employees and directors with a private pension plan in compliance with the rules set forth by local authorities, which authorize to accumulate funds during the participant's professional career.

Expenses with contributions made in the 9-month period ended September 30, 2010 amounted to R\$251,255 thousand (R\$211,412 thousand on September 30, 2009) and R\$108,711 thousand in the third quarter of 2010 (R\$69,275 thousand in the second quarter of 2010).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and directors several other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, amounted to R\$1,400,270 thousand in the 9-month period ended September 30, 2010 (R\$1,232,740 thousand on September 30, 2009) and R\$521,012 thousand in the third quarter of 2010 (R\$450,347 thousand in the second quarter of 2010).

### 34) INCOME TAX AND SOCIAL CONTRIBUTION

#### a) Calculation of income tax and social contribution charges

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| <b>Income before income tax and social contribution</b>                            | <b>4,176,367</b>        | <b>3,519,620</b>        | <b>10,385,683</b>   | <b>9,360,497</b>    |
| Total income tax and social contribution at rates of 25% and 15%, respectively (1) | (1,670,547)             | (1,407,848)             | (4,154,273)         | (3,744,199)         |
| <b>Effect of additions and exclusions on the tax calculation:</b>                  |                         |                         |                     |                     |
| Equity in the earnings of unconsolidated companies                                 | 7,567                   | 7,606                   | 26,676              | 23,236              |
| Exchange gain/(loss)   | (311,307)               | 24,265                  | (256,502)           | (935,219)           |
| Non-deductible expenses, net of non-taxable income (2)                             | (87,105)                | (72,203)                | (216,077)           | (85,372)            |
| Tax credits recorded from previous periods   | -                       | -                       | 241,732             | -                   |
| Interest on shareholders' equity (paid and payable)                                | 250,395                 | 246,774                 | 740,379             | 643,090             |
| Effect of the difference of the social contribution rate (3)                       | 267,585                 | 190,614                 | 610,408             | 392,436             |
| Other amounts  | (42,741)                | (85,789)                | (244,395)           | 192,742             |
| <b>Income tax and social contribution for the period</b>                           | <b>(1,586,153)</b>      | <b>(1,096,581)</b>      | <b>(3,252,052)</b>  | <b>(3,513,286)</b>  |

- (1) The social contribution rate for companies of the financial and insurance sectors was increased to 15%, according to Law 11,727/08, remaining at 9% for other companies (Note 3h);
- (2) Comprises the tax effect resulting from the adhesion to tax amnesty program, with amnesty for the settlement of debts managed by the Brazilian Federal Revenue Service (RFB) and the National Treasury Attorney's Office (PGFN), established by Law 11,941/09; and
- (3) Refers to the adjustment of the effective rate of social contribution in relation to the rate (40%) shown.

## b) Breakdown of income tax and social contribution in the result

|  | R\$ thousand            |                         |                     |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | 2010                    |                         | 2009                |                     |
|  | 3 <sup>rd</sup> quarter | 2 <sup>nd</sup> quarter | September 30<br>YTD | September 30<br>YTD |
| <b>Current taxes:</b>  |                         |                         |                     |                     |
| <b>Income tax and social contribution payable</b>              | (1,618,286)             | (1,611,692)             | (4,716,110)         | (6,706,686)         |
| <b>Deferred taxes:</b>   |                         |                         |                     |                     |
| Amount recorded/realized for the period on temporary additions | 296,323                 | 656,988                 | 1,614,796           | 3,141,577           |
| <b>Use of opening balances of:</b>                             |                         |                         |                     |                     |
| Negative basis of social contribution                          | (9,731)                 | (31,972)                | (96,750)            | (138,595)           |
| Tax loss   | (102,184)               | (93,827)                | (349,735)           | (420,864)           |
| <b>Tax credits recorded from previous periods</b>              |                         |                         |                     |                     |
| Negative basis of social contribution                          | -                       | -                       | 12,102              | -                   |
| Tax loss   | -                       | -                       | 33,617              | -                   |
| Temporary additions  | -                       | -                       | 196,013             | -                   |
| <b>Recording/utilization in the period on:</b>                 |                         |                         |                     |                     |
| Negative basis of social contribution                          | 6,003                   | 5,594                   | 22,714              | 38,662              |
| Tax loss   | (158,278)               | (21,672)                | 31,301              | 572,620             |
| <b>Total deferred taxes</b>                                    | <b>32,133</b>           | <b>515,111</b>          | <b>1,464,058</b>    | <b>3,193,400</b>    |
| <b>Income tax and social contribution for the period</b>       | <b>(1,586,153)</b>      | <b>(1,096,581)</b>      | <b>(3,252,052)</b>  | <b>(3,513,286)</b>  |

