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## *Forward-Looking Statements*

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

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

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

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

*Press Release*

# 1

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

## Highlights

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

1. Adjusted Net Income[(1)] in the first nine months of 2012 stood at R$8.605 billion (a 2.1% increase compared to the R$8.427 billion recorded in the same period last year), corresponding to earnings per share of R$2.98 in the last 12 months and Return on Average Shareholders' Equity[(2)] of 19.9%.

2. Adjusted Net Income is composed of R$5.982 billion from financial activities, representing 69.5% of the total, and R$2.623 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.5%.

3. On September 30, 2012, Bradesco's market capitalization stood at R$113.102 billion[(3)], up 17.0% over the same period in 2011.

4. Total Assets stood at R$856.288 billion in September 2012, an 18.6% increase over the same period in 2011. Return on Total Average Assets was 1.4%.

5. The Expanded Loan Portfolio[(4)] stood at R$371.674 billion in September 2012, up 11.8% on the same period in 2011. Operations with individuals totaled R$114.536 billion (up 8.7%), while operations with companies totaled R$257.138 billion (up 13.3%).

6. Assets under Management stood at R$1.172 trillion, up 20.4% on September 2011.

7. Shareholders' Equity stood at R$66.047 billion in September 2012, up 22.9% on September 2011. Capital Adequacy Ratio stood at 16.0% in September 2012, 11.3% of which fell under Tier I Capital.

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

9. Financial Margin stood at R$32.684 billion, up 12.5% in comparison with the same period in 2011.

10. The Delinquency Ratio over 90 days stood at 4.1% on September 30, 2012 (3.8% on September 30, 2011).

11. The Efficiency Ratio[(5)] improved by 0.6 p.p. (from 42.7% in September 2011 to 42.1% in September 2012), whereas the "adjusted-to-risk" ratio stood at 53.1% (52.4% in September 2011).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R$31.092 billion the first nine months of 2012, up 17.3% over the same period in 2011. Technical Reserves stood at R$117.807 billion, up 21.3% on September 2011.

13. Investments in infrastructure, information technology and telecommunications amounted to R$2.967 billion in the first nine months of 2012, a 5.3% increase on the previous year.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R$17.056 billion, of which R$6.695 billion referred to taxes withheld and collected from third parties and R$10.361 billion from Bradesco Organization activities, equivalent to 120.4% of Adjusted Net Income [(1)].

15. Bradesco has an extensive customer service network in Brazil, comprising 8,439 service points (4,665 branches and 3,774 Service Branches - PAs). Customers can also use 1,456 PAEs - ATMs (Automatic Teller Machines) in companies, 41,713 Bradesco *Expresso* service points, 35,128 Bradesco *Dia & Noite* ATMs and 12,414 *Banco24Horas* ATMs.

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

## Highlights

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

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

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

19. Major Awards and Acknowledgments in the period:

    - Bradesco was elected Company of the Year by the *Best of Dinheiro 2012* year book, as well as the Best Insurance Company, the Best Health Company and Best Human Resources Management Company (*IstoÉ Dinheiro* magazine, in association with KPMG, Trevisan and Economatica);
    - For the second consecutive year, Bradesco is the most valuable brand Latin America (Latin America BrandFinance);
    - Bradesco is the most innovative company in customer relations according to a survey conducted by the consultancy DOM Strategy Partners (*Consumidor Moderno* magazine);
    - Bradesco is one of the 100 Best Companies to Work For in Brazil (*Época* magazine, evaluated by the Great Place to Work Institute);
    - Bradesco placed first in the financial segment "Stock Exchange's Stars" ranking. The study analyzed the performance of all Brazilian companies' shares listed on São Paulo Stock Exchange and indicated those that created more value to their shareholders (Boston Consulting Group);
    - Bradesco was the only financial institution with a positive performance in the Stock Exchange in 2012 (*Valor Econômico* newspaper, data from BM&FBovespa and Economatica);
    - For the sixth consecutive time, Grupo Bradesco Seguros ranked first in the Brazilian insurance company category (2012 *Valor 1000* list of *Valor Econômico* newspaper); and
    - For the second consecutive year, Grupo Bradesco Seguros was the "Best and major insurance company in Latin America", in the "Top 100 Insurers" ranking (*Latin Trade* magazine).

20. With regards to sustainability, Bradesco divides its actions into three pillars: (i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offering; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 55-year history of extensive social and educational work, with 40 schools in Brazil. In 2012, a projected budget of R$385.473 million will benefit 111,170 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 50 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco also aided another 300,150 students through its distance learning programs, found at its e-learning portal "Virtual School." These students completed at least one of the many courses offered by the Virtual School. Furthermore, another 83,323 people will benefit from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the *Educa+Ação* Program and Technology courses (*Educar e Aprender* – Teach and Learn).

# Main Information

| | 3Q12 | 2Q12 | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 4Q10 | Variation % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | 3Q12 x 2Q12 | 3Q12 x 3Q11 |
| Income Statement for the Period - R$ million | | | | | | | | | | |
| Book Net Income | 2,862 | 2,833 | 2,793 | 2,726 | 2,815 | 2,785 | 2,702 | 2,987 | 1.0 | 1.7 |
| Adjusted Net Income | 2,893 | 2,867 | 2,845 | 2,771 | 2,864 | 2,825 | 2,738 | 2,684 | 0.9 | 1.0 |
| Total Financial Margin | 10,955 | 11,034 | 10,695 | 10,258 | 10,230 | 9,471 | 9,362 | 9,018 | (0.7) | 7.1 |
| Gross Loan Financial Margin | 7,460 | 7,362 | 7,181 | 7,162 | 6,928 | 6,548 | 6,180 | 6,143 | 1.3 | 7.7 |
| Net Loan Financial Margin | 4,157 | 3,955 | 4,087 | 4,501 | 4,149 | 4,111 | 3,820 | 3,848 | 5.1 | 0.2 |
| Allowance for Loan Losses (ALL) Expenses | (3,303) | (3,407) | (3,094) | (2,661) | (2,779) | (2,437) | (2,360) | (2,295) | (3.1) | 18.9 |
| Fee and Commission Income | 4,438 | 4,281 | 4,118 | 4,086 | 3,876 | 3,751 | 3,510 | 3,568 | 3.7 | 14.5 |
| Administrative and Personnel Expenses | (6,684) | (6,488) | (6,279) | (6,822) | (6,285) | (5,784) | (5,576) | (5,790) | 3.0 | 6.3 |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income | 10,104 | 11,570 | 9,418 | 11,138 | 9,025 | 9,628 | 7,845 | 9,012 | (12.7) | 12.0 |
| Balance Sheet - R$ million | | | | | | | | | | |
| Total Assets | 856,288 | 830,520 | 789,550 | 761,533 | 722,289 | 689,307 | 675,387 | 637,485 | 3.1 | 18.6 |
| Securities | 319,537 | 322,507 | 294,959 | 265,723 | 244,622 | 231,425 | 217,482 | 213,518 | (0.9) | 30.6 |
| Loan Operations [1] | 371,674 | 364,963 | 350,831 | 345,724 | 332,335 | 319,802 | 306,120 | 295,197 | 1.8 | 11.8 |
| - Individuals | 114,536 | 112,235 | 109,651 | 108,671 | 105,389 | 102,915 | 100,200 | 98,243 | 2.1 | 8.7 |
| - Corporate | 257,138 | 252,728 | 241,181 | 237,053 | 226,946 | 216,887 | 205,920 | 196,954 | 1.7 | 13.3 |
| Allowance for Loan Losses (ALL) | (20,915) | (20,682) | (20,117) | (19,540) | (19,091) | (17,365) | (16,740) | (16,290) | 1.1 | 9.6 |
| Total Deposits | 212,869 | 217,070 | 213,877 | 217,424 | 224,664 | 213,561 | 203,822 | 193,201 | (1.9) | (5.3) |
| Technical Reserves | 117,807 | 111,789 | 106,953 | 103,653 | 97,099 | 93,938 | 89,980 | 87,177 | 5.4 | 21.3 |
| Shareholders' Equity | 66,047 | 63,920 | 58,060 | 55,582 | 53,742 | 52,843 | 51,297 | 48,043 | 3.3 | 22.9 |
| Assets under Management | 1,172,008 | 1,130,504 | 1,087,270 | 1,019,790 | 973,194 | 933,960 | 919,007 | 872,514 | 3.7 | 20.4 |
| Performance Indicators (%) on Adjusted Net Income (unless otherwise stated) | | | | | | | | | | |
| Adjusted Net Income per Share - R$ [2] | 2.98 | 2.97 | 2.96 | 2.93 | 2.91 | 2.82 | 2.72 | 2.61 | 0.3 | 2.4 |
| Book Value per Common and Preferred Share - R$ | 17.30 | 16.74 | 15.21 | 14.56 | 14.08 | 13.82 | 13.42 | 12.77 | 3.3 | 22.9 |
| Annualized Return on Average Shareholders' Equity [3] [4] | 19.9 | 20.6 | 21.4 | 21.3 | 22.4 | 23.2 | 24.2 | 22.2 | (0.7) p.p. | (2.5) p.p. |
| Annualized Return on Average Assets [4] | 1.4 | 1.4 | 1.5 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | - | (0.3) p.p. |
| Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets) | 7.6 | 7.9 | 7.9 | 7.8 | 8.0 | 7.8 | 8.2 | 8.3 | (0.3) p.p. | (0.4) p.p. |
| Fixed Assets Ratio - Total Consolidated | 19.0 | 18.2 | 19.9 | 21.0 | 16.7 | 17.3 | 17.4 | 18.1 | 0.8 p.p. | 2.3 p.p. |
| Combined Ratio - Insurance [5] | 86.5 | 85.0 | 85.6 | 83.6 | 86.2 | 85.8 | 86.1 | 85.1 | 1.5 p.p | 0.3 p.p. |
| Efficiency Ratio (ER) [2] | 42.1 | 42.4 | 42.7 | 43.0 | 42.7 | 42.7 | 42.7 | 42.7 | (0.3) p.p. | (0.6) p.p. |
| Coverage Ratio (Fee and Commission Income / Administrative and Personnel Expenses) [2] | 64.4 | 63.2 | 62.9 | 62.2 | 62.7 | 63.5 | 63.6 | 64.2 | 1.2 p.p. | 1.7 p.p. |
| Market Capitalization - R$ million [6] | 113,102 | 104,869 | 113,021 | 106,971 | 96,682 | 111,770 | 117,027 | 109,759 | 7.9 | 17.0 |
| Loan Portfolio Quality % [7] | | | | | | | | | | |
| ALL / Loan Portfolio | 7.4 | 7.4 | 7.5 | 7.3 | 7.3 | 6.9 | 7.0 | 7.1 | - | 0.1 p.p. |
| Non-Performing Loans (>60 days [8] / Loan Portfolio) | 5.1 | 5.1 | 5.1 | 4.8 | 4.6 | 4.5 | 4.4 | 4.3 | - | 0.5 p.p. |
| Delinquency Ratio (> 90 days [8] / Loan Portfolio) | 4.1 | 4.2 | 4.1 | 3.9 | 3.8 | 3.7 | 3.6 | 3.6 | (0.1) p.p. | 0.3 p.p. |
| Coverage Ratio (> 90 days [8]) | 179.0 | 177.4 | 181.7 | 184.4 | 194.0 | 189.3 | 193.6 | 197.6 | 1.6 p.p | (15.0) p.p. |
| Coverage Ratio (> 60 days [8]) | 144.8 | 144.0 | 146.6 | 151.8 | 159.6 | 154.0 | 159.1 | 163.3 | 0.8 p.p | (14.8) p.p. |
| Operating Limits % | | | | | | | | | | |
| Capital Adequacy Ratio - Total Consolidated | 16.0 | 17.0 | 15.0 | 15.1 | 14.7 | 14.7 | 15.0 | 14.7 | (1.0) p.p. | 1.3 p.p. |
| - Tier I | 11.3 | 11.8 | 12.0 | 12.4 | 12.2 | 12.9 | 13.4 | 13.1 | (0.5) p.p. | (0.9) p.p. |
| - Tier II | 4.7 | 5.2 | 3.0 | 2.7 | 2.5 | 1.8 | 1.7 | 1.7 | (0.5) p.p. | 2.2 p.p. |
| - Deductions | - | - | - | - | - | - | (0.1) | (0.1) | - | - |

# Main Information

| | Sept12 | Jun12 | Mar12 | Dec11 | Sept11 | Jun11 | Mar11 | Dec10 | Variation % Sept12 vs Jun12 | Variation % Sept12 vs Sept11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Structural Information - Units | | | | | | | | | | |
| Service Points | 67,225 | 65,370 | 62,759 | 59,721 | 55,832 | 53,256 | 50,977 | 48,691 | 2.8 | 20.4 |
| - Branches | 4,665 | 4,650 | 4,636 | 4,634 | 3,945 | 3,676 | 3,651 | 3,628 | 0.3 | 18.3 |
| - PAs (9) | 3,774 | 3,243 | 2,986 | 2,962 | 2,990 | 2,982 | 2,978 | 2,933 | 16.4 | 26.2 |
| - PAEs (9) | 1,456 | 1,476 | 1,497 | 1,477 | 1,589 | 1,587 | 1,588 | 1,557 | (1.4) | (8.4) |
| - Outplaced Bradesco Network ATMs (10) | 3,954 | 3,992 | 3,974 | 3,913 | 3,953 | 3,962 | 3,921 | 3,891 | (1.0) | - |
| - Banco24Horas Network ATMs (10) | 10,464 | 10,459 | 10,583 | 10,753 | 10,815 | 10,856 | 10,326 | 9,765 | 0.1 | (3.2) |
| - Bradesco Expresso (Correspondent Banks) | 41,713 | 40,476 | 38,065 | 34,839 | 31,372 | 29,263 | 27,649 | 26,104 | 3.1 | 33.0 |
| - Bradesco Promotora de Vendas | 1,186 | 1,061 | 1,005 | 1,131 | 1,157 | 919 | 853 | 801 | 11.8 | 2.5 |
| - Branches / Subsidiaries Abroad | 13 | 13 | 13 | 12 | 11 | 11 | 11 | 12 | - | 18.2 |
| ATMs | 47,542 | 47,484 | 47,330 | 46,971 | 45,596 | 45,103 | 44,263 | 43,072 | 0.1 | 4.3 |
| - Bradesco Network | 35,128 | 35,226 | 35,007 | 34,516 | 33,217 | 32,714 | 32,514 | 32,015 | (0.3) | 5.8 |
| - Banco24Horas Network | 12,414 | 12,258 | 12,323 | 12,455 | 12,379 | 12,389 | 11,749 | 11,057 | 1.3 | 0.3 |
| Credit and Debit Cards - in millions | 149.3 | 150.1 | 159.9 | 155.7 | 153.0 | 150.4 | 147.5 | 145.2 | (0.5) | (2.4) |
| - Credit Cards (11) | 93.0 | 95.3 | 93.8 | 91.4 | 90.1 | 89.0 | 87.4 | 86.5 | (2.4) | 3.2 |
| - Debit Cards (12) | 56.4 | 54.8 | 66.1 | 64.3 | 62.9 | 61.4 | 60.1 | 58.7 | 2.9 | (10.3) |
| Employees | 104,100 | 104,531 | 105,102 | 104,684 | 101,334 | 98,317 | 96,749 | 95,248 | (0.4) | 2.7 |
| Outsourced Employees and Interns | 13,013 | 12,661 | 12,659 | 11,699 | 10,731 | 10,563 | 10,321 | 9,999 | 2.8 | 21.3 |
| Customers - in millions | | | | | | | | | | |
| Checking accounts | 25.6 | 25.6 | 25.4 | 25.1 | 24.7 | 24.0 | 23.5 | 23.1 | - | 3.6 |
| Savings Accounts (13) | 48.3 | 45.2 | 41.3 | 43.4 | 40.6 | 39.7 | 39.4 | 41.1 | 6.9 | 19.0 |
| Insurance Group | 42.4 | 41.9 | 40.8 | 40.3 | 39.4 | 38.0 | 37.0 | 36.2 | 1.2 | 7.6 |
| - Policyholders | 36.7 | 36.3 | 35.4 | 35.0 | 34.3 | 33.0 | 32.1 | 31.5 | 1.1 | 7.0 |
| - Pension Plan Participants | 2.3 | 2.2 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 | 2.0 | 4.5 | 9.5 |
| - Capitalization Bond Customers | 3.4 | 3.4 | 3.2 | 3.1 | 3.0 | 2.9 | 2.8 | 2.7 | - | 13.3 |
| Bradesco Financiamentos | 3.7 | 3.8 | 3.8 | 3.8 | 4.0 | 4.2 | 4.5 | 4.9 | (2.6) | (7.5) |

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;
(2) In the last 12 months;
(3) Excluding mark-to-market effect of available-for-sale securities recorded under shareholders' equity;
(4) Adjusted net income for the period;
(5) Excludes additional reserves;
(6) Number of shares (excluding treasury shares) multiplied by the closing price of common and preferred shares on the period's last trading day;
(7) As defined by the Brazilian Central Bank (Bacen);
(8) Credits overdue;
(9) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4,072 of April 26, 2012; and PAE: ATM located in the premises of a company;
(10) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 2,039 in September 2012 ; 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011; 2,045 in June 2011; 2,024 in March 2011; and 1,999 in December 2010;
(11) The decreased credit card base in 3Q12 is due to the exclusion of idle cards;
(12) The decreased debit card base in 2Q12 is due to the exclusion of idle cards; and
(13) Number of accounts.

# Ratings

## Main Ratings

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

| Moody´s Investors Service | | | | | | | | R&I Inc. |
|---|---|---|---|---|---|---|---|---|
| Financial Strength / Individual Credit Risk Profile | International Scale | | | | | Domestic Scale | | International Scale |
| | Foreign Currency Debt | Domestic Currency Deposit | | Foreign Currency Deposit | | Domestic Currency | | Issuer Rating |
| | Long Term | Long Term | Short Term | Long Term | Short Term | Long Term | Short Term | |
| C - / baa1 | Baa1 | A3 | P - 2 | Baa2 | P-2 | Aaa.br | BR - 1 | BBB |

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

## Book Net Income vs Adjusted Net Income

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

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

(1) See page 17 – "Income from Insurance, Pension Plans and Capitalization Bonds – Non-Recurring Events."
(2) Includes civil provision, of which: R$195 million in the first nine months of 2012, R$52 million in the third quarter of 2012 and R$57 million in the second quarter of 2012. The first nine months of 2011 include basically: (i) asset impairment, amounting to R$152 million; and (ii) civil provision, amounting to R$403 million.
(3) Annualized.

## Summarized Analysis of Adjusted Income

To provide for better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Income Statement for analysis and comments contained in this Report on Economic and Financial Analysis, obtained from adjustments made to the Book Income Statement, detailed at the end of this Press Release, which includes adjustments to non-recurring events shown on the previous page. Note that the Adjusted Income Statement serves as the basis for the analysis and comments made in Chapters 1 and 2 of this report.

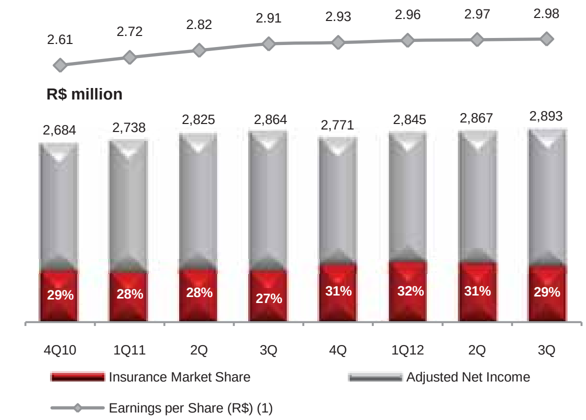
| | R$ million | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Adjusted Income Statement | | | | | | | |
| | 9M12 | 9M11 | Variation 9M12 x 9M11 | | 3Q12 | 2Q12 | Variation 3Q12 x 2Q12 | |
| | | | Amount | % | | | Amount | % |
| **Financial Margin** | **32,684** | **29,063** | **3,621** | **12.5** | **10,955** | **11,034** | **(79)** | **(0.7)** |
| - Interest | 31,343 | 27,685 | 3,658 | 13.2 | 10,603 | 10,518 | 85 | 0.8 |
| - Non-interest | 1,341 | 1,378 | (37) | (2.7) | 352 | 516 | (164) | (31.8) |
| ALL | (9,804) | (7,576) | (2,228) | 29.4 | (3,303) | (3,407) | 104 | (3.1) |
| **Gross Income from Financial Intermediation** | **22,880** | **21,487** | **1,393** | **6.5** | **7,652** | **7,627** | **25** | **0.3** |
| Income from Insurance, Pension Plans and Capitalization Bonds (1) | 2,859 | 2,437 | 422 | 17.3 | 1,029 | 953 | 76 | 8.0 |
| Fee and Commission Income | 12,837 | 11,137 | 1,700 | 15.3 | 4,438 | 4,281 | 157 | 3.7 |
| Personnel Expenses | (9,044) | (7,921) | (1,123) | 14.2 | (3,119) | (3,047) | (72) | 2.4 |
| Other Administrative Expenses | (10,407) | (9,724) | (683) | 7.0 | (3,565) | (3,441) | (124) | 3.6 |
| Tax Expenses | (3,041) | (2,659) | (382) | 14.4 | (1,038) | (991) | (47) | 4.7 |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 104 | 91 | 13 | 14.3 | 45 | 19 | 26 | 136.8 |
| Other Operating Income / (Expenses) | (3,085) | (2,593) | (492) | 19.0 | (1,054) | (1,035) | (19) | 1.8 |
| **Operating Result** | **13,103** | **12,255** | **848** | **6.9** | **4,388** | **4,366** | **22** | **0.5** |
| Non-Operating Income | (60) | (1) | (59) | - | (20) | (22) | 2 | (9.1) |
| Income Tax / Social Contribution | (4,384) | (3,713) | (671) | 18.1 | (1,455) | (1,461) | 6 | (0.4) |
| Non-controlling Interest | (54) | (114) | 60 | (52.6) | (20) | (16) | (4) | 25.0 |
| **Adjusted Net Income** | **8,605** | **8,427** | **178** | **2.1** | **2,893** | **2,867** | **26** | **0.9** |

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

## Summarized Analysis of Adjusted Income

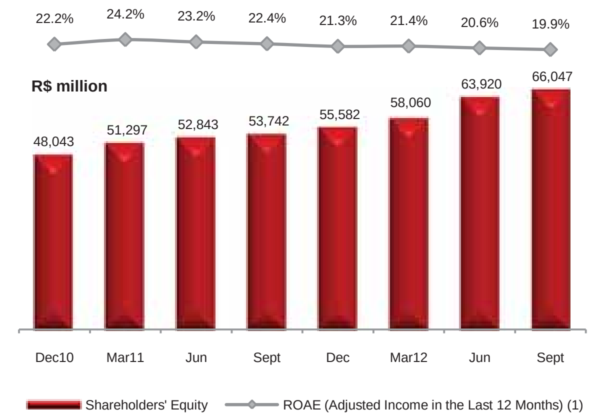
### Adjusted Net income and Profitability

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



(1) In the last 12 months.