## c) Origin of tax credits of deferred income tax and social contribution

|   | R\$ thousand             |                           |                    |                         |                         |                         |
|---|--------------------------|---------------------------|--------------------|-------------------------|-------------------------|-------------------------|
|   | Balance on<br>12.31.2009 | Amount<br>recorded<br>(1) | Amount<br>realized | Balance on<br>9.30.2010 | Balance on<br>6.30.2010 | Balance on<br>9.30.2009 |
| Allowance for loan losses   | 7,724,064                | 3,030,730                 | 2,549,905          | 8,204,889               | 8,388,751               | 7,623,238               |
| Provision for civil contingencies   | 827,553                  | 252,472                   | 116,184            | 963,841                 | 923,636                 | 821,771                 |
| Provision for tax contingencies   | 1,970,367                | 652,627                   | 54,913             | 2,568,081               | 2,411,166               | 2,169,732               |
| Labor provisions  | 578,623                  | 182,840                   | 143,228            | 618,235                 | 621,586                 | 589,283                 |
| Provision for devaluation of securities and investments                               | 121,010                  | 8,347                     | 20,983             | 108,374                 | 113,598                 | 109,303                 |
| Provision for devaluation of foreclosed assets  | 104,500                  | 58,615                    | 53,736             | 109,379                 | 107,118                 | 106,654                 |
| Adjustment to market value of trading securities                                      | 13,317                   | 5,524                     | 666                | 18,175                  | 16,542                  | 15,603                  |
| Amortized goodwill  | 1,031,107                | 29,033                    | 155,123            | 905,017                 | 949,777                 | 1,067,306               |
| Provision for interest on shareholders' equity  | -                        | 454,683                   | -                  | 454,683                 | 231,802                 | 387,869                 |
| Law 11,638/07 adjustments   | 93,665                   | -                         | 6,363              | 87,302                  | 99,028                  | 90,466                  |
| Other   | 1,787,044                | 455,337                   | 218,298            | 2,024,083               | 1,902,730               | 1,646,432               |
| <b>Total tax credits over temporary differences</b>                                   | <b>14,251,250</b>        | <b>5,130,208</b>          | <b>3,319,399</b>   | <b>16,062,059</b>       | <b>15,765,734</b>       | <b>14,627,657</b>       |
| Tax losses and negative basis of social contribution in Brazil and abroad             | 1,119,281                | 99,734                    | 446,485            | 772,530                 | 1,036,720               | 1,420,403               |
| <b>Subtotal</b>   | <b>15,370,531</b>        | <b>5,229,942</b>          | <b>3,765,884</b>   | <b>16,834,589</b>       | <b>16,802,454</b>       | <b>16,048,060</b>       |
| Adjustment to market value of available-for-sale securities                           | 51,388                   | 140,073                   | 43,276             | 148,185                 | 235,034                 | 170,485                 |
| Social contribution Provisional Measure 2,158-35 of August 24, 2001                   | 270,123                  | -                         | 65,304             | 204,819                 | 235,989                 | 329,164                 |
| <b>Total tax credits (Note 11b)</b>   | <b>15,692,042</b>        | <b>5,370,015</b>          | <b>3,874,464</b>   | <b>17,187,593</b>       | <b>17,273,477</b>       | <b>16,547,709</b>       |
| <b>Deferred tax liabilities (Note 34f)</b>  | <b>3,985,467</b>         | <b>1,377,828</b>          | <b>324,613</b>     | <b>5,038,682</b>        | <b>4,875,607</b>        | <b>4,327,943</b>        |
| <b>Tax credits net of deferred tax liabilities</b>                                    | <b>11,706,575</b>        | <b>3,992,187</b>          | <b>3,549,851</b>   | <b>12,148,911</b>       | <b>12,397,870</b>       | <b>12,219,766</b>       |
| <b>- Percentage of net tax credits over reference shareholders' equity (Note 32a)</b> | <b>20.9%</b>             |                           |                    | <b>21.7%</b>            | <b>23.4%</b>            | <b>22.8%</b>            |
| <b>- Percentage of net tax credits over total assets</b>                              | <b>2.3%</b>              |                           |                    | <b>2.0%</b>             | <b>2.2%</b>             | <b>2.5%</b>             |