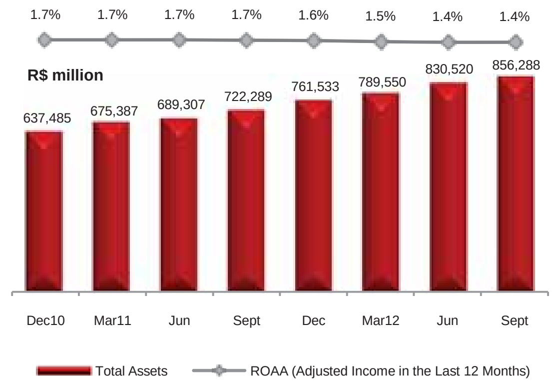
In comparison with the same period a year earlier, adjusted net income increased by R$178 million, or 2.1% in the first nine months of 2012, for Return on Average Shareholders' Equity (ROAE) of 19.9%.



(1) Annualized.

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

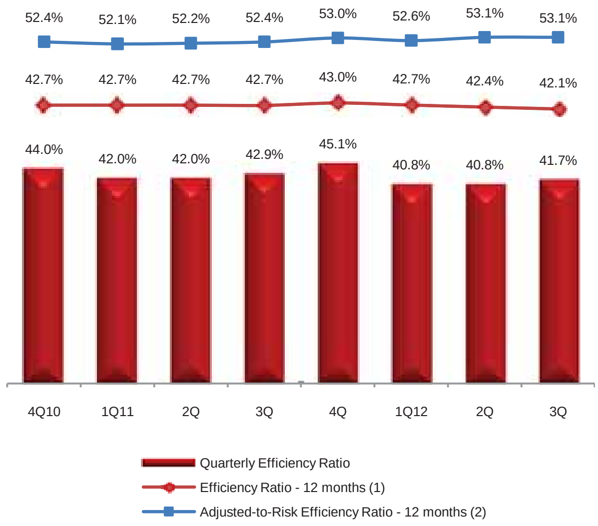
Total Assets came to R$856,288 million in September 2012, up 18.6% over September 2011, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) reached 1.4%.



# Summarized Analysis of Adjusted Income

## Efficiency Ratio (ER)

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




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

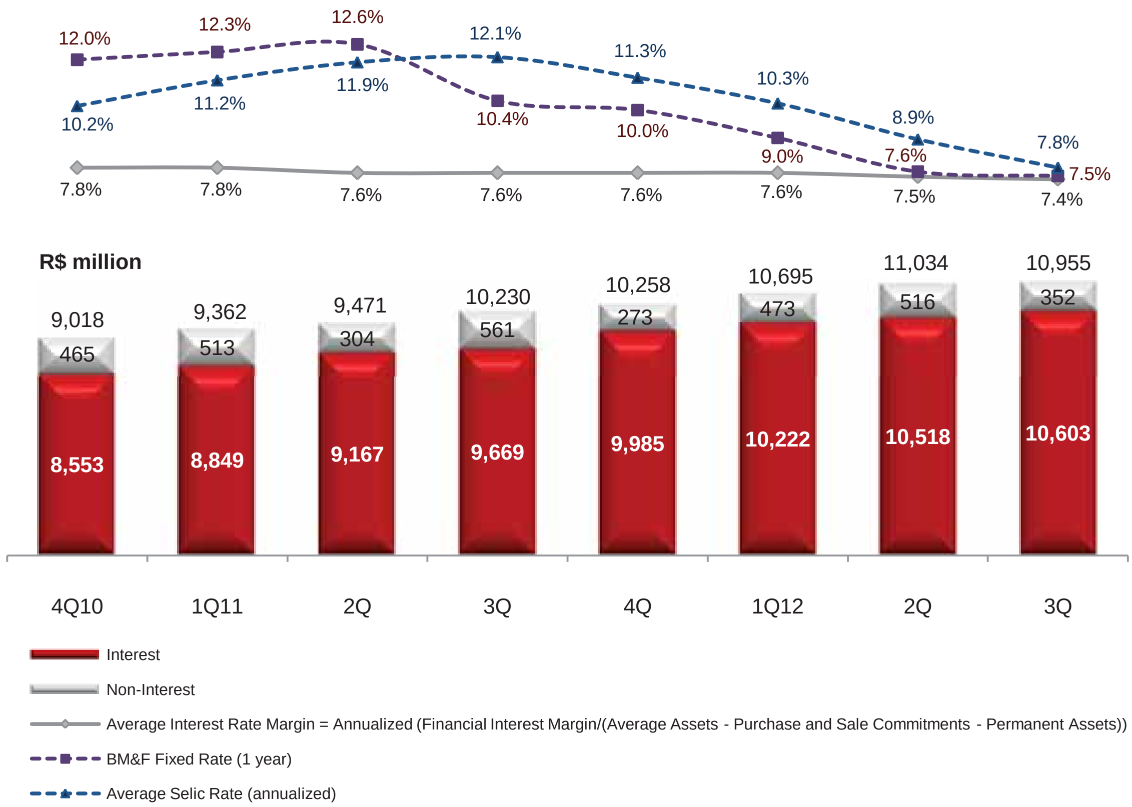
The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations(2), remained stable over the previous quarter at 53.1%, thanks to the stable delinquency ratio in the period.

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

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

## Summarized Analysis of Adjusted Income

### Financial Margin




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

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

offset by:

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

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

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

offset by:

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

# Summarized Analysis of Adjusted Income

## Interest Financial Margin – Annualized Average Rates

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

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

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

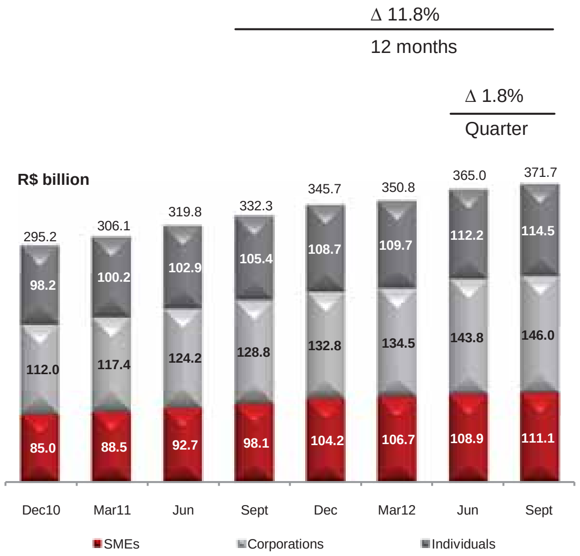
## Summarized Analysis of Adjusted Income

### Expanded Loan Portfolio(1)

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

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

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



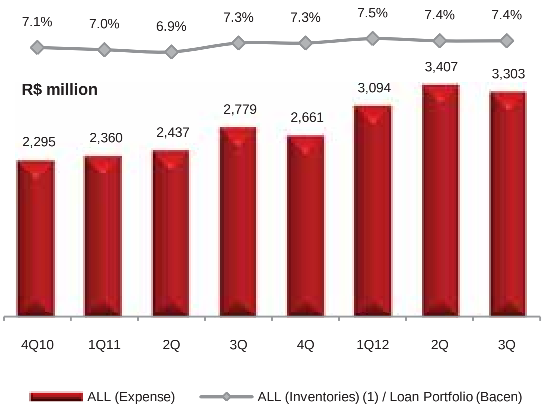

(1) Includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, assignment of receivables-backed investment funds and mortgage-backed receivables and rural loan.

For more information, see Chapter 2 of this Report.

### Allowance for Loan Losses (ALL)

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

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

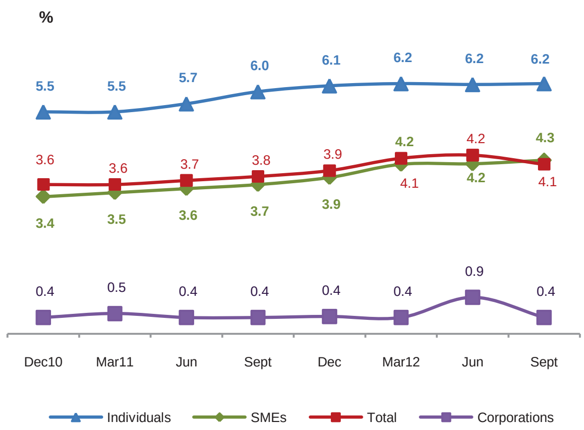



(1) Includes exceeding ALL in the total amount of R$1.0 billion in the third quarter of 2011.

# Summarized Analysis of Adjusted Income

## Delinquency Ratio > 90 days[1]

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

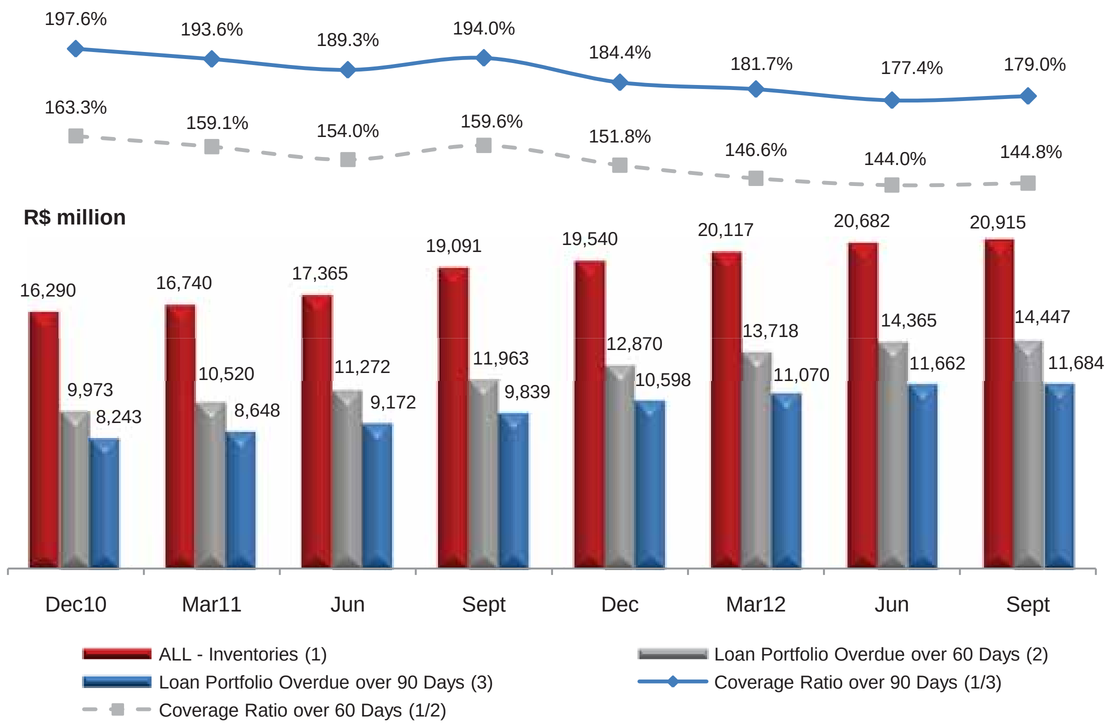



(1) As defined by Bacen.

## Coverage Ratios[1]

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

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



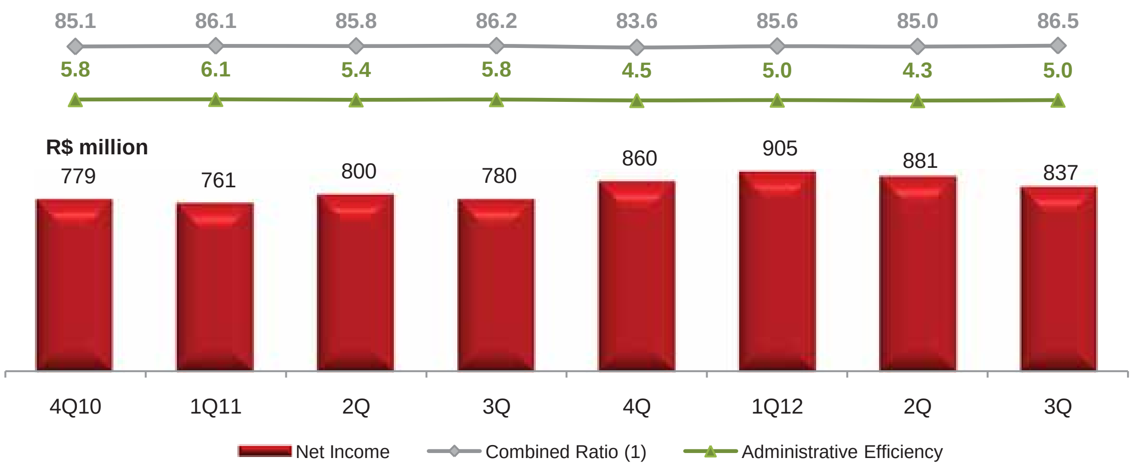

(1) As defined by Bacen

# Summarized Analysis of Adjusted Income

## Income from Insurance, Pension Plans and Capitalization Bonds

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

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




(1) Excluding additional provisions.

| | 3Q12 | 2Q12 | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 4Q10 | Variation % 3Q12 x 2Q12 | Variation % 3Q12 x 3Q11 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | R$ million (unless otherwise stated) | |
| Net Income | 837 | 881 | 905 | 860 | 780 | 800 | 761 | 779 | (5.0) | 7.3 |
| Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income | 10,104 | 11,570 | 9,418 | 11,138 | 9,025 | 9,628 | 7,845 | 9,012 | (12.7) | 12.0 |
| Technical Reserves | 117,807 | 111,789 | 106,953 | 103,653 | 97,099 | 93,938 | 89,980 | 87,177 | 5.4 | 21.3 |
| Financial Assets (1) | 133,738 | 128,526 | 122,147 | 116,774 | 110,502 | 106,202 | 102,316 | 100,038 | 4.1 | 21.0 |
| Claims Ratio | 70.4 | 71.3 | 71.9 | 68.6 | 71.5 | 72.2 | 72.0 | 71.1 | (0.9) p.p. | (1.1) p.p. |
| Combined Ratio | 86.5 | 85.0 | 85.6 | 83.6 | 86.2 | 85.8 | 86.1 | 85.1 | 1.5 p.p. | 0.3 p.p. |
| Policyholders / Participants and Customers (in thousands) | 42,363 | 41,898 | 40,785 | 40,304 | 39,434 | 37,972 | 37,012 | 36,233 | 1.1 | 7.4 |
| Employees | 7,545 | 7,478 | 7,574 | 7,608 | 7,571 | 7,594 | 7,544 | 7,459 | 0.9 | (0.3) |
| Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (2) | 24.5 | 24.8 | 23.4 | 25.6 | 24.9 | 25.0 | 23.2 | 24.7 | (0.3) p.p. | (0.4) p.p. |

(1) As of the fourth quarter of 2010, held-to-maturity securities were reclassified to available for sale category, for adoption of CPCs 38 and 40; and
(2) The third quarter of 2012 includes the latest data released by Susep (August 12).
Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

## Summarized Analysis of Adjusted Income

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

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

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

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

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

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

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

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

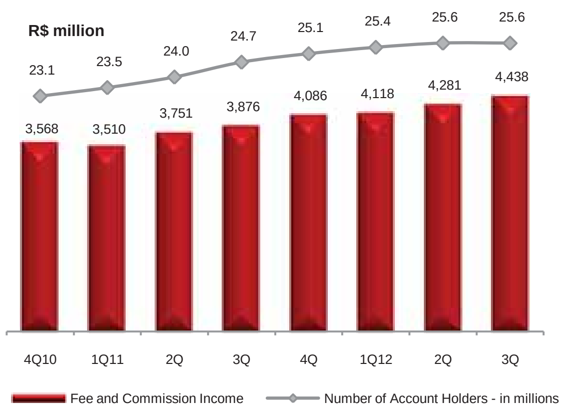
Net income for the first nine months of 2012 was up 12.0% over the same period in 2011, due to: (i) a 17.3% increase in revenue; (ii) the focus on more profitable products; (iii) the 0.7 p.p. drop in claims ratio; (iv) improved equity income; and (v) lower general and administrative expenses, despite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

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

# Summarized Analysis of Adjusted Income

## Fee and Commission Income

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




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

# Summarized Analysis of Adjusted Income

## Personnel Expenses

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

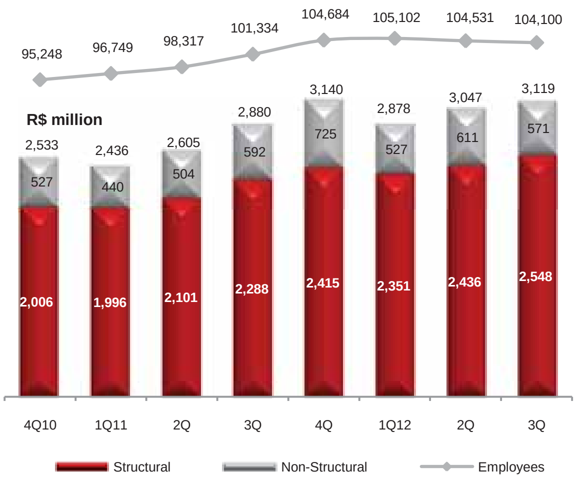
- structural expenses – up R$112 million, mainly due to raise in salary levels, as determined by the collective bargaining agreement, and adjustments to labor obligations; and

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

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

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

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



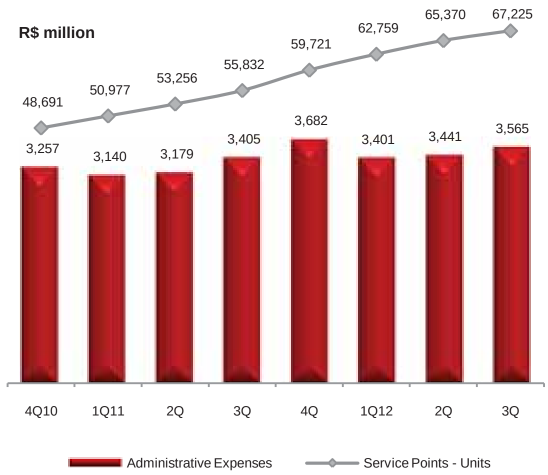

Note: Structural Expenses = Salaries + Social Charges + Benefits + Pension Plans.
Non-Structural Expenses = Employee and Management Profit Sharing + Training + Labor Provision + Costs with Termination of Employment Contracts.

# Summarized Analysis of Adjusted Income

## Administrative Expenses

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

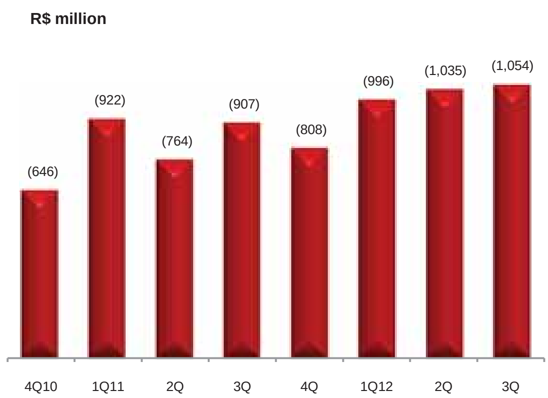
In comparison with the nine months of 2012 and the same period a year earlier, the 7.0% increase in the third quarter of 2012 was mainly due to: (i) the increase in business and services volume; (ii) contractual adjustments; and (iii) the opening of 11,393 service points, mainly the increase to 720 branches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




## Other Operating Income and Expenses

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

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

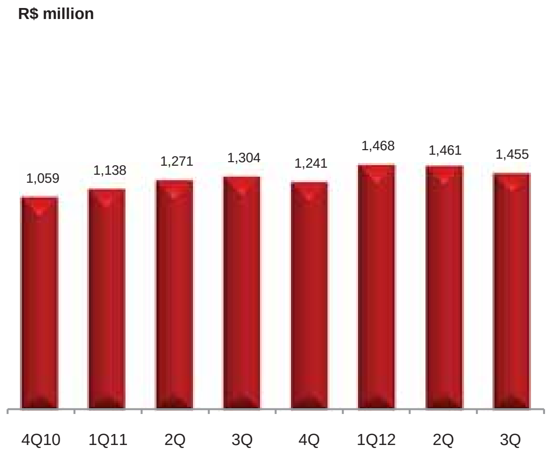


# Summarized Analysis of Adjusted Income

## Income Tax and Social Contribution

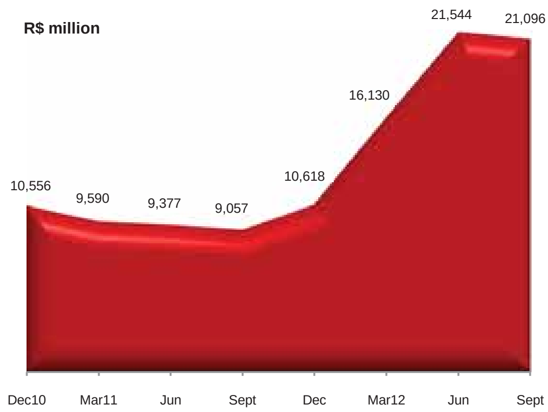
In the quarter-on-quarter comparison, income tax and social contribution expenses remained practically steady, mainly due to the fact that the taxable result remained the same in the period.

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




## Unrealized Gains

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



## Economic Outlook

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

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

In Brazil, there was also a shift in the third quarter, this time towards economic activity. The various monetary and fiscal stimuli began to generate more positive results, including an upturn in business confidence. The auto sector measures were particularly effective in that they encouraged sales and reduced inventories to near-normal levels. There are also recent indications suggesting that industrial production is recovering in segments that are not directly related to the auto industry.

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

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

The Organization continues to believe that Brazil will achieve a higher potential growth pace more rapidly if fueled by bigger investments in education and infrastructure and by economic reforms that increase the efficiency of the productive sector. Action on these fronts would play a crucial role in giving the private sector a more solid foundation in regard to facing global competition and continuing to grow and create jobs.

## Main Economic Indicators

| Main Indicators (%) | 3Q12 | 2Q12 | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 4Q10 | 9M12 | 9M11 |
|---|---|---|---|---|---|---|---|---|---|---|
| Interbank Deposit Certificate (CDI) | 1.91 | 2.09 | 2.45 | 2.67 | 3.01 | 2.80 | 2.64 | 2.56 | 6.59 | 8.70 |
| Ibovespa | 8.87 | (15.74) | 13.67 | 8.47 | (16.15) | (9.01) | (1.04) | (0.18) | 4.27 | (24.50) |
| USD – Commercial Rate | 0.46 | 10.93 | (2.86) | 1.15 | 18.79 | (4.15) | (2.25) | (1.65) | 8.25 | 11.30 |
| General Price Index - Market (IGP-M) | 3.79 | 2.56 | 0.62 | 0.91 | 0.97 | 0.70 | 2.43 | 3.18 | 7.10 | 4.15 |
| Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE) | 1.42 | 1.08 | 1.22 | 1.46 | 1.06 | 1.40 | 2.44 | 2.23 | 3.77 | 4.97 |
| Federal Government Long-Term Interest Rate (TJLP) | 1.36 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 4.37 | 4.50 |
| Reference Interest Rate (TR) | 0.03 | 0.07 | 0.19 | 0.22 | 0.43 | 0.31 | 0.25 | 0.22 | 0.29 | 0.99 |
| Savings Account (Old Rule) (1) | 1.53 | 1.58 | 1.70 | 1.73 | 1.95 | 1.82 | 1.76 | 1.73 | 4.89 | 5.62 |
| Savings Account (New Rule) (1) | 1.40 | - | - | - | - | - | - | - | 1.89 | - |
| Business Days (number) | 64 | 62 | 63 | 62 | 65 | 62 | 62 | 63 | 189 | 189 |
| Indicators (Closing Rate) | **Sept12** | **Jun12** | **Mar12** | **Dec11** | **Sept11** | **Jun11** | **Mar11** | **Dec10** | **Sept12** | **Sept11** |
| USD – Commercial Selling Rate - (R$) | 2.0306 | 2.0213 | 1.8221 | 1.8758 | 1.8544 | 1.5611 | 1.6287 | 1.6662 | 2.0306 | 1.8500 |
| Euro - (R$) | 2.6109 | 2.5606 | 2.4300 | 2.4342 | 2.4938 | 2.2667 | 2.3129 | 2.2280 | 2.6109 | 2.4930 |
| Country Risk (points) | 166 | 208 | 177 | 223 | 275 | 148 | 173 | 189 | 166 | 275 |
| Basic Selic Rate Copom (% p.a.) | 7.50 | 8.50 | 9.75 | 11.00 | 12.00 | 12.25 | 11.75 | 10.75 | 7.50 | 12.00 |
| BM&F Fixed Rate (% p.a.) | 7.48 | 7.57 | 8.96 | 10.04 | 10.39 | 12.65 | 12.28 | 12.03 | 7.48 | 10.39 |

(1) The 3Q12 and 9M12 consider the new savings account remuneration rule, which defines that: (i) the existing deposits up to May 3, 2012 will continue to remunerate at TR + 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., the TR + 6.17% p.a. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

### Projections through 2014

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

# Guidance

## Bradesco's Outlook for 2012

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

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

(1) Expanded Loan Portfolio;

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

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

(4) Administrative and Personnel Expenses.

# Income Statement vs. Managerial Income vs. Adjusted Income

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

### Third Quarter of 2012

R$ million

| | 3Q12 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book Income Statement | Reclassifications | | | | | | | Fiscal Hedge [8] | Managerial Income Statement | Non-Recurring Events [9] | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **13,842** | **(290)** | **45** | **18** | **(615)** | **-** | **-** | **-** | **70** | **13,070** | **(2,116)** | **10,955** |
| ALL | (3,552) | - | - | - | 348 | (99) | - | - | - | (3,303) | - | (3,303) |
| **Gross Income from Financial Intermediation** | **10,290** | **(290)** | **45** | **18** | **(267)** | **(99)** | **-** | **-** | **70** | **9,767** | **(2,116)** | **7,652** |
| Income from Insurance, Pension Plans and Capitalization Bonds [10] | (1,087) | - | - | - | - | - | - | - | - | (1,087) | 2,116 | 1,029 |
| Fee and Commission Income | 4,332 | - | - | - | - | - | 107 | - | - | 4,438 | - | 4,438 |
| Personnel Expenses | (3,119) | - | - | - | - | - | - | - | - | (3,119) | - | (3,119) |
| Other Administrative Expenses | (3,447) | - | - | - | - | - | - | (118) | - | (3,565) | - | (3,565) |
| Tax Expenses | (1,021) | - | - | - | (10) | - | - | - | (8) | (1,038) | - | (1,038) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 45 | - | - | - | - | - | - | - | - | 45 | - | 45 |
| Other Operating Income/Expenses | (1,639) | 290 | (45) | (18) | 277 | 20 | (107) | 118 | - | (1,105) | 52 | (1,054) |
| **Operating Result** | **4,354** | **-** | **-** | **-** | **-** | **(79)** | **-** | **-** | **62** | **4,337** | **52** | **4,388** |
| Non-Operating Income | (99) | - | - | - | - | 79 | - | - | - | (20) | - | (20) |
| Income Tax / Social Contribution and Non-controlling Interest | (1,393) | - | - | - | - | - | - | - | (62) | (1,455) | (21) | (1,475) |
| **Net Income** | **2,862** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,862** | **31** | **2,893** |

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

# Income Statement vs. Managerial Income vs. Adjusted Income

## Second Quarter of 2012

R$ million

| | 2Q12 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book Income Statement | Reclassifications | | | | | | | Fiscal Hedge [8] | Managerial Income Statement | Non-Recurring Events [9] | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **10,304** | **(271)** | **37** | **22** | **(618)** | **-** | **-** | **-** | **1,560** | **11,034** | **-** | **11,034** |
| ALL | (3,650) | - | - | - | 342 | (98) | - | - | - | (3,407) | - | (3,407) |
| **Gross Income from Financial Intermediation** | **6,654** | **(271)** | **37** | **22** | **(276)** | **(98)** | **-** | **-** | **1,560** | **7,627** | **-** | **7,627** |
| Income from Insurance, Pension Plans and Capitalization Bonds [10] | 953 | - | - | - | - | - | - | - | - | 953 | - | 953 |
| Fee and Commission Income | 4,174 | - | - | - | - | - | 107 | - | - | 4,281 | - | 4,281 |
| Personnel Expenses | (3,047) | - | - | - | - | - | - | - | - | (3,047) | - | (3,047) |
| Other Administrative Expenses | (3,322) | - | - | - | - | - | - | (119) | - | (3,441) | - | (3,441) |
| Tax Expenses | (813) | - | - | - | (8) | - | - | - | (170) | (991) | - | (991) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 19 | - | - | - | - | - | - | - | - | 19 | - | 19 |
| Other Operating Income/Expenses | (1,620) | 271 | (37) | (22) | 284 | 20 | (107) | 119 | - | (1,092) | 57 | (1,035) |
| **Operating Result** | **2,998** | **-** | **-** | **-** | **-** | **(78)** | **-** | **-** | **1,390** | **4,310** | **57** | **4,366** |
| Non-Operating Income | (100) | - | - | - | - | 78 | - | - | - | (22) | - | (22) |
| Income Tax / Social Contribution and Non-controlling Interest | (65) | - | - | - | - | - | - | - | (1,390) | (1,455) | (23) | (1,477) |
| **Net Income** | **2,833** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,833** | **34** | **2,867** |

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

# Income Statements vs. Managerial Income vs. Adjusted Income

**Nine Months of 2012**

R$ million

| | 9M12 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book Income Statement | Reclassifications | | | | | | | Fiscal Hedge [8] | Managerial Income Statement | Non-Recurring Events [9] | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **35,921** | **(747)** | **141** | **(30)** | **(1,748)** | **29** | **-** | **-** | **1,235** | **34,801** | **(2,116)** | **32,684** |
| ALL | (10,501) | - | - | - | 955 | (258) | - | - | - | (9,804) | - | (9,804) |
| **Gross Income from Financial Intermediation** | **25,420** | **(747)** | **141** | **(30)** | **(793)** | **(229)** | **-** | **-** | **1,235** | **24,997** | **(2,116)** | **22,880** |
| Income from Insurance, Pension Plans and Capitalization Bonds [10] | 743 | - | - | - | - | - | - | - | - | 743 | 2,116 | 2,859 |
| Fee and Commission Income | 12,501 | - | - | - | - | - | 336 | - | - | 12,837 | - | 12,837 |
| Personnel Expenses | (9,044) | - | - | - | - | - | - | - | - | (9,044) | - | (9,044) |
| Other Administrative Expenses | (10,060) | - | - | - | - | - | - | (347) | - | (10,407) | - | (10,407) |
| Tax Expenses | (2,957) | - | - | - | 50 | - | - | - | (135) | (3,041) | - | (3,041) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 104 | - | - | - | - | - | - | - | - | 104 | - | 104 |
| Other Operating Income/Expenses | (4,746) | 747 | (141) | 30 | 743 | 78 | (336) | 347 | - | (3,279) | 195 | (3,085) |
| **Operating Result** | **11,961** | **-** | **-** | **-** | **-** | **(151)** | **-** | **-** | **1,100** | **12,909** | **195** | **13,103** |
| Non-Operating Income | (211) | - | - | - | - | 151 | - | - | - | (60) | - | (60) |
| Income Tax / Social Contribution and Non-controlling Interest | (3,262) | - | - | - | - | - | - | - | (1,100) | (4,361) | (78) | (4,438) |
| **Net Income** | **8,488** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **8,488** | **117** | **8,605** |

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

# Income Statements vs. Managerial Income vs. Adjusted Income

**Nine Months of 2011**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | R$ million | | | | | | | | | | | |
| | 9M11 | | | | | | | | | | | |
| | Book Income Statement | Reclassifications | | | | | | | Fiscal Hedge (8) | Managerial Income Statement | Non-Recurring Events (9) | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **29,399** | **(344)** | **81** | **(282)** | **(1,266)** | **-** | **-** | **-** | **1,475** | **29,063** | **-** | **29,063** |
| ALL | (9,125) | - | - | - | 718 | (175) | - | - | - | (8,582) | 1,006 | (7,576) |
| **Gross Income from Financial Intermediation** | **20,274** | **(344)** | **81** | **(282)** | **(548)** | **(175)** | **-** | **-** | **1,475** | **20,481** | **1,006** | **21,487** |
| Income from Insurance, Pension Plans and Capitalization Bonds (10) | 2,437 | - | - | - | - | - | - | - | - | 2,437 | - | 2,437 |
| Fee and Commission Income | 10,815 | - | - | - | - | - | 322 | - | - | 11,137 | - | 11,137 |
| Personnel Expenses | (8,421) | - | - | - | - | - | - | - | - | (8,421) | 501 | (7,921) |
| Other Administrative Expenses | (9,444) | - | - | - | - | - | - | (280) | - | (9,724) | - | (9,724) |
| Tax Expenses | (2,618) | - | - | - | 119 | - | - | - | (160) | (2,659) | - | (2,659) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 91 | - | - | - | - | - | - | - | - | 91 | - | 91 |
| Other Operating Income/Expenses | (2,061) | 344 | (81) | 282 | 429 | - | (322) | 280 | - | (1,129) | (1,464) | (2,593) |
| **Operating Result** | **11,073** | **-** | **-** | **-** | **-** | **(175)** | **-** | **-** | **1,315** | **12,213** | **43** | **12,255** |
| Non-Operating Income | (118) | - | - | - | - | 175 | - | - | - | 57 | (58) | (1) |
| Income Tax / Social Contribution and Non-controlling Interest | (2,653) | - | - | - | - | - | - | - | (1,315) | (3,968) | 140 | (3,827) |
| **Net Income** | **8,302** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **8,302** | **125** | **8,427** |

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

# *Economic and Financial Analysis*

# 2

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

# Consolidated Statement of Financial Position and Adjusted Income Statement

## Statement of Financial Position

| | R$ million | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sept12 | Jun12 | Mar12 | Dec11 | Sept11 | Jun11 | Mar11 | Dec10 |
| **Assets** | | | | | | | | |
| **Current and Long-Term Assets** | **840,295** | **815,063** | **773,896** | **746,090** | **710,238** | **677,571** | **663,599** | **625,783** |
| Cash and Cash Equivalents | 12,944 | 13,997 | 25,069 | 22,574 | 10,018 | 7,715 | 6,785 | 15,738 |
| Interbank Investments | 126,772 | 92,858 | 84,690 | 82,303 | 85,963 | 86,147 | 100,159 | 73,232 |
| Securities and Derivative Financial Instruments | 319,537 | 322,507 | 294,959 | 265,723 | 244,622 | 231,425 | 217,482 | 213,518 |
| Interbank and Interdepartmental Accounts | 56,276 | 62,510 | 61,576 | 72,906 | 71,951 | 67,033 | 67,292 | 66,326 |
| Loan and Leasing Operations | 262,748 | 258,242 | 250,201 | 248,719 | 241,812 | 231,862 | 222,404 | 213,532 |
| Allowance for Loan Losses (ALL) | (20,915) | (20,682) | (20,117) | (19,540) | (19,091) | (17,365) | (16,740) | (16,290) |
| Other Receivables and Assets | 82,933 | 85,631 | 77,518 | 73,405 | 74,963 | 70,754 | 66,217 | 59,727 |
| **Permanent Assets** | **15,993** | **15,457** | **15,654** | **15,443** | **12,051** | **11,736** | **11,788** | **11,702** |
| Investments | 1,907 | 1,889 | 2,076 | 2,052 | 1,721 | 1,699 | 1,675 | 1,577 |
| Premises and Leased Assets | 4,500 | 4,523 | 4,551 | 4,413 | 3,812 | 3,658 | 3,666 | 3,766 |
| Intangible Assets | 9,586 | 9,045 | 9,027 | 8,978 | 6,518 | 6,379 | 6,447 | 6,359 |
| **Total** | **856,288** | **830,520** | **789,550** | **761,533** | **722,289** | **689,307** | **675,387** | **637,485** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | |
| **Current and Long-Term Liabilities** | **789,036** | **765,398** | **730,214** | **704,664** | **667,312** | **635,360** | **623,069** | **588,610** |
| Deposits | 212,869 | 217,070 | 213,877 | 217,424 | 224,664 | 213,561 | 203,822 | 193,201 |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 245,538 | 225,974 | 213,930 | 197,448 | 171,458 | 164,204 | 178,989 | 171,497 |
| Funds from Issuance of Securities | 53,810 | 51,158 | 48,482 | 41,522 | 32,879 | 29,044 | 21,701 | 17,674 |
| Interbank and Interdepartmental Accounts | 3,649 | 3,618 | 3,231 | 4,614 | 2,974 | 3,037 | 2,647 | 3,790 |
| Borrowing and Onlending | 45,399 | 47,895 | 47,112 | 53,247 | 49,057 | 45,207 | 41,501 | 38,196 |
| Derivative Financial Instruments | 4,148 | 3,568 | 2,703 | 735 | 1,724 | 1,221 | 2,358 | 730 |
| Reserves for Insurance, Pension Plans and Capitalization Bonds | 117,807 | 111,789 | 106,953 | 103,653 | 97,099 | 93,938 | 89,980 | 87,177 |
| Other Liabilities | 105,816 | 104,326 | 93,926 | 86,021 | 87,457 | 85,148 | 82,071 | 76,345 |
| **Deferred Income** | **619** | **615** | **646** | **672** | **622** | **505** | **447** | **360** |
| **Non-controlling Interest in Subsidiaries** | **586** | **587** | **630** | **615** | **613** | **599** | **574** | **472** |
| **Shareholders' Equity** | **66,047** | **63,920** | **58,060** | **55,582** | **53,742** | **52,843** | **51,297** | **48,043** |
| **Total** | **856,288** | **830,520** | **789,550** | **761,533** | **722,289** | **689,307** | **675,387** | **637,485** |

# Consolidated Statement of Financial Position and Adjusted Income Statement

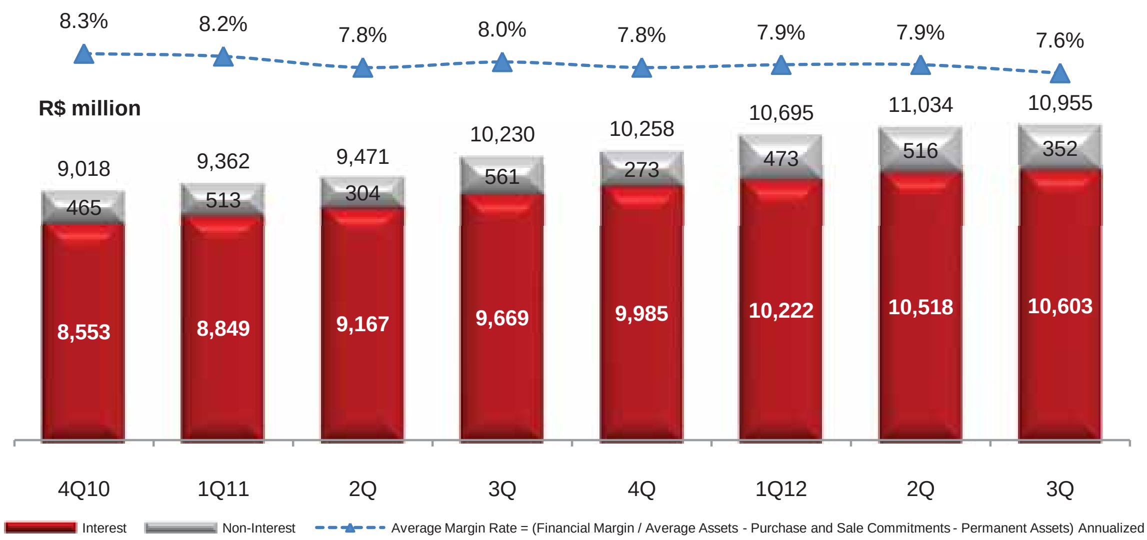
## Adjusted Income Statement

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

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

# Financial Margin - Interest and Non-Interest

## Financial Margin Breakdown



# Financial Margin - Interest and Non-Interest

## Average Financial Margin Rate

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

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

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

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

# Financial Margin - Interest

## Interest Financial Margin - Breakdown

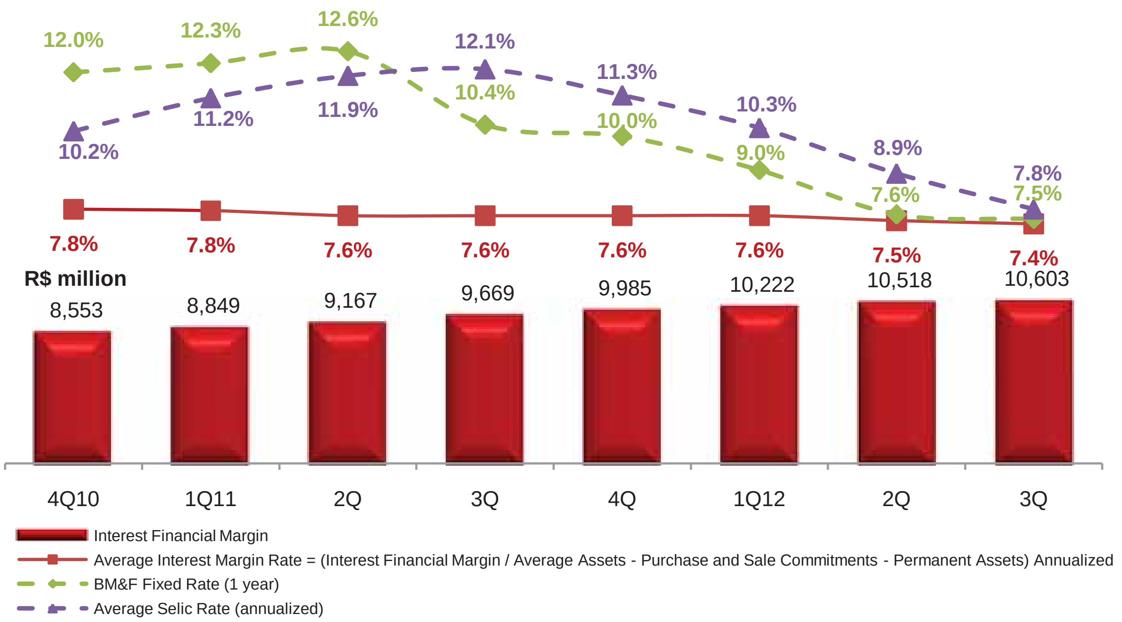
| | Interest Financial Margin Breakdown (R$ million) | | | | | |
|---|---|---|---|---|---|---|
| | 9M12 | 9M11 | 3Q12 | 2Q12 | Variation YTD | Variation Quarter |
| Loans | 22,003 | 19,656 | 7,460 | 7,362 | 2,347 | 98 |
| Funding | 3,228 | 3,393 | 1,019 | 1,041 | (165) | (22) |
| Insurance | 2,271 | 2,618 | 694 | 726 | (347) | (32) |
| Securities/Other | 3,841 | 2,018 | 1,430 | 1,389 | 1,823 | 41 |
| **Financial Margin** | **31,343** | **27,685** | **10,603** | **10,518** | **3,658** | **85** |