(1) Includes tax credit related to the increase in the social contribution rate for companies in the financial and insurance sectors, established by Law 11,727/08, equivalent to R\$353,170 thousand (Note 3h).

**d) Expected realization of tax credits over temporary differences, tax loss and negative basis of social contribution and social contribution tax credit Provisional Measure 2,158-35**

|                 | Temporary differences |                  | Tax loss and negative basis |                | R\$ thousand      |
|-----------------|-----------------------|------------------|-----------------------------|----------------|-------------------|
|                 | Income                | Social           | Income                      | Social         | Total             |
|                 | tax                   | contribution     | tax                         | contribution   |                   |
| 2010            | 1,055,780             | 540,905          | 121,462                     | 13,670         | 1,731,817         |
| 2011            | 1,961,589             | 1,184,808        | 161,972                     | 69,851         | 3,378,220         |
| 2012            | 2,854,941             | 1,425,927        | 131,934                     | 70,337         | 4,483,139         |
| 2013            | 1,966,746             | 987,618          | 59,961                      | 31,076         | 3,045,401         |
| 2014            | 2,375,595             | 1,211,128        | 75,718                      | 34,661         | 3,697,102         |
| 2015 (9 months) | 322,319               | 174,703          | 1,390                       | 498            | 498,910           |
| <b>Total</b>    | <b>10,536,970</b>     | <b>5,525,089</b> | <b>552,437</b>              | <b>220,093</b> | <b>16,834,589</b> |

|              | Social contribution tax credit - Provisional Measure 2,158 35 |        |        |        |        | R\$ thousand   |
|--------------|---|--------|--------|--------|--------|----------------|
|              | 2010  | 2011   | 2012   | 2013   | 2014   | Total          |
| <b>Total</b> | 19,855  | 12,824 | 60,339 | 81,727 | 30,074 | <b>204,819</b> |

The projected realization of tax credits is an estimate and it is not directly related to the expected accounting income.

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$15,633,173 thousand (June 30, 2010 R\$15,340,284 thousand and September 30, 2009 R\$14,914,422 thousand), of which R\$14,722,985 thousand (June 30, 2010 R\$14,189,571 thousand and September 30, 2009 R\$13,285,399 thousand) is relative to temporary differences, R\$723,434 thousand (June 30, 2010 R\$939,719 thousand and September 30, 2009 R\$1,344,404 thousand) to tax losses and negative basis of social contribution and R\$186,754 thousand (June 30, 2010 R\$210,994 thousand and September 30, 2009 R\$284,619 thousand) comprises tax credit over social contribution Provisional Measure 2,158-35.

**e) Unrecorded tax credits**

Tax credits of R\$78,494 thousand (June 30, 2010 R\$74,693 thousand and September 30, 2009 R\$71,690 thousand) have not been recorded in the financial statements, and will be recorded when prospects of realization are probable according to studies and analyses prepared by the Management and in accordance with Bacen rules.

Due to the *Ação Direta de Inconstitucionalidade* (lawsuit filed at the Supreme Court claiming the unconstitutionality of a law approved by congress) filed by CONSIF against Law 11,727/08, Articles 17 and 41, tax credits from previous periods arising from the Social Contribution rate increase from 9% to 15% were recorded up to the limit of the corresponding consolidated tax liabilities. The unrecognized tax credit balance related to the Social Contribution rate increase not recorded amounts to R\$459,618 thousand (note 3h).