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

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

## Financial Margin - Interest

### Interest Financial Margin - Rates




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

### Interest Financial Margin - Annualized Average Rates

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

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

# Loan Financial Margin - Interest

## Loan Financial Margin - Breakdown

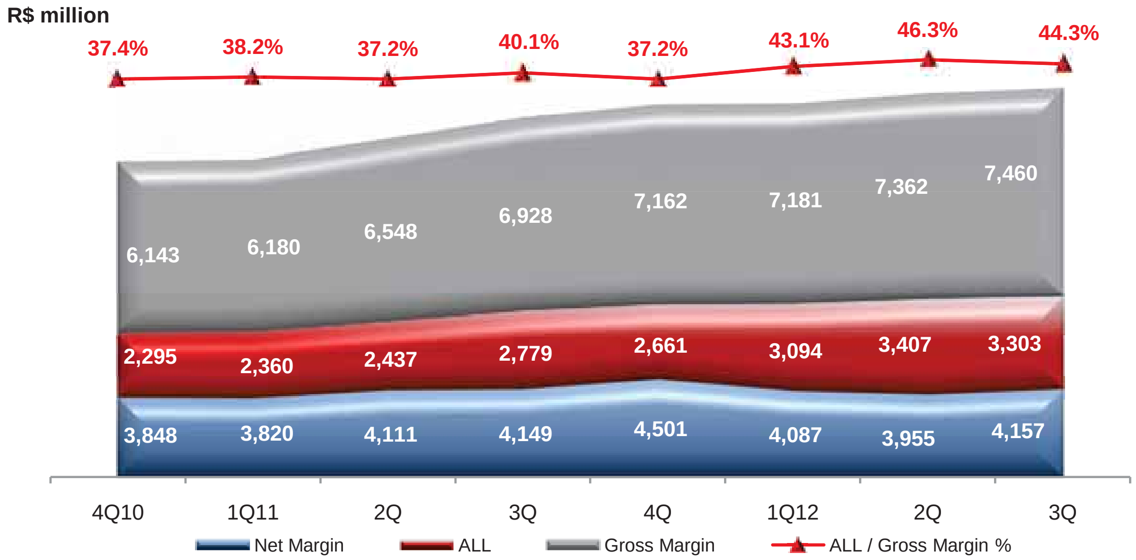
| | R$ million | | | | | |
|---|---|---|---|---|---|---|
| | Financial Margin - Loan | | | | | |
| | 9M12 | 9M11 | 3Q12 | 2Q12 | Variation | |
| | | | | | YTD | Quarter |
| Interest - due to volume | | | | | 2,399 | 170 |
| Interest - due to spread | | | | | (52) | (72) |
| **Interest Financial Margin**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

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

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

# Loan Financial Margin - Interest

## Loan Financial Margin - Net Margin




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

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

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

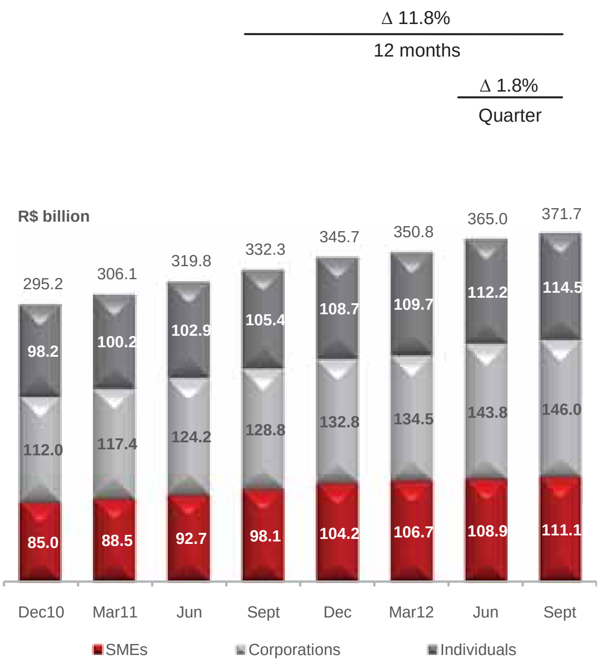
# Loan Financial Margin - Interest

## Expanded Loan Portfolio [1]

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

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

For further information, refer to page 42 herein.




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

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

| Individuals | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Sept12 | Jun12 | Sept11 | Quarter | 12M |
| CDC / Vehicle Leasing | 31,860 | 32,195 | 32,565 | (1.0) | (2.2) |
| Payroll-Deductible Loans [1] | 19,956 | 19,243 | 17,509 | 3.7 | 14.0 |
| Credit Card | 18,850 | 18,545 | 17,454 | 1.6 | 8.0 |
| Personal Loans | 14,929 | 14,465 | 12,977 | 3.2 | 15.0 |
| Real Estate Financing [2] | 9,452 | 8,768 | 6,372 | 7.8 | 48.3 |
| Rural Loans | 6,528 | 6,367 | 6,414 | 2.5 | 1.8 |
| BNDES/Finame Onlending | 5,628 | 5,515 | 5,177 | 2.1 | 8.7 |
| Overdraft Facilities | 3,198 | 3,204 | 3,035 | (0.2) | 5.4 |
| Sureties and Guarantees | 685 | 650 | 690 | 5.4 | (0.8) |
| Other [3] | 3,450 | 3,282 | 3,196 | 5.1 | 7.9 |
| **Total** | **114,536** | **112,235** | **105,389** | **2.1** | **8.7** |

Including:
(1) Loan assignment (FIDC): R$265 million in September 2012, R$339 million in June 2012 and R$442 million in September 2011;
(2) Loan assignment (CRI): R$165 million in September 2012, R$182 million in June 2012 and R$232 million in September 2011; and
(3) Loan assignment (FIDC) for the acquisition of assets: R$1 million in September 2012, R$2 million in June 2012 and R$3 million in September 2011; and rural loan assignment: R$111 in September 2012, R$112 million in June 2012 and R$122 million in September 2011.

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

## Loan Financial Margin - Interest

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

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

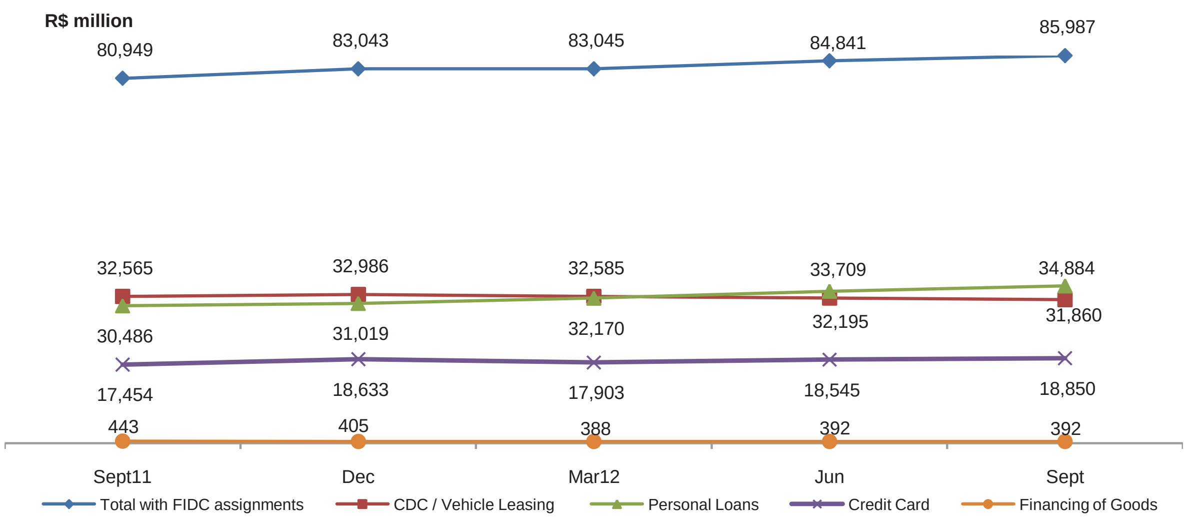
Including:
(1) Loan assignment (CRI): R$234 million in September 2012, R$239 million in June 2012, R$293 million in September 2011;
(2) A total of 91% of sureties and guarantees from corporate customers were contracted by corporations;
(3) Operations with debentures and promissory notes; and
(4) Letters of credit: R$1,569 million in September 2012, R$1,779 million in June 2012 and R$1,946 million in September 2011.

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

### Expanded Loan Portfolio - Consumer Financing

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

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



# Loan Financial Margin - Interest

## Breakdown of the Vehicle Portfolio

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

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

## Expanded Loan Portfolio Concentration - by Sector

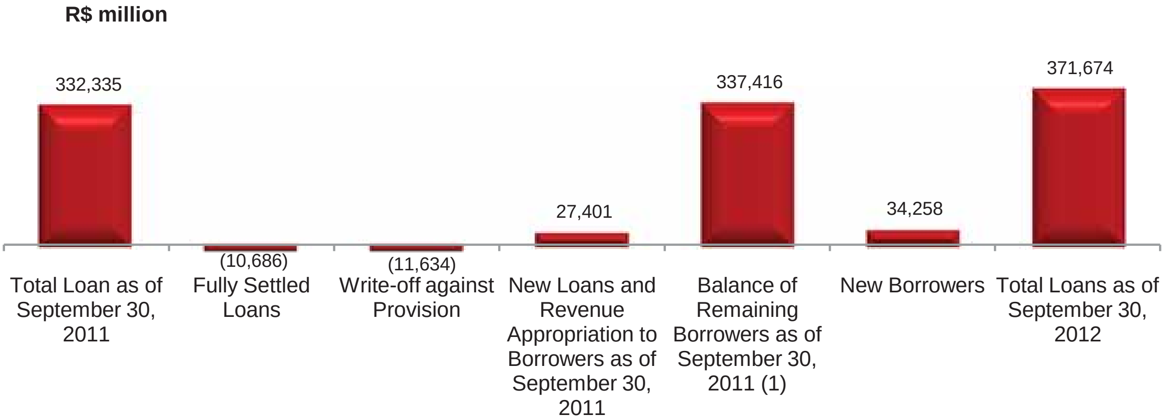
The expanded loan portfolio by economic sector posted a slight variation. In the quarter, “Industry” posted greater shares, while “Services" posted the greatest growth in the last 12 months.

| Activity Sector | R$ million | | | | | |
|---|---|---|---|---|---|---|
| | Sept12 | % | Jun12 | % | Sept11 | % |
| **Public Sector** | **1,086** | **0.3** | **1,770** | **0.5** | **1,894** | **0.6** |
| **Private Sector** | **370,588** | **99.7** | **363,193** | **99.5** | **330,441** | **99.4** |
| **Corporate** | **256,052** | **68.9** | **250,958** | **68.8** | **225,052** | **67.7** |
| Industry | 82,531 | 22.2 | 78,798 | 21.6 | 75,620 | 22.8 |
| Commerce | 58,786 | 15.8 | 57,251 | 15.7 | 51,153 | 15.4 |
| Financial Intermediaries | 6,617 | 1.8 | 5,746 | 1.6 | 5,234 | 1.6 |
| Services | 104,200 | 28.0 | 105,188 | 28.8 | 88,964 | 26.8 |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | 3,918 | 1.1 | 3,975 | 1.1 | 4,081 | 1.2 |
| **Individuals** | **114,536** | **30.8** | **112,235** | **30.8** | **105,389** | **31.7** |
| **Total** | **371,674** | **100.0** | **364,963** | **100.0** | **332,335** | **100.0** |

## Loan Financial Margin - Interest

### Changes in the Expanded Loan Portfolio

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




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

# Loan Financial Margin - Interest

## Changes in the Expanded Loan Portfolio - By Rating

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

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

## Expanded Loan Portfolio - By Customer Profile

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

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

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

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

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

# Loan Financial Margin - Interest

## Expanded Loan Portfolio - By Business Segment

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

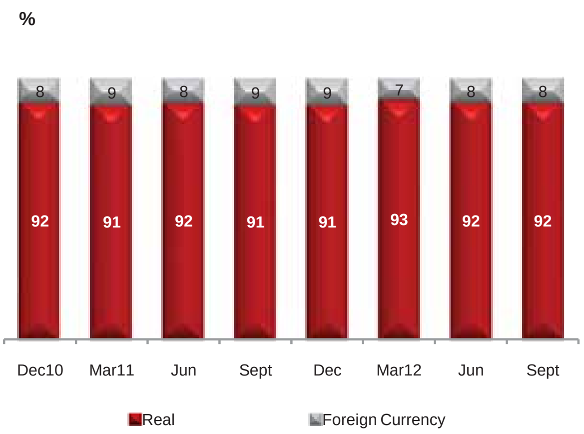
| Business Segments | R$ million | | | | | | Variation % | |
|---|---|---|---|---|---|---|---|---|
| | Sept12 | % | Jun12 | % | Sept11 | % | Quarter | 12M |
| Retail | 104,405 | 28.1 | 100,538 | 27.5 | 91,412 | 27.5 | 3.8 | 14.2 |
| Corporate (1) | 152,850 | 41.1 | 151,847 | 41.6 | 139,899 | 42.1 | 0.7 | 9.3 |
| Middle Market | 46,693 | 12.6 | 45,447 | 12.5 | 40,225 | 12.1 | 2.7 | 16.1 |
| Prime | 14,718 | 4.0 | 13,768 | 3.8 | 11,432 | 3.4 | 6.9 | 28.7 |
| Other / Non-account holders (2) | 53,008 | 14.2 | 53,365 | 14.6 | 49,368 | 14.9 | (0.7) | 7.4 |
| **Total** | **371,674** | **100.0** | **364,963** | **100.0** | **332,335** | **100.0** | **1.8** | **11.8** |

(1) Including loans taken out with co-obligation. In the table on page 40, Loan Portfolio - by Customer Profile, these amounts are allocated to Individuals; and
(2) Mostly, non-account holders using vehicle financing, cards and payroll-deductible loans.

## Expanded Loan Portfolio - By Currency

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

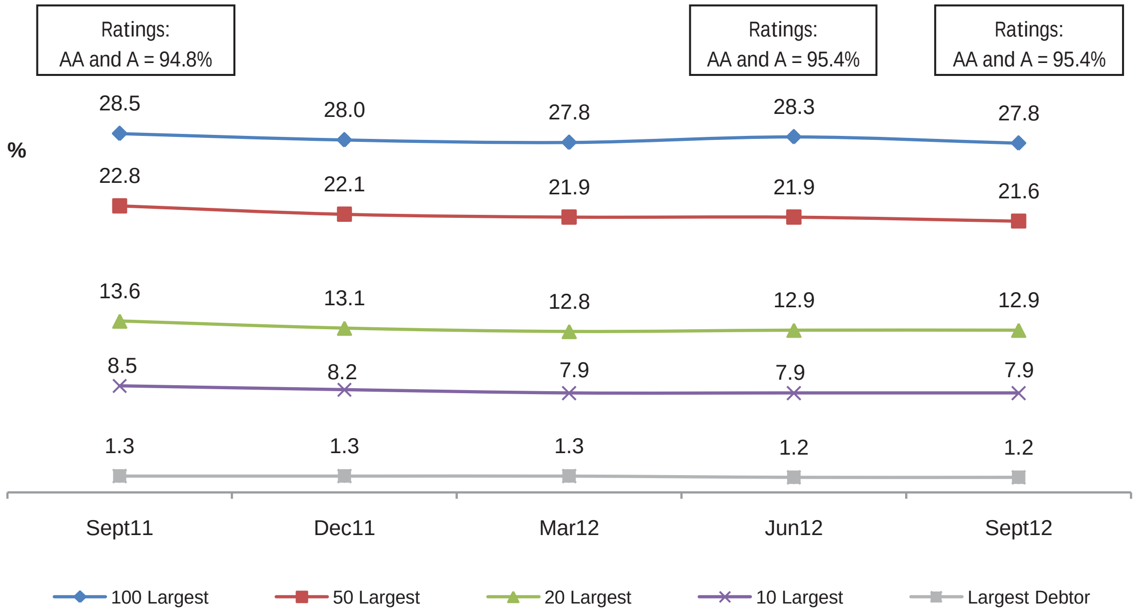
In September 2012, total loan operations, in reais, stood at R$341.3 billion (R$337.4 billion in June 2012 and R$304.2 billion in September 2011), up 1.2% on the previous quarter and 12.2% over the last 12 months.



# Loan Financial Margin - Interest

## Expanded Loan Portfolio - by Debtor

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




## Loan Portfolio[1] - By Type

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

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Sept12 | Jun12 | Sept11 | Quarter | 12M |
| Loans and Discounted Securities | 138,417 | 135,873 | 125,883 | 1.9 | 10.0 |
| Financing | 99,631 | 97,156 | 87,952 | 2.5 | 13.3 |
| Rural and Agribusiness Financing | 15,968 | 15,624 | 15,435 | 2.2 | 3.5 |
| Leasing Operations | 8,731 | 9,588 | 12,542 | (8.9) | (30.4) |
| Advances on Exchange Contracts | 7,360 | 7,078 | 6,185 | 4.0 | 19.0 |
| Other Loans | 14,258 | 13,847 | 12,474 | 3.0 | 14.3 |
| **Subtotal Loan Operations [2]** | **284,367** | **279,166** | **260,471** | **1.9** | **9.2** |
| Sureties and Guarantees Granted (Memorandum Accounts) | 54,732 | 52,876 | 44,389 | 3.5 | 23.3 |
| Operations bearing Credit Risk - Commercial Portfolio [3] | 28,587 | 28,043 | 22,799 | 1.9 | 25.4 |
| Letters of Credit (Memorandum Accounts) | 1,569 | 1,779 | 1,946 | (11.8) | (19.4) |
| Advances from Credit Card Receivables | 1,623 | 2,207 | 1,619 | (26.5) | 0.2 |
| Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts) | 666 | 761 | 969 | (12.5) | (31.3) |
| Co-obligation in Rural Loan Assignment (Memorandum Accounts) | 130 | 131 | 142 | (0.8) | (8.5) |
| **Subtotal of Operations bearing Credit Risk - Expanded Portfolio** | **371,674** | **364,963** | **332,335** | **1.8** | **11.8** |
| Other Operations Bearing Credit Risk [4] | 22,928 | 22,284 | 16,675 | 2.9 | 37.5 |
| **Total Operations bearing Credit Risk** | **394,602** | **387,247** | **349,010** | **1.9** | **13.1** |

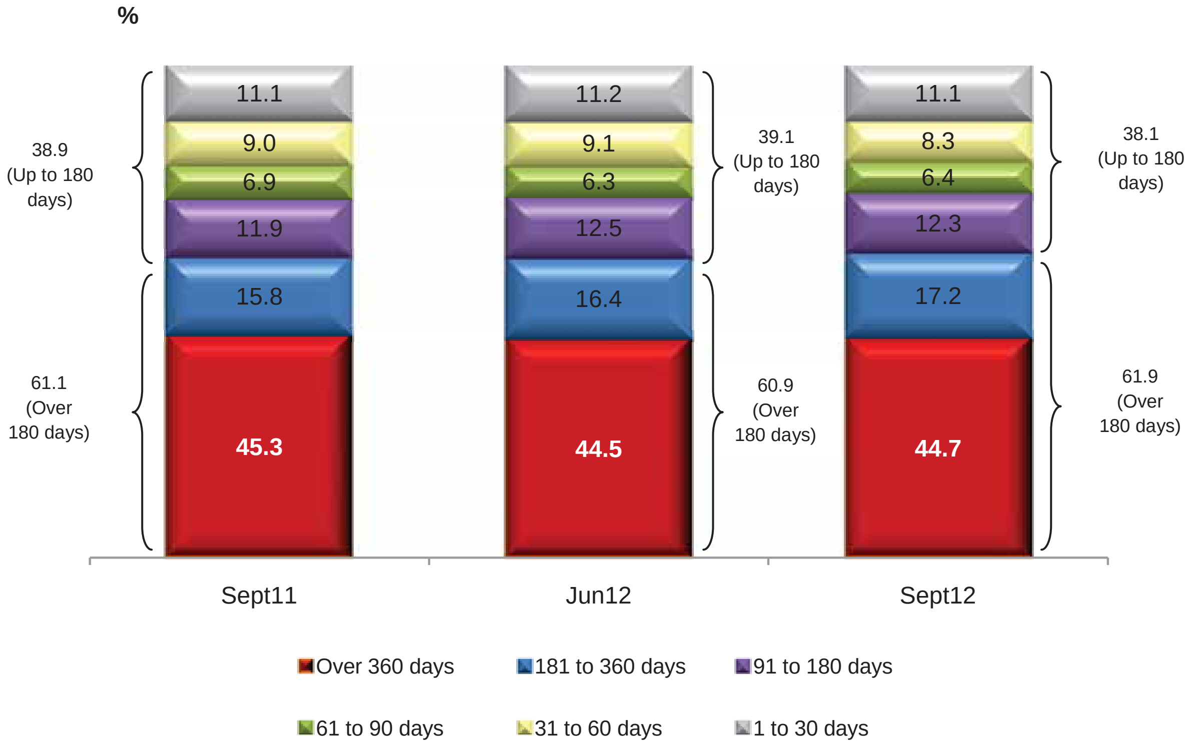
(1) In addition to the Expanded Portfolio, it includes other operations bearing credit risk;
(2) As defined by Bacen;
(3) Including debenture and promissory note operations; and
(4) Including CDI operations, international treasury, swaps, forward currency contracts and investments in FIDC and CRI.

## Loan Financial Margin - Interest

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

### Loan Portfolio(1) - By Flow of Maturities

In September 2012 versus September 2011 and June 2012, performing loan operations presented a longer debt maturity profile, mainly as a result of the increased volume of Brazilian Development Bank - BNDES and real-estate financing operations. Note that these operations are subject to lower risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

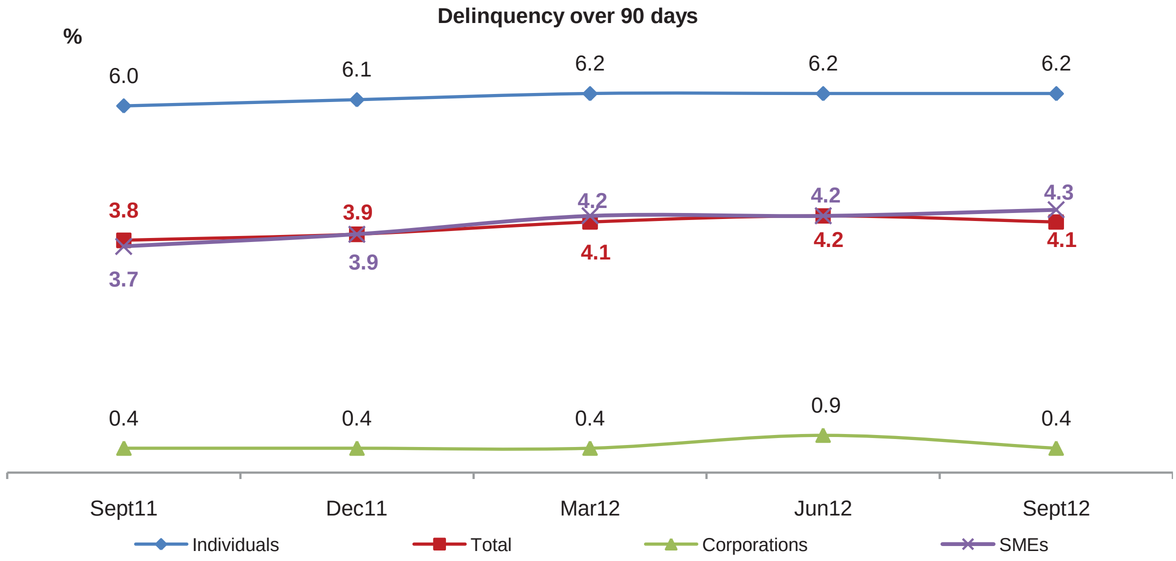



(1) As defined by Bacen.

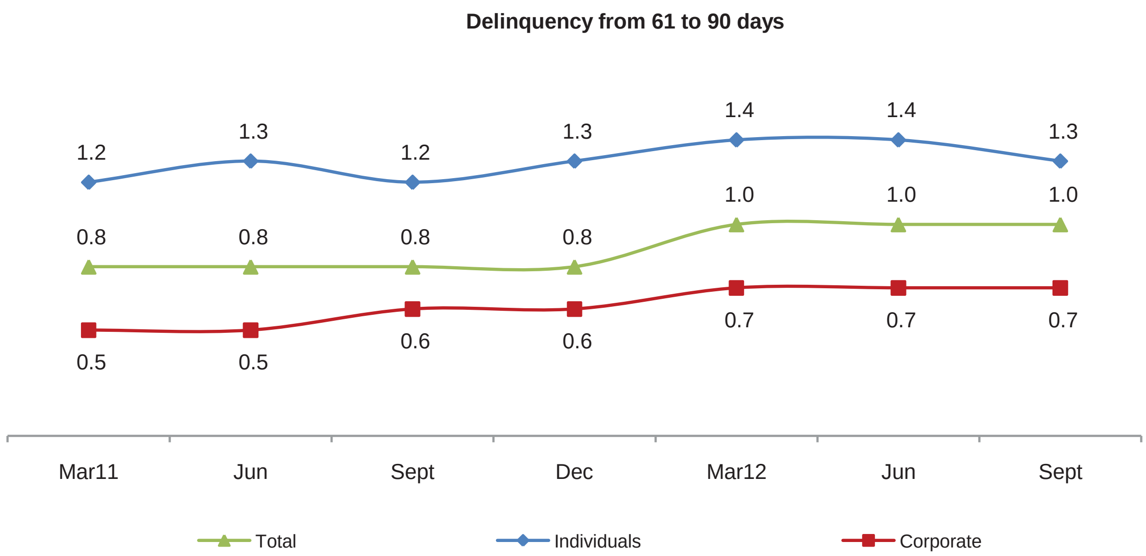
# Loan Financial Margin - Interest

## Loan Portfolio[1] - Delinquency over 90 days

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




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

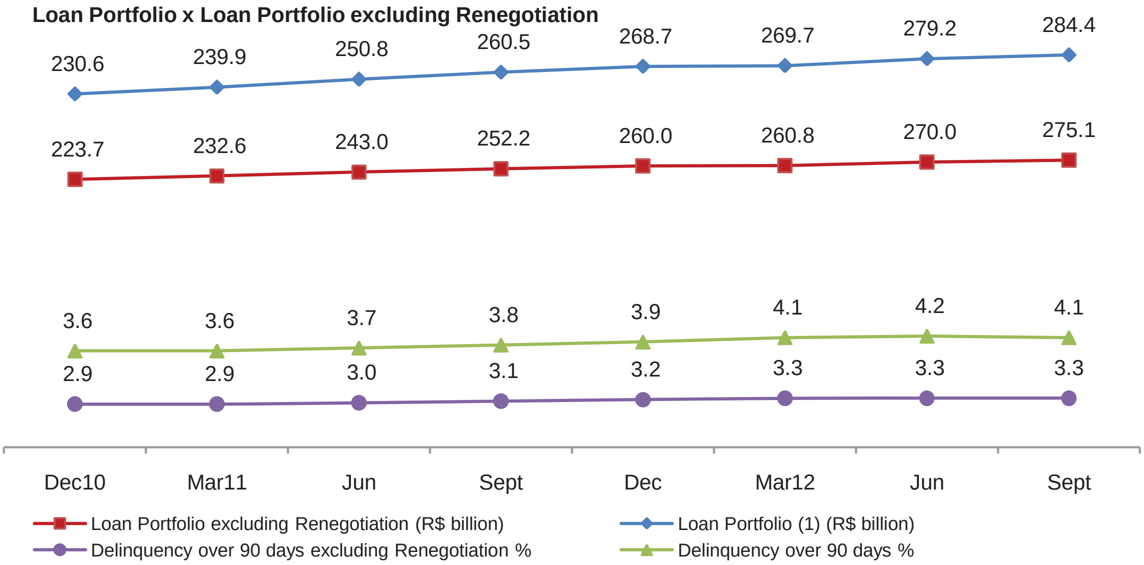



(1) As defined by Bacen.

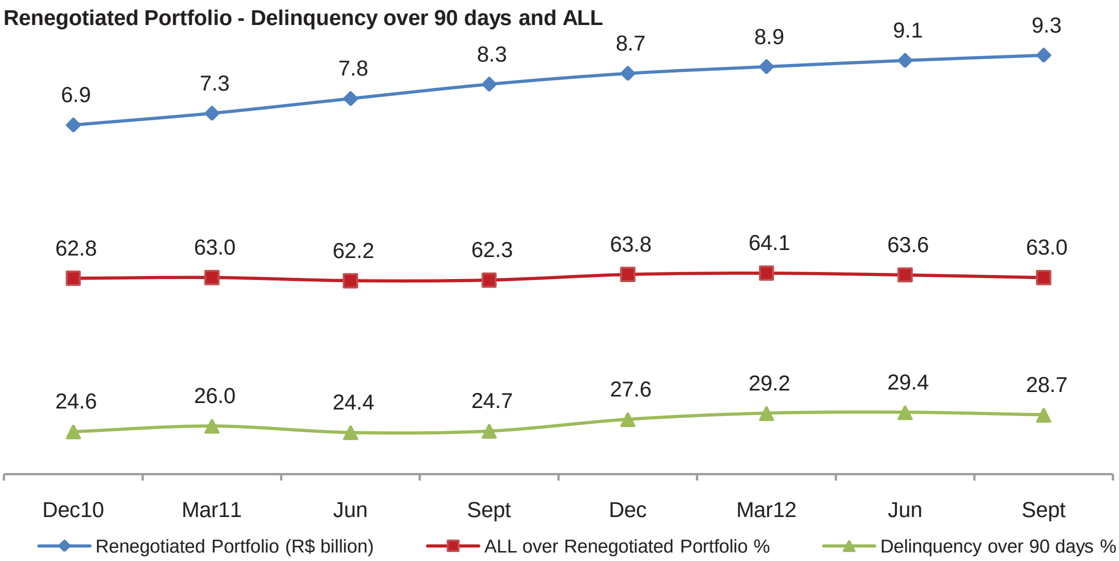
## Loan Financial Margin - Interest

### Renegotiated Portfolio - Delinquency over 90 days and ALL[(1)]

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




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

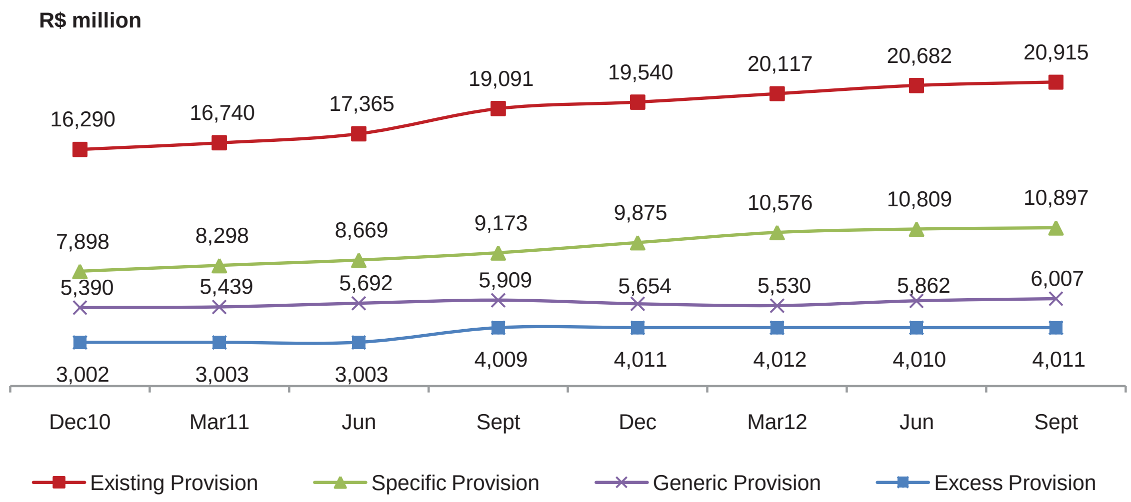



(1) As defined by Bacen.

# Loan Financial Margin - Interest

## Allowance for Loan Losses (ALL) x Delinquency x Losses [(1)]

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

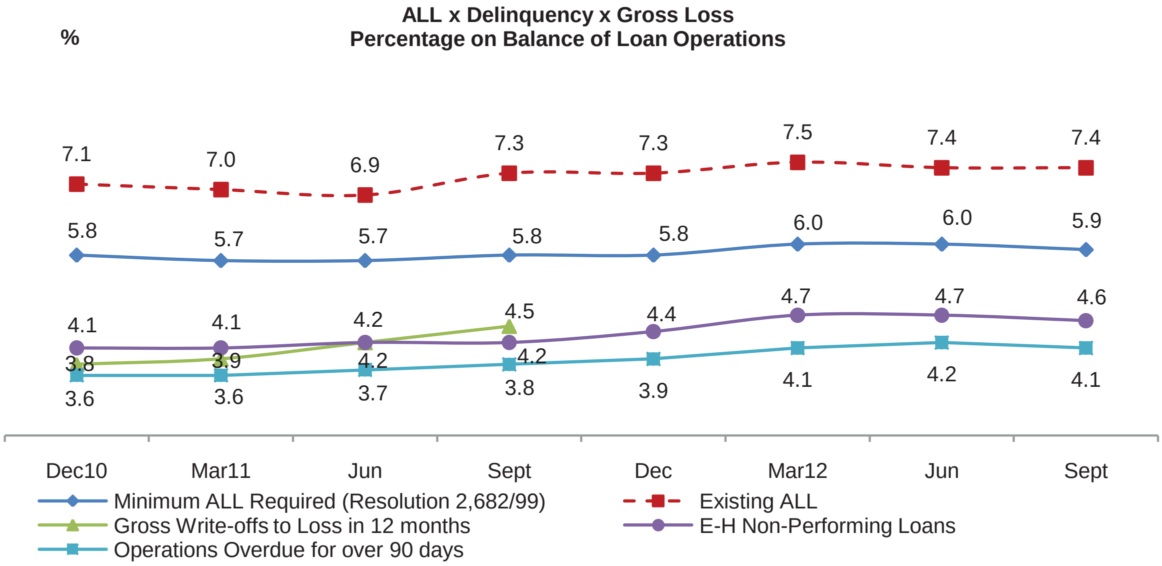



Bradesco has appropriate provisioning levels that, in our opinion, are also sufficient to support potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

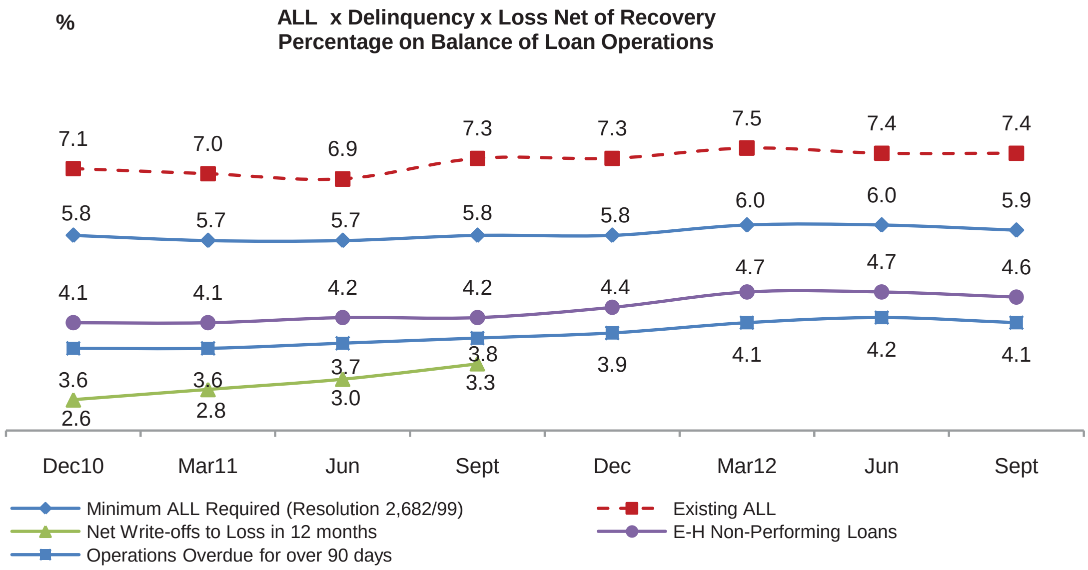
(1) As defined by Bacen.

## Loan Financial Margin - Interest

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




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




(1) As defined by Bacen.

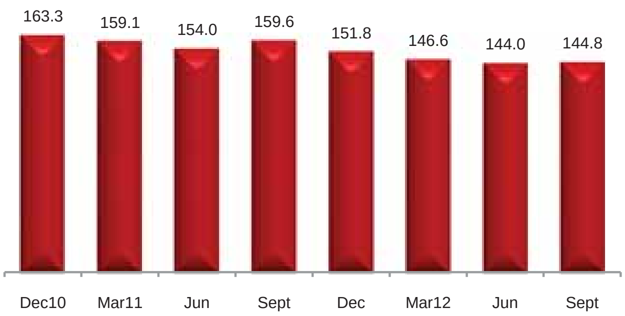
# Loan Financial Margin - Interest

## Allowance for Loan Losses [1]

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

**Non Performing Loans (2) / Loan Operations (1) - (%)**


**Existing Provision / Non Performing Loans - (%)**




**Existing Provision / Operations Overdue for over 90 days - (%)**


(1) As defined by Bacen; and
(2) Loan operations overdue for over 60 days and that do not generate revenue appropriation on an accrual basis.

# Loan Financial Margin - Interest

## Loan Portfolio[1] - Portfolio Indicators

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

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

(1) As defined by Bacen; and

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

# Funding Financial Margin- Interest

## Funding Financial Margin - Breakdown

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

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

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

# Funding Financial Margin - Interest

## Loans x Funding

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

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

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

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

(1) Debentures mainly used to back purchase and sale commitments;
(2) Excluding government securities tied to savings accounts; and
(3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to CDI to rebate from compulsory deposits and debentures.

# Funding Financial Margin - Interest

## Main Funding Sources

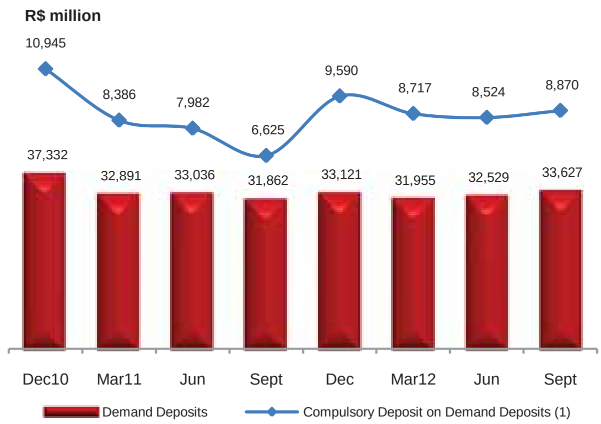
The following table presents changes in main funding sources:

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

(1) Considering only debentures used to back purchase and sale commitments; and
(2) Including: Financial Bills, on September 30, 2012, amounting to R$31,234 million (R$31,124 million on June 30, 2012 and R$19,285 million on September 30, 2011).

## Demand Deposits

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



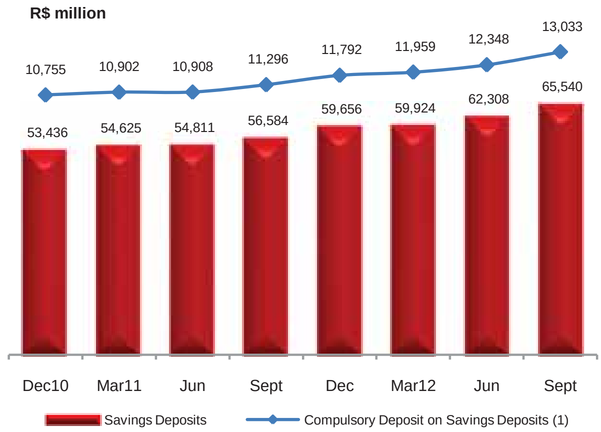

(1) Additional installment is not included.

## Savings Deposits

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

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

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



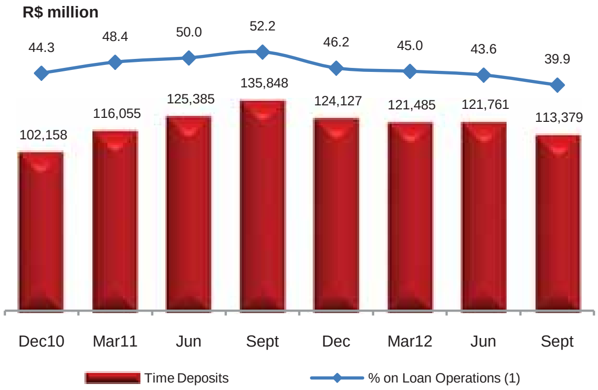

(1) Additional installment is not included.

# Funding Financial Margin - Interest

## Time Deposits

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

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

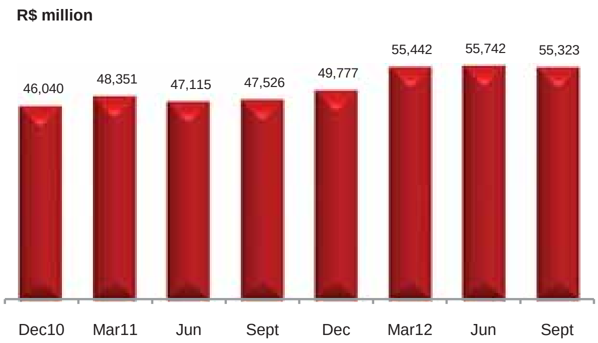



(1) As defined by Bacen.

## Debentures

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

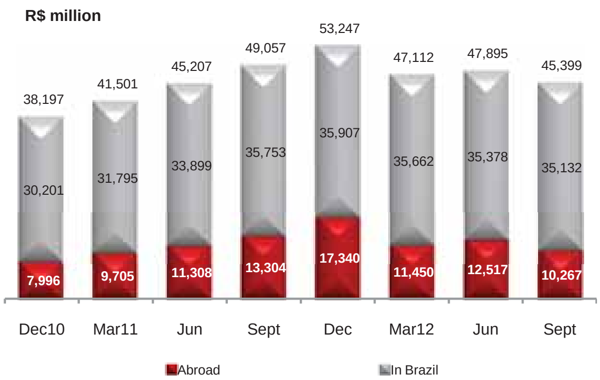
These variations are mainly due to the placement and maturity of the securities, which are also used to back purchase and sale commitments that are, in turn, impacted by the levels of economic activity.