**f) Deferred tax liabilities**

|   | R\$ thousand     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2010             |                  | 2009             |
|   | September 30     | June 30          | September 30     |
| Mark-to-market adjustment of derivative financial instruments | 251,468          | 245,687          | 617,637          |
| Difference in depreciation                                    | 3,884,253        | 3,720,665        | 2,962,159        |
| Operations in the market for future settlement                | 138,385          | 198,202          | 64,186           |
| Others  | 764,576          | 711,053          | 683,961          |
| <b>Total</b>  | <b>5,038,682</b> | <b>4,875,607</b> | <b>4,327,943</b> |

The deferred tax liabilities of financial and insurance sector companies were established considering the increase of the social contribution rate, determined by Law 11,727/08 (Note 3h).

**35) OTHER INFORMATION**

a) The Bradesco Organization manages investment funds and portfolios with net assets on September 30, 2010 of R\$276,634,519 thousand (June 30, 2010 - R\$263,296,711 thousand and September 30, 2009 R\$236,911,941 thousand).

b) In 2010, continuing with the reversal of anti-crisis measures taken at the end of 2008, BACEN altered the mandatory payment calculation system, which had the following impacts:

Changes in the first quarter of 2010

| Description  | Previous rule                                       | Current rule  |
|--|---|---|
| Decrease in Bacen additional compulsory deposit requirement collected from demand deposits, savings deposits and time deposits | Bacen collects the amount that exceeds R\$1 billion | Use of reducing agents for institutions with Reference Equity lower than R\$5 billion |
| Rate to calculate Bacen additional compulsory deposit requirement collected from demand and time deposits                      | Demand deposits - 5%<br>Time deposits - 4%          | Demand deposits - 8%<br>Time deposits - 8%  |
| Decrease in the amount subject to collections over time deposits (1)   | Bacen collects the amount that exceeds R\$2 billion | Use of reducing agents for institutions with Reference Equity lower than R\$5 billion |
| Calculation rate of compulsory deposits on time deposits(1)  | 13.5%   | 15%   |

Compliance with Bacen compulsory deposit requirement collected from time deposits (1) 45% in government securities and 55% in cash, not remunerated at the Selic rate, which may be replaced by credits acquired up to March 31, 2010 from financial institutions, basically derived from (i) loan operations; (ii) receivables from leasing operations; (iii) advances and other issuance credits or liability of non-financial individuals and corporations, (iv) interbank deposits with guaranteed assets provided for by laws; (v) fixed income securities issued by non-financial entities, composing the institution's portfolio or may be deducted in up to 45% of the acquisitions and interbank deposits acquired up to June 30, 2010, postponed to December 30, 2010.

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investment funds; (vi) receivables pertaining to Receivables Securitization Funds (FIDC); (vii) FIDC quotas organized by the Deposit Guarantee Association (FGC); and (viii) foreign currency acquisitions with Bacen made with financial institution's resale commitment, combined with Bacen's repurchase commitment, only accepting the deduction of credits acquired from institutions whose Reference Shareholders' Equity reaches up to R\$2.5 billion

(1) The Financial Statements were impacted as of April 2010.

## Changes in the second quarter of 2010

| Description   | Previous rule | Current rule |
|---|---------------|--------------|
| Rate for rural loan liabilities (2)                           | 30%           | 29%          |
| Calculation rate of compulsory deposits on demand deposits(2) | 42%           | 43%          |

(2) The financial statements were impacted as of July 2010.

c) As part of the process of convergence with international accounting standards, certain rules and their interpretation were issued by the Brazilian Accounting Pronouncements Committee (CPC), which are applicable to financial institutions only after approval by BACEN. The accounting standards which have been approved by BACEN include the following:

- Resolution 3,566/08 Impairment of Assets (CPC 01);
- Resolution 3,604/08 Statement of Cash Flow (CPC 03);
- Resolution 3,750/09 Related-Party Disclosures (CPC 05); and
- Resolution 3,823/09 Provisions, Contingent Liabilities and Contingent Assets (CPC 25).

At present, it is not practicable to estimate when BACEN will approve the other CPC accounting standards or whether their adoption, subsequent to approval, will be effective for future periods, or applicable retroactively. As a result, it is not yet possible to estimate the accounting effects of these standards on Bradesco's financial statements.