## Borrowing and Onlending

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

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

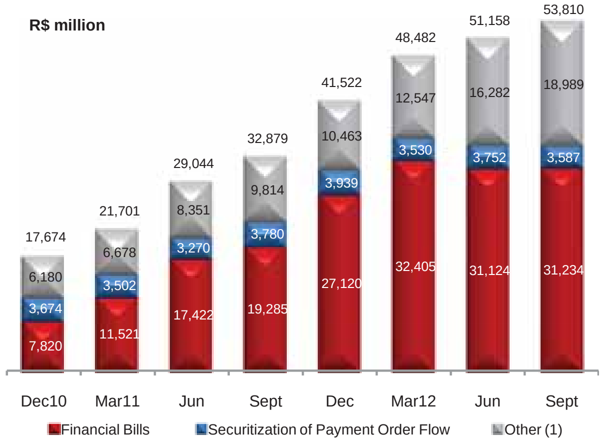


# Funding Financial Margin - Interest

## Funds for the Issuance of Securities

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

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

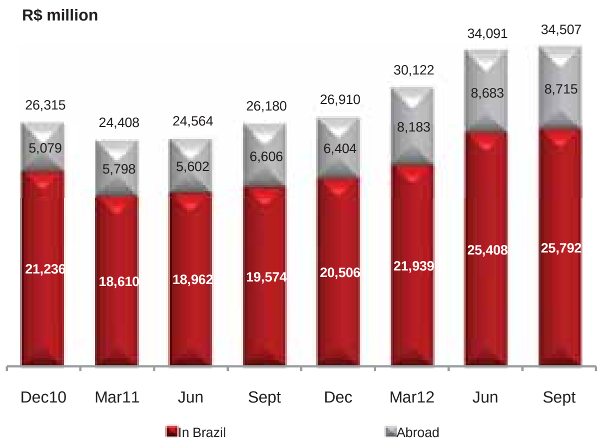



(1) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, Medium Term Note - MTN Program Issues and the cost of issuances over funding.

## Subordinated Debt

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

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



## Securities / Other Financial Margin - Interest

### Securities / Other Financial Margin - Breakdown

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

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

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

## Insurance Financial Margin - Interest

### Insurance Financial Margin - Breakdown

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

In the quarter-on-quarter comparison, interest financial margin from insurance operations posted a decrease of R$32 million, or 4.4%, mainly due to: (i) a R$65 million decrease in average spread, due to the increase of IGP-M, which impacted the adjustment of part of the period`s technical reserves, and offset by: (ii) the increase in the volume of operations, amounting to R$33 million.

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

# Financial Margin - Non-Interest

## Non-Interest Financial Margin - Breakdown

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

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

- “Insurance,” basically represented by gains/loss from equity securities, and the variations in the periods are associated with market conditions, which enable a greater/lower opportunity of obtaining gains; and

- “Securities / Other,” a R$230 million decrease in the quarter-on-quarter comparison and a R$162 million decrease in the year-on-year comparison, reflecting the lower gains from Treasury/Securities.

## Insurance, Pension Plans and Capitalization Bonds

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

### Consolidated Statement of Financial Position

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

### Consolidated Income Statement

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

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

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

# Insurance, Pension Plans and Capitalization Bonds

## Income Distribution of Grupo Bradesco Seguros e Previdência

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

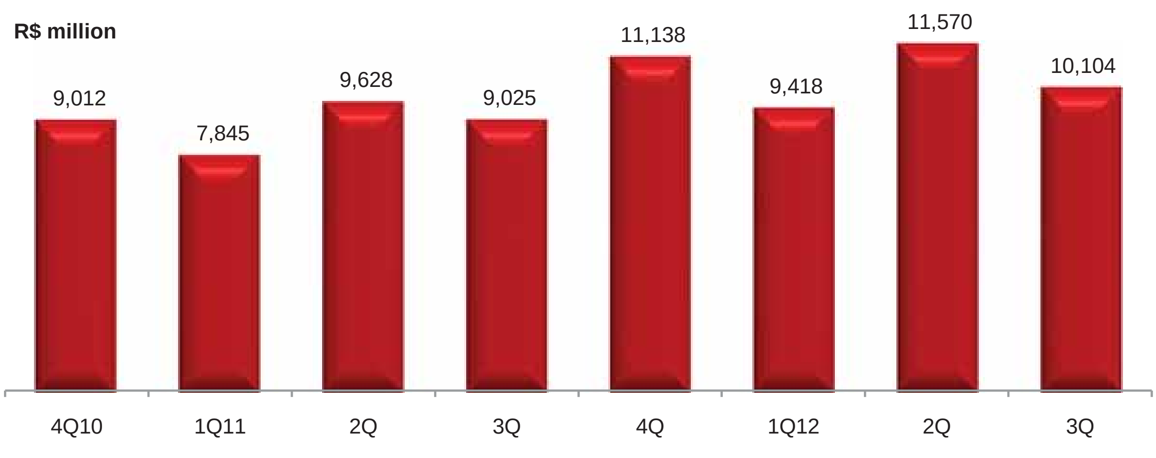
## Performance Ratios

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

(1) Retained Claims/Earned Premiums;
(2) Selling Expenses/Earned Premiums;
(3) Administrative Expenses/Net Written Premiums;
(4) (Retained Claims + Selling Expenses + Other Operating Income and Expenses) / Earned Premiums + (Administrative Expenses + Taxes) / Net Written Premiums; and
(5) Excluding additional reserves.

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

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



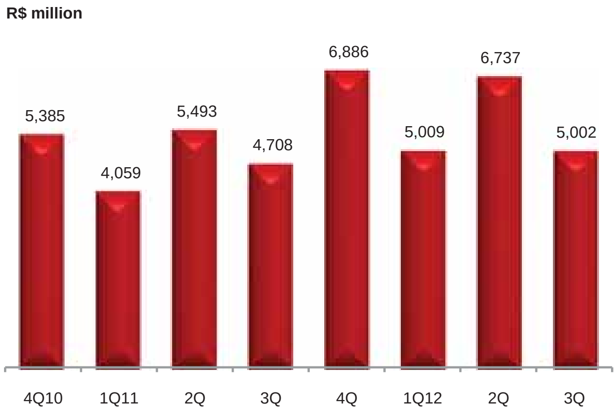

In view of the excellent performance of "Life and Pension Plan" and "Capitalization Bond" products in the second quarter of 2012 and the insurance segment seasonality in the period, the R$10.1 billion revenue in the third quarter of 2012 was lower than that of the previous quarter, but up 12.0% when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

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

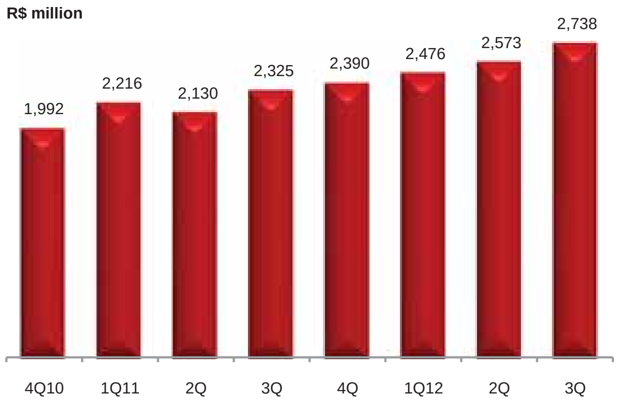
# Insurance, Pension Plans and Capitalization Bonds

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

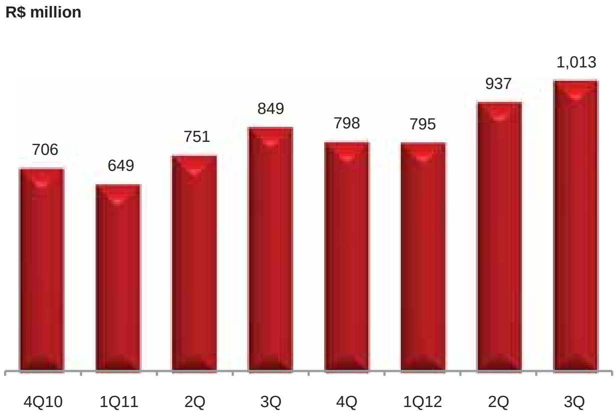
**Life/AP/VGBL/PGBL/Basic Lines**



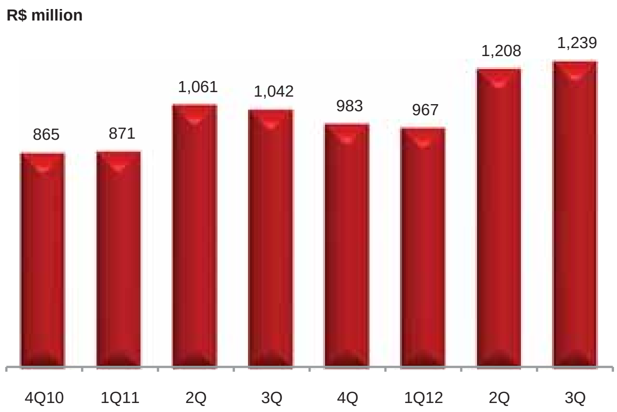

**Health**



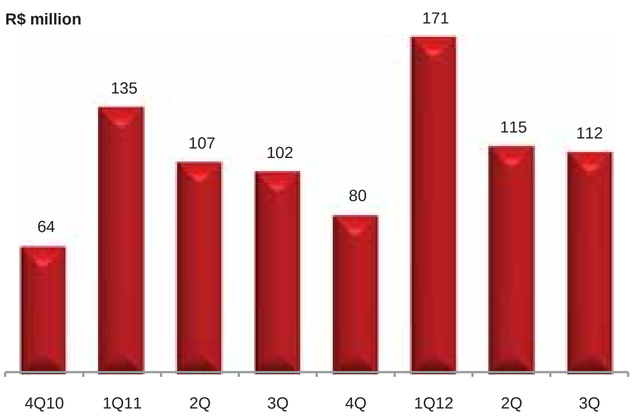

**Capitalization Bonds**




**Auto/RE**

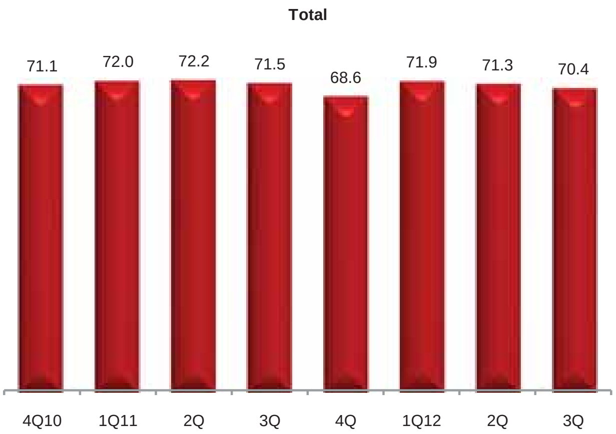


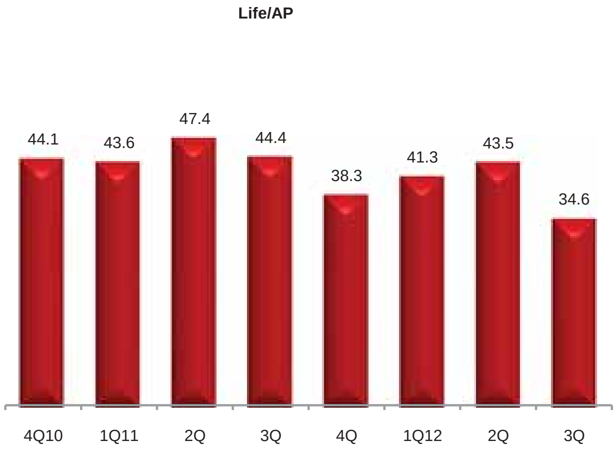

**Other Lines**

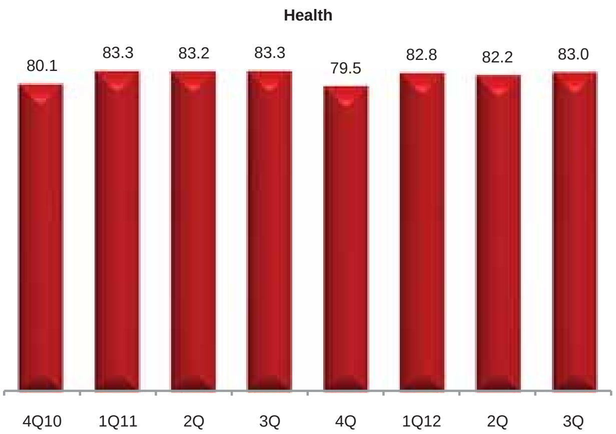


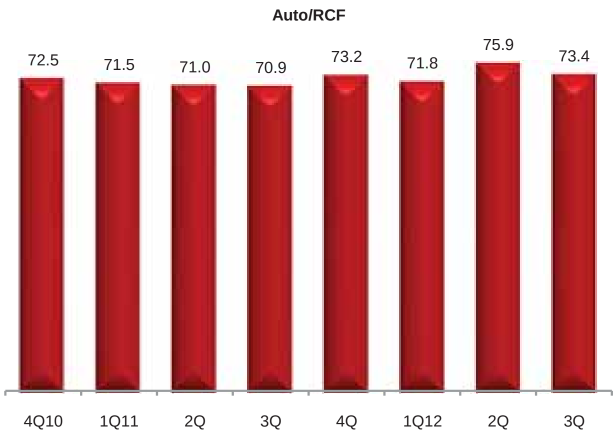
# Insurance, Pension Plan and Capitalization Bonds

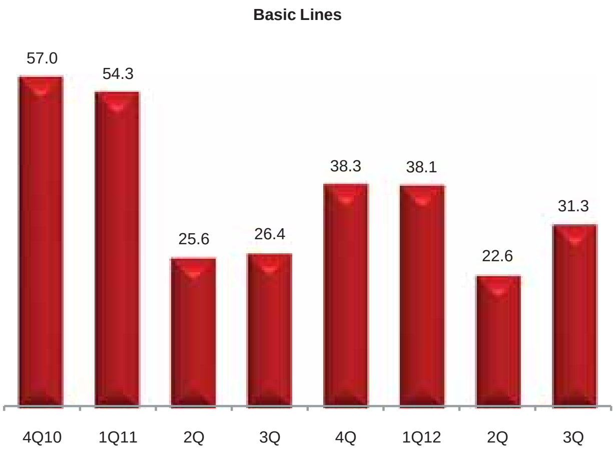
## Retained Claims by Insurance Line

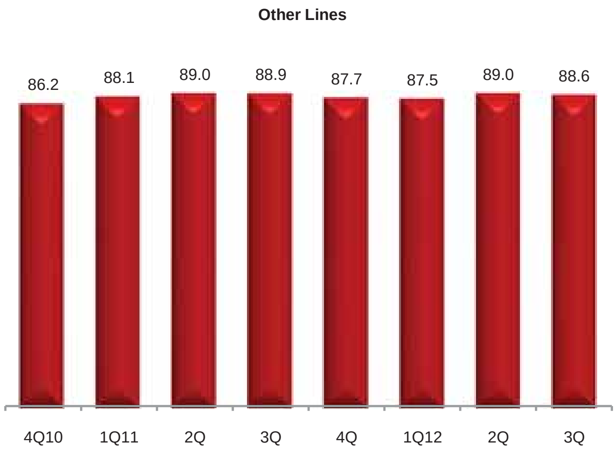


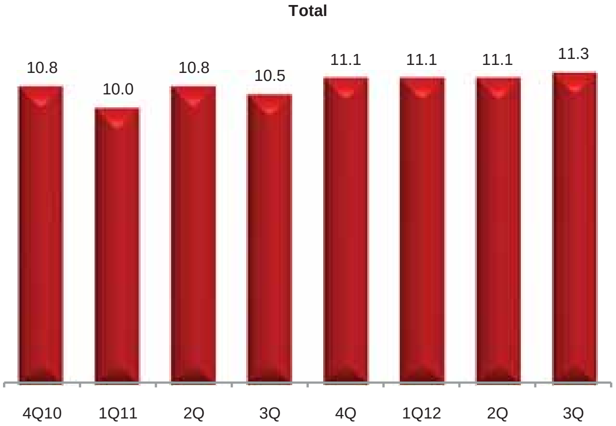



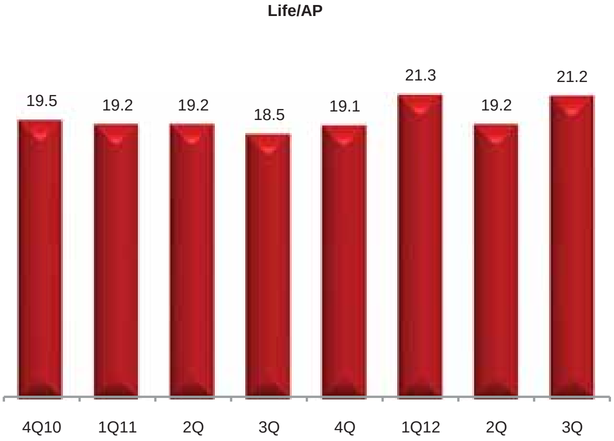



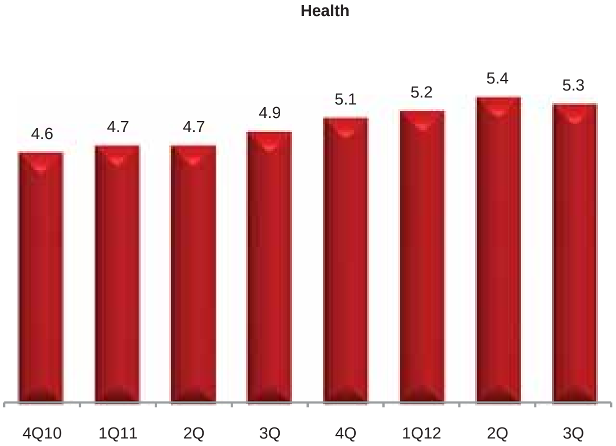



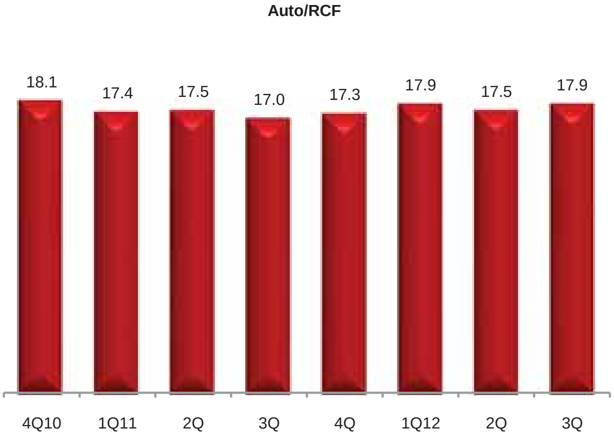
# Insurance, Pension Plan and Capitalization Bonds

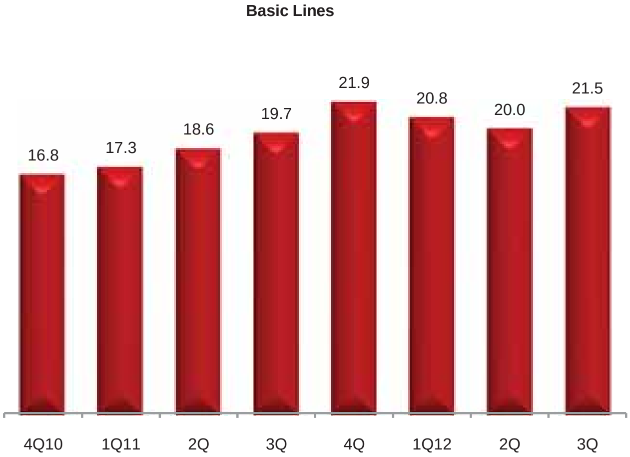
## Insurance Expense Ratio by Insurance Line



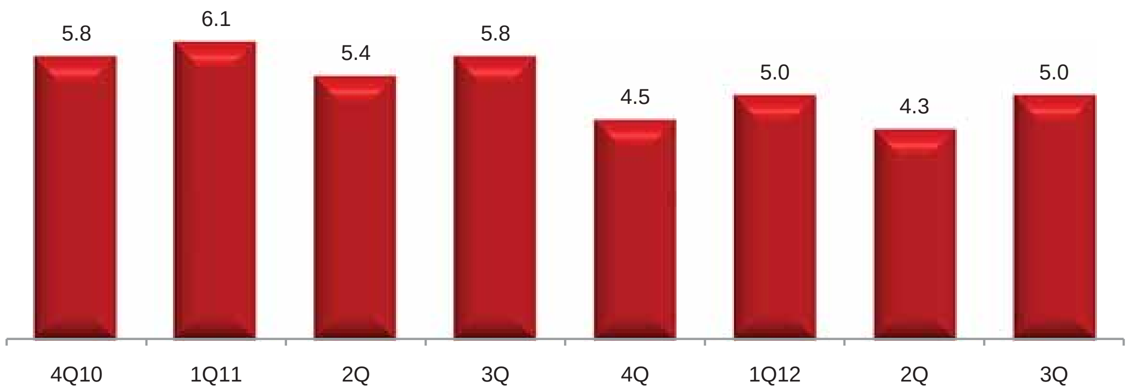



## Insurance, Pension Plans and Capitalization Bonds

### Efficiency Ratio

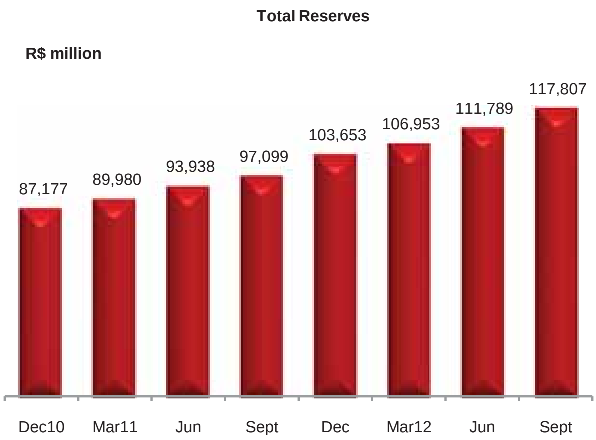


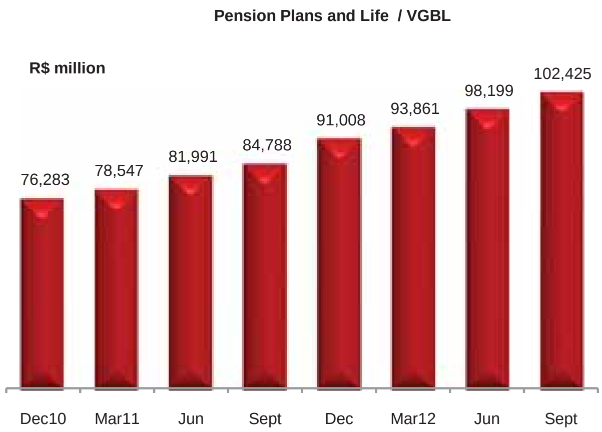

General and Administrative Expenses/Revenue

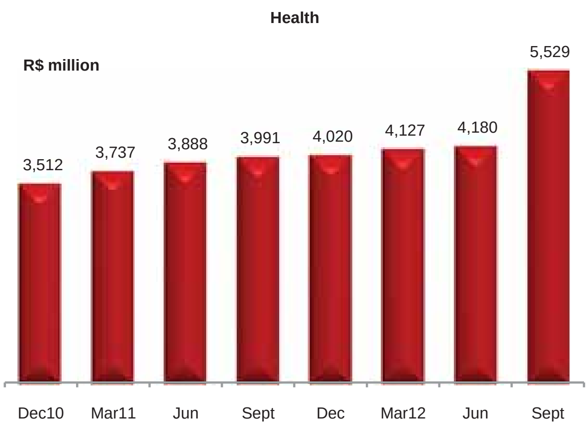
Year on year, the efficiency ratio decreased 0.8 p.p. in the third quarter of 2012 due to: (i) the 12.0% increase in revenue for the period; and (ii) the 4.6% decrease in general and administrative expenses, even considering the collective bargaining agreement, which occurred in January 2012.

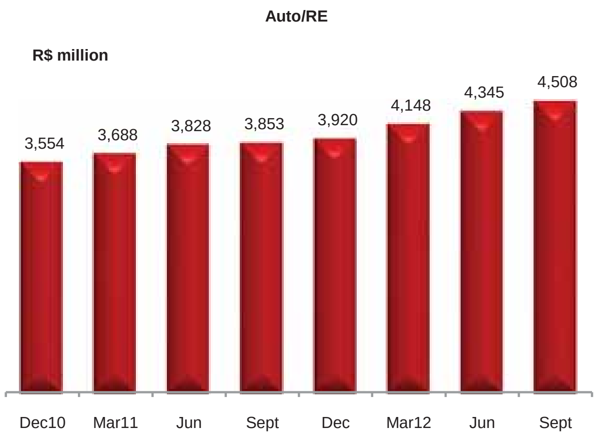
# Insurance, Pension Plans and Capitalization Bonds

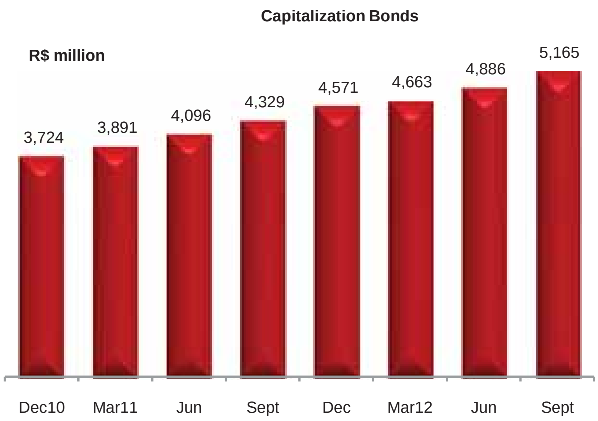
## Insurance Technical Reserves



## Bradesco Vida e Previdência

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

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

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

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

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

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

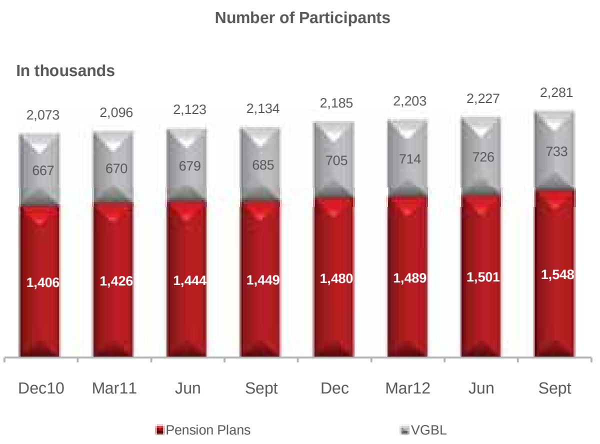
Net income for the first nine months of 2012 was up 5.9% from that of the same period in 2011, mainly resulting from: (i) the 17.4% increase in revenue; (ii) a 5.6 p.p. decrease in “Life” product claims ratio; (iii) the decrease in general and administrative expenses, even when accounting for the collective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

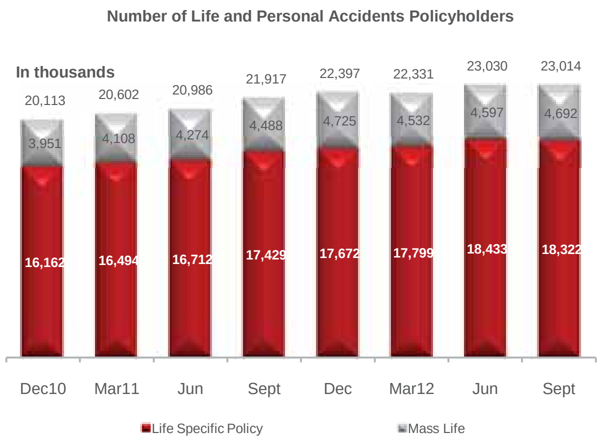
## Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical reserves stood at R$102.4 billion in September 2012, made up of R$97.4 billion from the "Pension Plans and VGBL" product and R$5.0 billion from "Life," "Personal Accidents" and "Other Lines" products, up 20.8% over September 2011.

The Pension Plan and VGBL Investment Portfolio totaled R$105.1 billion in August 2012, equal to 33.6% of all market funds (source: Fenaprevi).

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




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

## Bradesco Saúde and Mediservice

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

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

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

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

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

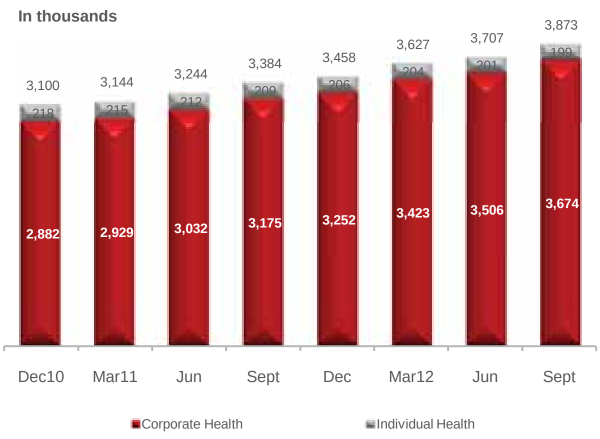
In September 2012, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

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

## Bradesco Saúde and Mediservice

### Number of Policyholders at Bradesco Saúde and Mediservice

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




## Bradesco Capitalização

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

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

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

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

## Bradesco Capitalização

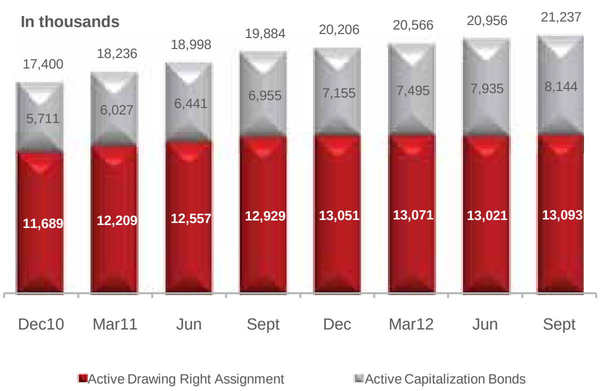
Bradesco Capitalização ended the third quarter of 2012 leading the capitalization bond companies ranking, due to its policy of transparency and of adjusting its products based on potential consumer demand.

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

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

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

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



## Bradesco Auto/RE

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

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

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

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

In the Property Insurance segment, the focus on "Bradesco Corporate" large brokers and customers was maintained. This results in renewal of the main accounts, whether in leadership or participation in co-insurance. Also note the excellent performance of "Engineering Risks" segment: the partnership with Banco Bradesco's Real Estate Loan area has enabled new insurance contracts from its customer base.

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

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

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

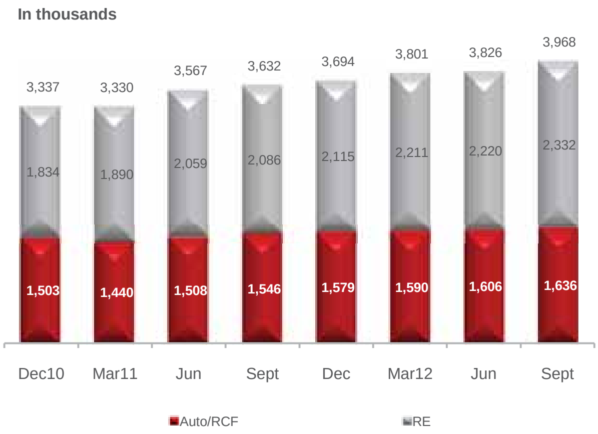
For better service, Bradesco Auto/RE currently has 22 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

# Bradesco Auto/RE

## Number of Policyholders at Auto/RE

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

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



## Fee and Commission Income

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

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

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

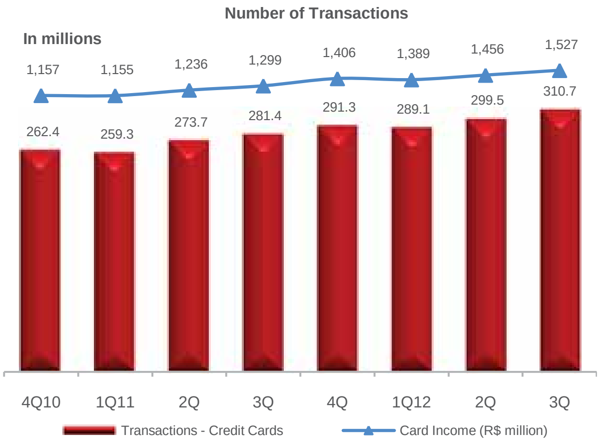
# Fee and Commission Income

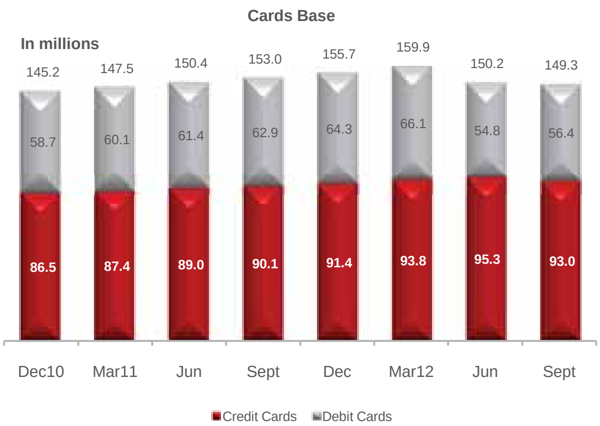
## Card Income

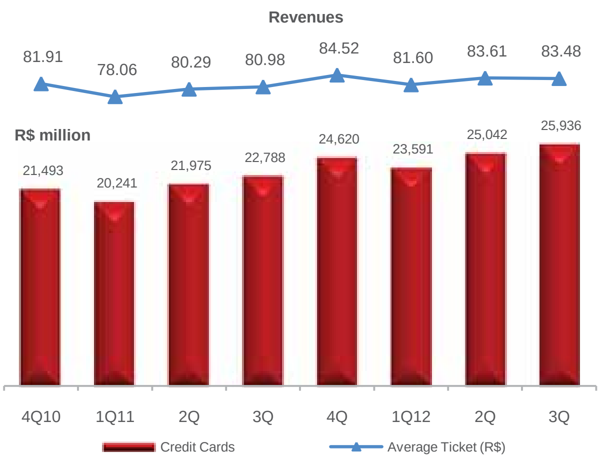
Card income stood at R$1,527 million in the third quarter of 2012, up 4.9% from the previous quarter, mainly due to the increase in the number of transactions in the period and growth of revenue.

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

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



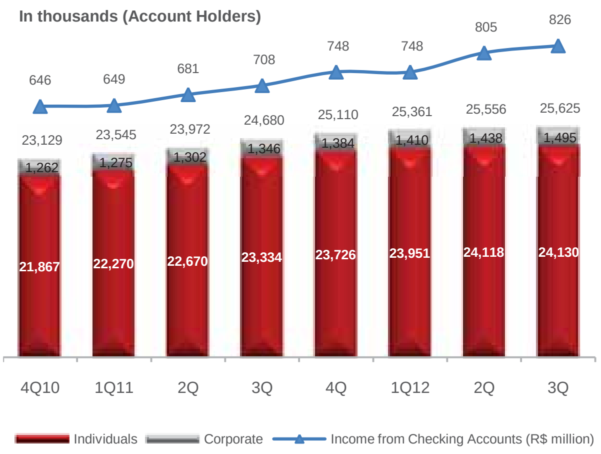



# Fee and Commission Income

## Checking Account

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

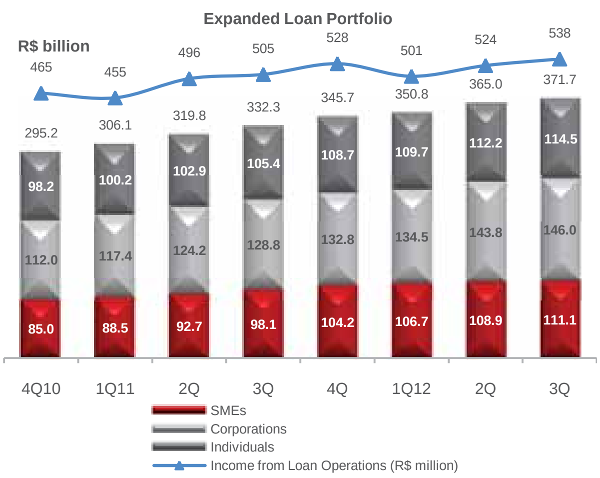
In comparison with the same period a year earlier, income grew by R$339 million, or 16.6%, in the first nine months of 2012, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 945 thousand current accounts (796 thousand individual customers and 149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

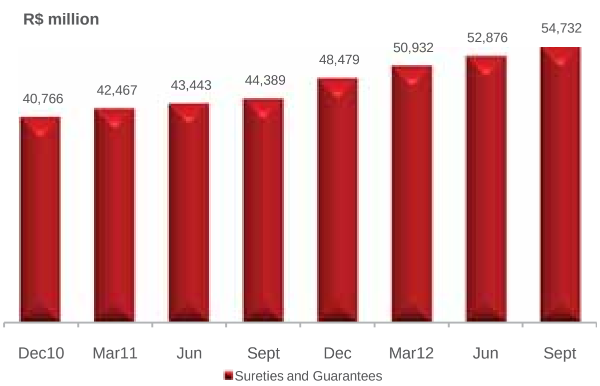



## Loan Operations

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

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



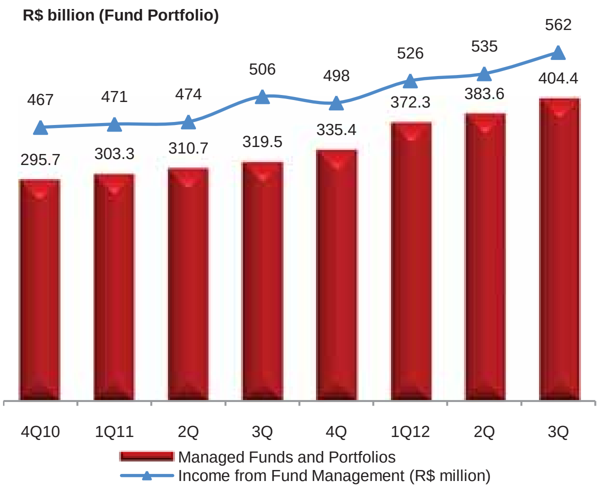
# Fee and Commission Income

## Fund Management

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

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

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




| Shareholders' Equity | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Sept12 | Jun12 | Sept11 | Quarter | 12M |
| Investment Funds | 366,451 | 358,881 | 293,578 | 2.1 | 24.8 |
| Managed Portfolios | 29,924 | 17,691 | 17,633 | 69.1 | 69.7 |
| Third-Party Fund Quotas | 8,068 | 7,017 | 8,240 | 15.0 | (2.1) |
| **Total** | **404,443** | **383,589** | **319,451** | **5.4** | **26.6** |

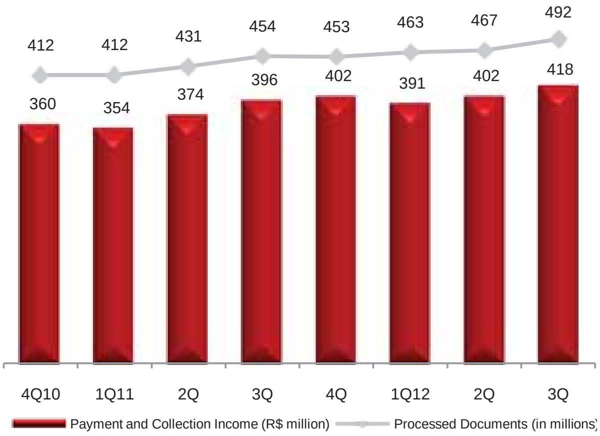
| Asset Distribution | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Sept12 | Jun12 | Sept11 | Quarter | 12M |
| Investment Funds – Fixed Income | 338,495 | 331,421 | 270,354 | 2.1 | 25.2 |
| Investment Funds – Equities | 27,956 | 27,460 | 23,224 | 1.8 | 20.4 |
| Investment Funds – Third-Party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

# Fee and Commission Income

## Cash Management Solutions (Payments and Collection)

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

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



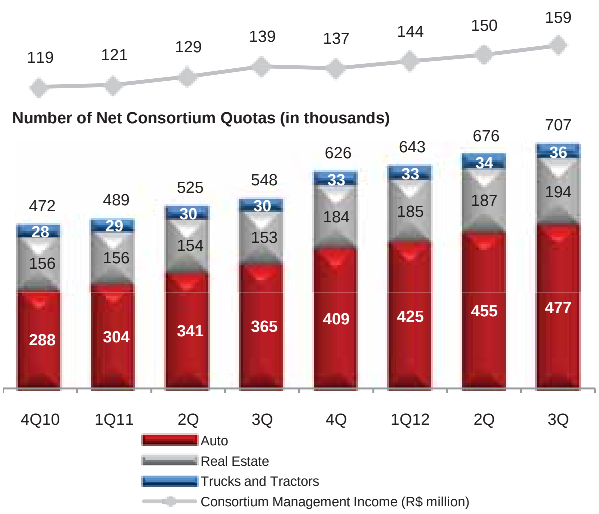

## Consortium Management

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

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

Bradesco's purpose is to offer the most complete portfolio of products and services to its customers. Therefore, the Organization provides consortium plans for all income groups, covering the different market demands, in real estate and automobile segments. To sell the consortium plans, Bradesco has the strength and expertise of several managers, who operate together with customers in all Brazilian cities.

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

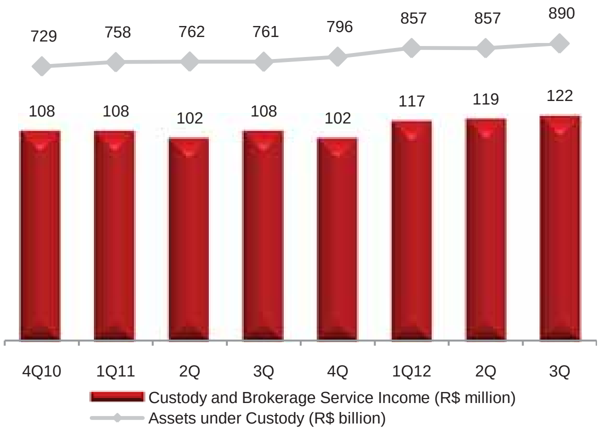


# Fee and Commission Income

## Custody and Brokerage Services

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

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




## Underwriting / Financial Advisory Services

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

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

## Personnel and Administrative Expenses

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

In the third quarter of 2012, total Personnel and Administrative Expenses came to R$6,684 million, up 3.0% in comparison with the previous quarter. In the first nine months of 2012, Personnel and Administrative Expenses amounted to R$19,451 million, up 10.2% over the same period of the previous year.

### Personnel Expenses

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

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

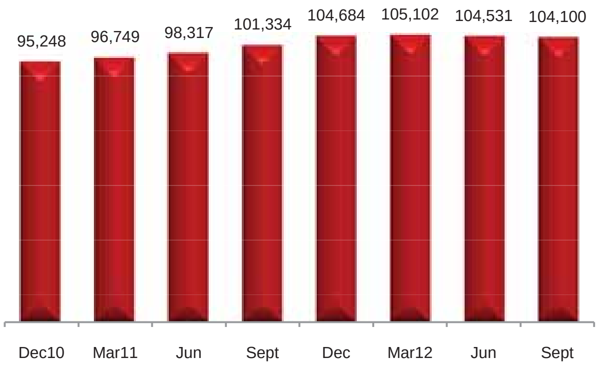
The R$40 million decrease in the non-structural portion was mainly due to lower expenses with: (i) provision for labor claims, amounting to R$21 million; and (ii) management and employee profit sharing, in the amount of R$13 million.