CMN Resolution 3,786/09 and Circular 3,472/09 established that financial institutions and others authorized to operate by Bacen, constituted as publicly held companies or which are obliged to form an Audit Committee shall, as from December 31, 2010, prepare annually and publish in up to 90 days from the base date December 31, their consolidated financial statements, prepared in accordance with international financial reporting standards (IFRS), in compliance with standards issued by the International Accounting Standards Board. (IASB). Accordingly, Bradesco is currently analyzing the accounting effects of the transition to IFRS and will conclude this process within the deadlines established by Bacen.

**Management Bodies**

Cidade de Deus, Osasco, SP, October 26, 2010

**Board of Directors**

**Chairman**

Lázaro de Mello Brandão

**Vice-Chairman**

Antônio Bornia

**Members**

Mário da Silveira Teixeira Júnior

João Aguiar Alvarez

Denise Aguiar Alvarez

Luiz Carlos Trabuco Cappi

Carlos Alberto Rodrigues Guilherme

Ricardo Espírito Santo Silva Salgado

**\*Department Directors**

Alexandre da Silva Glüher

Alfredo Antônio Lima de Menezes

André Rodrigues Cano

Josué Augusto Pancini

Luiz Carlos Angelotti

Marcelo de Araújo Noronha

Nilton Pelegrino Nogueira

**Department Directors**

Adineu Santesso

Airton Celso Exel Andreolli

Altair Antônio de Souza

Amilton Nieto

André Bernardino da Cruz Filho

André Marcelo da Silva Prado

Antonio de Jesus Mendes

Antonio José da Barbara

Arnaldo Nissental

Aurélio Guido Pagani

Cassiano Ricardo Scarpelli

Clayton Camacho

Denise Pauli Pavarina

Douglas Tevis Francisco

Fernando Roncolato Pinho

Jair Delgado Scalco

Jean Philippe Leroy

João Albino Winkelmann

José Luiz Rodrigues Bueno

José Maria Soares Nunes

Júlio Alves Marques

Laércio Carlos de Araújo Filho

Lúcio Rideki Takahama

**Compensation Committees**

Lázaro de Mello Brandão - Coordenador

Antônio Bornia

Mário da Silveira Teixeira Júnior

Luiz Carlos Trabuco Cappi

\*\*Carlos Alberto Rodrigues Guilherme

**Audit Committee**

Carlos Alberto Rodrigues Guilherme -  
Coordenador

José Lucas Ferreira de Melo

Romulo Nagib Lasmar

Osvaldo Watanabe

**Compliance and Internal Control Committee**

Mário da Silveira Teixeira Júnior - Coordenador

Carlos Alberto Rodrigues Guilherme

Domingos Figueiredo de Abreu

Milton Matsumoto

Alexandre da Silva Glüher

Marco Antonio Rossi

Clayton Camacho

\*\*Moacir Nachbar Junior

Roberto Sobral Hollander

Frederico William Wolf

**Executive Disclosure Committee  
(Non-Statutory)**

Domingos Figueiredo de Abreu - Coordenador

Julio de Siqueira Carvalho de Araujo

Milton Matsumoto

Luiz Carlos Angelotti

Marco Antonio Rossi

Samuel Monteiro dos Santos Junior

Antonio José da Barbara

**Board of Executive Officers**

**Executive Officers**

**Chief Executive Officer**

Luiz Carlos Trabuco Cappi

**Executive Vice-Presidents**

Laércio Albino Cezar

Arnaldo Alves Vieira

Sérgio Socha

Julio de Siqueira Carvalho de Araujo

Norberto Pinto Barbedo

Domingos Figueiredo de Abreu

**Managing Directors**

José Alcides Munhoz

## Edgar Filing: BANK BRADESCO - Form 6-K

Milton Matsumoto

Odair Afonso Rebelato

Aurélio Conrado Boni

Ademir Cossiello

Sérgio Alexandre Figueiredo Clemente

Candido Leonelli

Maurício Machado de Minas

Luiz Alves dos Santos

Luiz Carlos Brandão Cavalcanti Junior

Luiz Fernando Peres

Marcos Bader

Marcos Daré

Mario Helio de Souza Ramos

Marlene Morán Millan

Moacir Nachbar Junior

Nobuo Yamazaki

Octávio de Lazari Júnior

Octavio Manoel Rodrigues de Barros

Paulo Aparecido dos Santos

Paulo Faustino da Costa

Roberto Sobral Hollander

Walkiria Schirrmeister Marquetti

### **Directors**

Antonio Carlos Melhado

Antonio Chinellato Neto

Cláudio Borges Cassemiro

Cláudio Fernando Manzato

Edilson Wiggers

José Ramos Rocha Neto

Marcos Aparecido Galende

Osmar Roncolato Pinho

Renan Mascarenhas Carmo

### **Regional Officers**

Alex Silva Braga

Almir Rocha

Antonio Gualberto Diniz

Antonio Piovesan

Delvair Fidencio de Lima

Diaulas Morize Vieira Marcondes Junior

Francisco Aquilino Pontes Gadelha

Francisco Assis da Silveira Junior

Geraldo Dias Pacheco

João Alexandre Silva

João Carlos Gomes da Silva

José Maria Soares Nunes

Paulo Faustino da Costa

Marcos Aparecido Galende

### **Ethical Conduct Committee**

Milton Matsumoto - Coordenador

Carlos Alberto Rodrigues Guilherme

Arnaldo Alves Vieira

\*\*Julio de Siqueira Carvalho de Araujo

Domingos Figueiredo de Abreu

Odair Afonso Rebelato

Alexandre da Silva Glüher

\*\*André Rodrigues Cano

\*\*Josué Augusto Pancini

Marco Antonio Rossi

Clayton Camacho

José Luiz Rodrigues Bueno

Júlio Alves Marques

\*\*Moacir Nachbar Junior

Glaucimar Peticov

Frederico William Wolf

### **Integrated Risk Management and Capital Allocation Committee**

Luiz Carlos Trabuco Cappi - Coordenador

Laércio Albino Cezar

Arnaldo Alves Vieira

Sérgio Socha

Julio de Siqueira Carvalho de Araujo

Norberto Pinto Barbedo

Domingos Figueiredo de Abreu

Milton Matsumoto

Ademir Cossiello

Marco Antonio Rossi

Roberto Sobral Hollander

### **Fiscal Council**

#### **Members**

Nelson Lopes de Oliveira - Coordenador

Domingos Aparecido Maia

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José Sergio Bordin

Mauricio Gomes Maciel

Volnei Wulff

Wilson Reginaldo Martins

Ricardo Abecassis Espírito Santo Silva

### **Substitute Members**

João Batistela Biazon

Jorge Tadeu Pinto de Figueiredo

Renaud Roberto Teixeira

### **Ombudsman Department**

Júlio Alves Marques Ouvidor

\*Members appointed as Deputy Director will be elected after they take office

\*\*Under homologation by the Brazilian Central Bank

### **General Accounting Committee**

Marcos Aparecido Galende

Accountant -CRC 1SP201309/O-6

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***Independent Auditor's Report on Limited Review***

(A free translation of the original in Portuguese)

To the Board of Directors  
Banco Bradesco S.A.

1. We carried out limited reviews of the accounting information presented in the consolidated Quarterly Information of Banco Bradesco S.A. and its subsidiaries, comprising the consolidated balance sheets as of September 30, 2010, June 30, 2010 and September 30, 2009 and the related consolidated statements of income, of changes in stockholders' equity, of cash flows and of value added for the quarters then ended. This information is the responsibility of the Bank's management.
2. Our reviews were carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of the Quarterly Information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications which should be made to the Quarterly Information referred to above in order that this information be stated in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN) and the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information.

São Paulo, October 26, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Luís Carlos Matias Ramos  
Contador  
CRC 1SP171564/O-1

***Fiscal Council's Report***

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory attributions, having examined the Management Report and the Financial Statements related to the third quarter of 2010 and in view of the limited review report prepared by PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, based on the current corporate law, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, São Paulo, October 26, 2010

Nelson Lopes de Oliveira

Domingos Aparecido Maia

Ricardo Abecassis E. Santo Silva

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For further information:

Board of Executive Officers

Domingos Figueiredo de Abreu

Executive Vice-President and Executive IRO

Phone: (#55 11) 3681-4011

[4000.abreu@bradesco.com.br](mailto:4000.abreu@bradesco.com.br)

Market Relations Department

Paulo Faustino da Costa

Phone: (#55 11) 2178-6201

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