# Personnel and Administrative Expenses

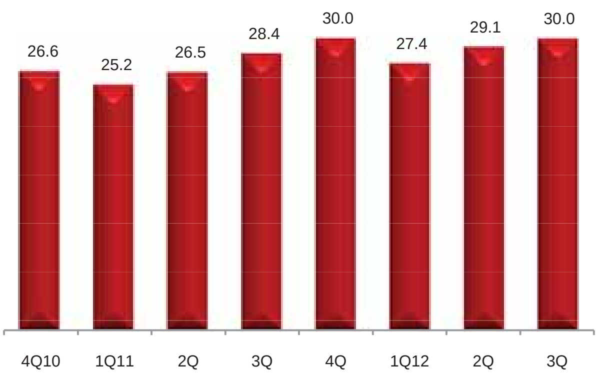
## Personnel Expenses

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

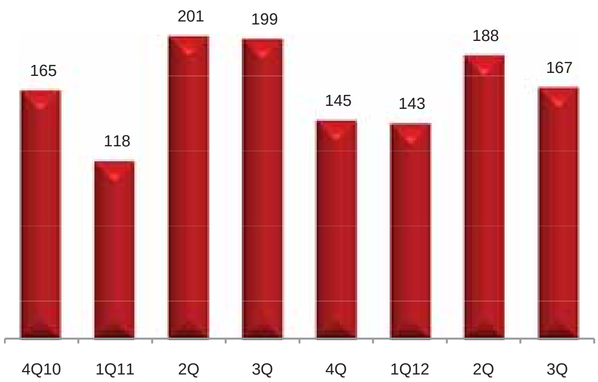
Increase in the Number of Employees



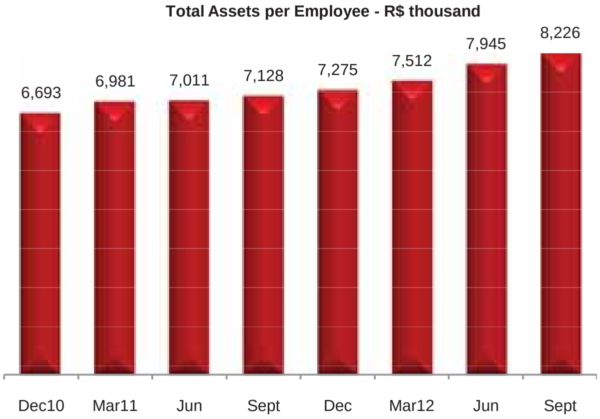

Personnel Expenses per Employee - R$ thousand



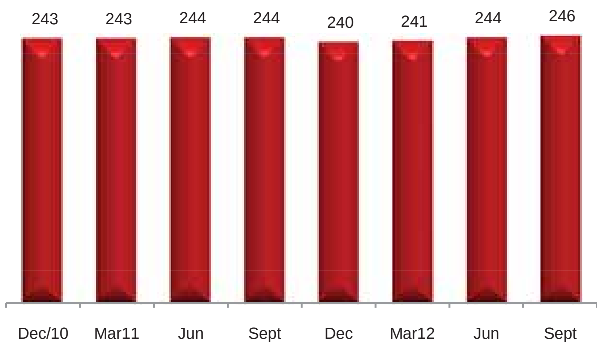

Evolution of Expenses with the Provision for Labor Claims - R$ million



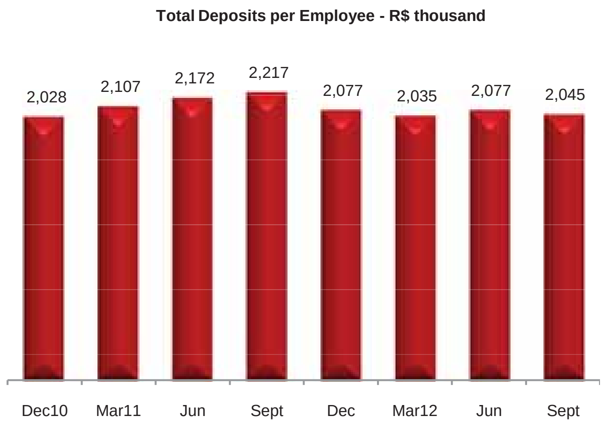

Total Assets per Employee - R$ thousand

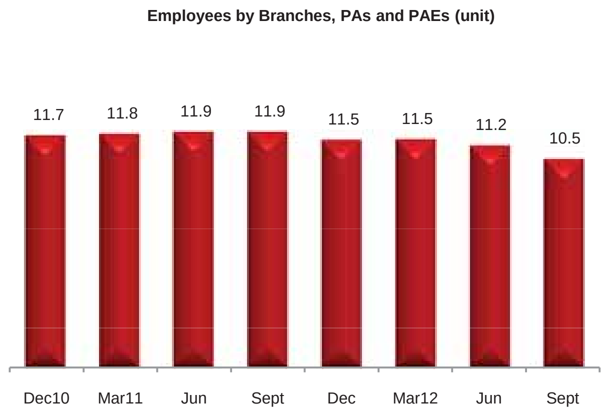



Checking Account Customers per Employee (unit)



# Personnel and Administrative Expenses

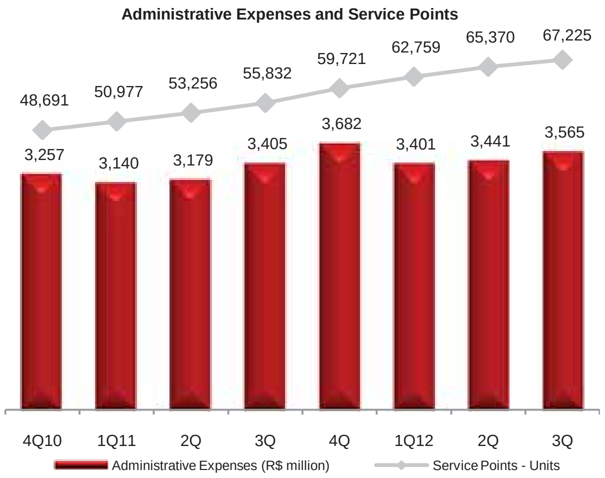


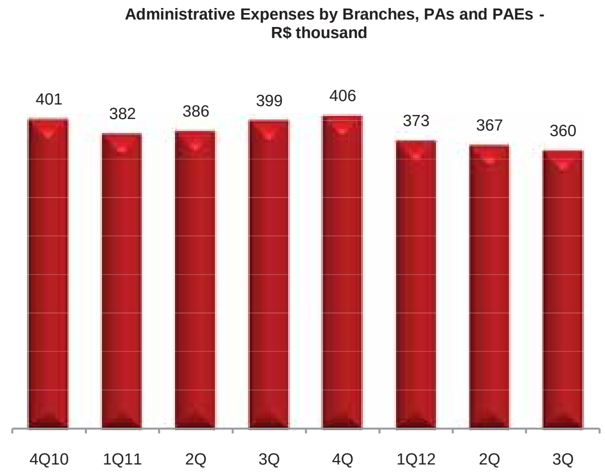




## Administrative Expenses

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

In comparison with the same period a year earlier, the R$683 million, or 7.0%, increase in the first nine months of 2012 was mainly due to higher expenses with: (i) increase in the volume of businesses and services; (ii) contractual adjustments; and (iii) organic growth expenses, leading to an increase of 11,393 service points, mainly the increase of 720 Branches and 10,341 Bradesco Expresso points, totaling 67,225 service points on September 30, 2012; partially offset by lower expenses with: (iv) outsourcing, mainly related to the end of the partnership with Empresa Brasileira de Correios e Telégrafos - ECT in December 2011 (Postal Bank); and (v) marketing and advertising. In the last 12 months, the inflation rates Extended Consumer Price Index (IPCA) and General Market Price Index (IGP-M) stood at 5.3% and 8.1% respectively.

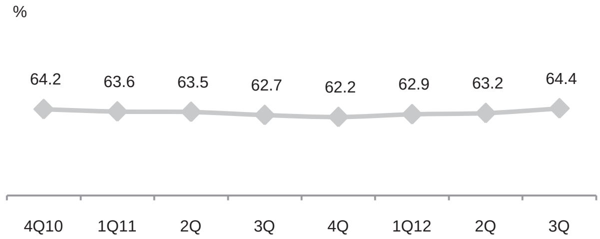


## Operating Coverage Ratio [1]

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

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

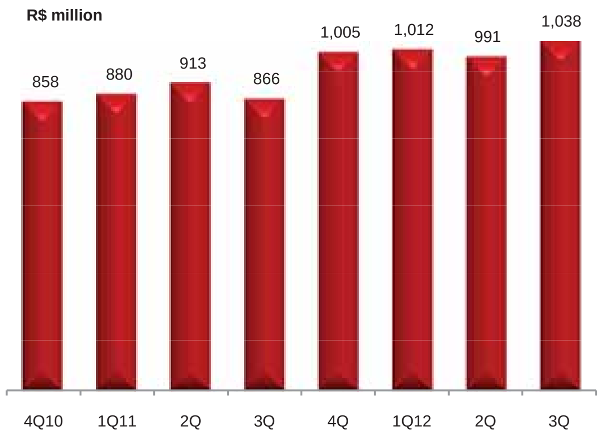



(1) Fee and Commission Income / Administrative and Personnel Expenses (over the last 12 months).

## Tax Expenses

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

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



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

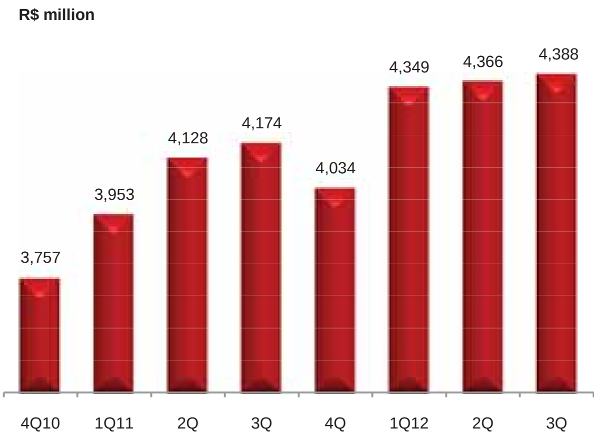
In the third quarter of 2012, equity in the earnings (losses) of unconsolidated companies stood at R$45 million. The R$26 million increase from the previous quarter was mainly due to higher results from the unconsolidated company Integritas.

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


## Operating Income

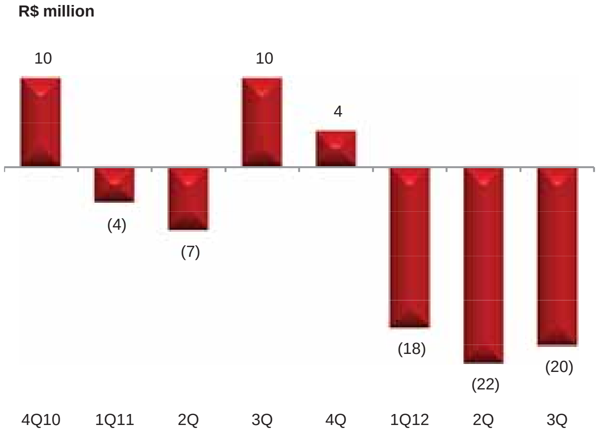
Operating income in the third quarter of 2012 was R$4,388 million, up R$22 million, from the previous quarter, mainly impacted by (i) the increase in fee and commission income, amounting to R$157 million; (ii) a decrease in the allowance for loan loss expenses, in the amount of R$104 million; (iii) the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

In comparison with the same period a year earlier, the R$848 million, or 6.9%, increase in the first nine months of 2012 is basically a result of: (i) the R$3,621 million increase in financial margin; (ii) the R$1,700 million increase in fee and commission income; (iii) the R$422 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds, partially offset by: (iv) a R$2,228 million increase in allowance for loan loss expenses; (v) a R$1,806 million increase in administrative and personnel expenses; (vi) a R$492 million increase in other operating expenses (net of other revenues); and (vii) a R$382 million increase in tax expenses.



## Non-Operating Income

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



# Return to Shareholders

# 3

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

## Sustainability

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

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

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

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

For the fifth consecutive year, Bradesco is one of the winners of the *Época's* Green Company Award for being an outstanding company in terms of Good Environmental Practices. Promoted by *Época* Magazine, the award aims to highlight companies' environmental strategy, such as initiatives towards climate change, biodiversity impact, use of renewable raw materials, conscientious water usage, waste disposal, energy efficiency and innovative development of processes and products.

## Investor Relations (IR)

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

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

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

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

## Corporate Governance

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

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

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

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

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

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

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

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

For more information, visit www.bradescori.com.br - Corporate Governance.

## Bradesco Shares

### Number of Shares - Common and Preferred Shares [1]

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

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

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

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

# Bradesco Shares

## Number of Shareholders - Domiciled in Brazil and Abroad

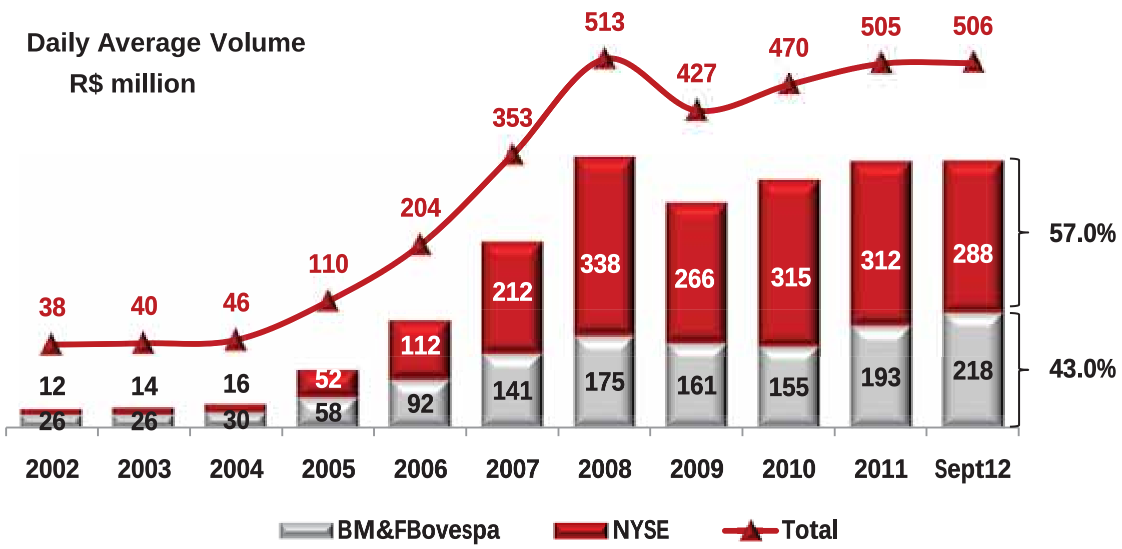
| | Sept12 | % | Ownership of Capital (%) | Sept11 | % | Ownership of Capital (%) |
|---|---|---|---|---|---|---|
| Individuals | 329,141 | 89.77 | 23.22 | 338,462 | 89.90 | 23.75 |
| Companies | 36,558 | 9.97 | 46.01 | 37,147 | 9.87 | 46.85 |
| **Subtotal Domiciled in Brazil** | **365,699** | **99.74**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

On September 30, 2012, there were 365,699 shareholders domiciled in Brazil, accounting for 99.74% of total shareholders and holding 69.23% of all shares, while a total of 969 shareholders are domiciled abroad, accounting for 0.26% of shareholders and holding 30.77% of shares.

## Average Daily Trading Volume of Shares (1)

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

In the first nine months of 2012, the average daily trading volume of ADRs was R$288 million, representing 57.0% of the total average daily trading volume of Bradesco shares. In the same period, the average daily trading volume of common and preferred shares on BM&FBovespa reached R$218 million, representing 43.0% of the total average daily trading volume of Bradesco shares.

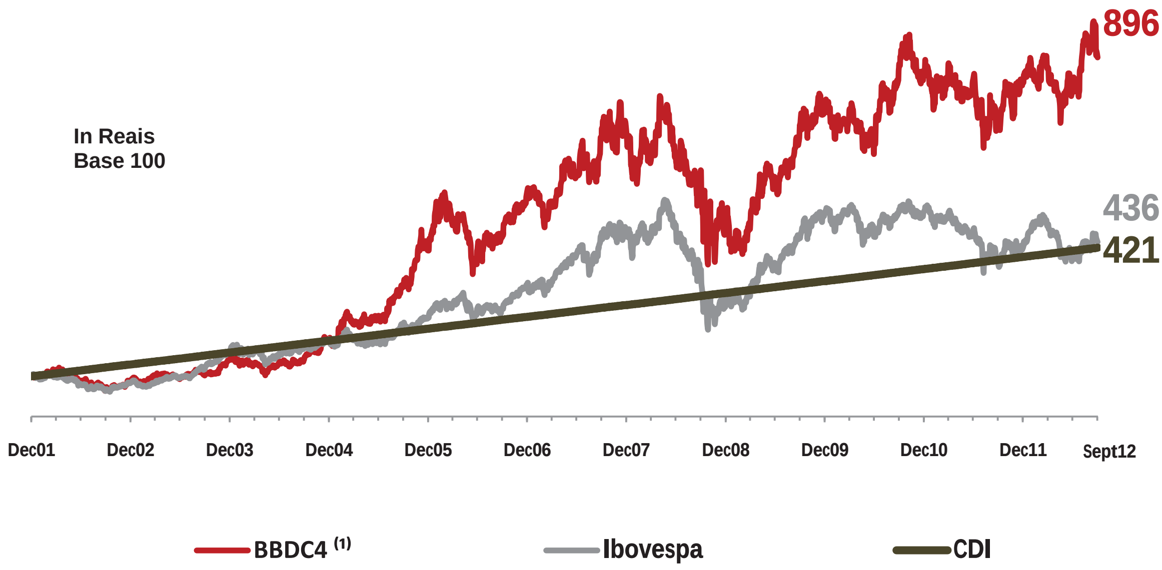



(1) Average daily trading volume of shares listed on BM&FBovespa (BBDC3-ON and BBDC4-PN) and NYSE (BBD-ADR PN and BBDO-ADR ON).

# Bradesco Shares

## Appreciation of Preferred Shares - BBDC4 (1)

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the CDI - Interbank Deposit Rate. If R$100 were invested in December 2001, Bradesco shares would be worth R$896 at the end of September 2012, an appreciation above Ibovespa and CDI rates in the same period.




(1) Dividend reinvestment is considered.

## Share and ADR Performance (1)

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

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

(1) Adjusted for corporate events in the periods;
(2) In March 2012, Bradesco launched a program of Level II ADRs backed by common shares;
(3) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period; and
(4) Number of shares (excluding treasury shares) x closing price for preferred shares on the last trading day of the period.

# Bradesco Shares

## Recommendation of Market Analysts - Target Price

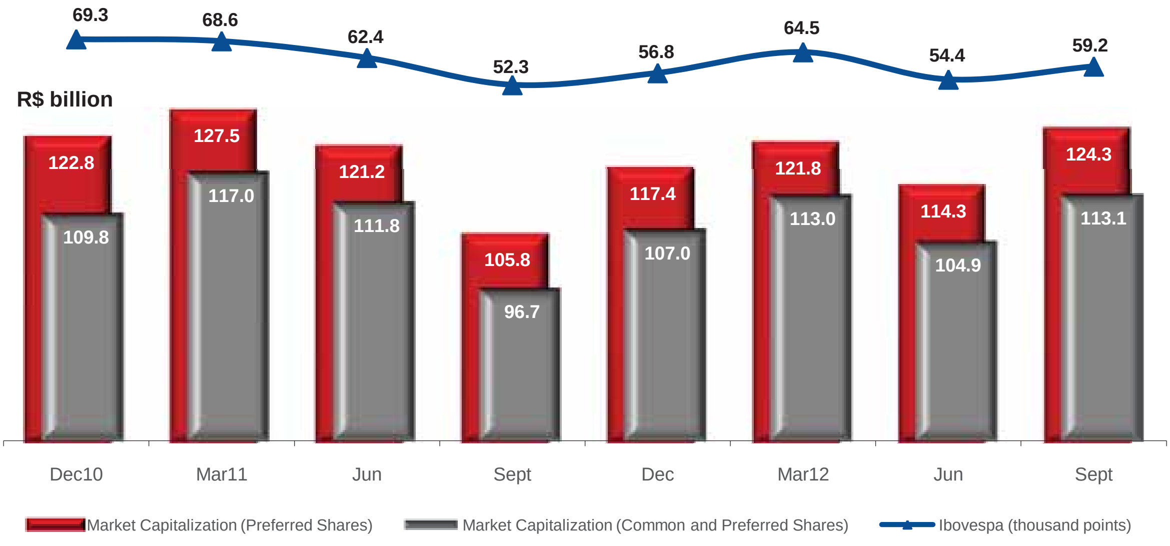
Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to ten reports prepared by these analysts on October 17, 2012. Below are recommendations and a consensus on the target price.

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

For more information on target price and recommendation of each market analyst that monitors the performance of Bradesco shares, visit the IR section at www.bradescori.com.br > Information to Shareholders > Analysts' Consensus.

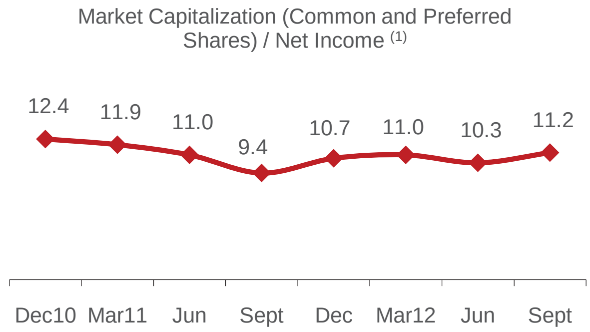
# Market Capitalization

On September 30, 2012, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was R$113.1 billion, up 7.9% over the previous quarter. Considering the closing price for preferred shares (most traded share), on the same date, Bradesco's market capitalization was R$124.3 billion, an increase of 8.8% over the previous quarter. In the quarter-on-quarter comparison, the Ibovespa increase was equivalent to the Bradesco's market capitalization (considering the most traded share), that is, 8.8%.



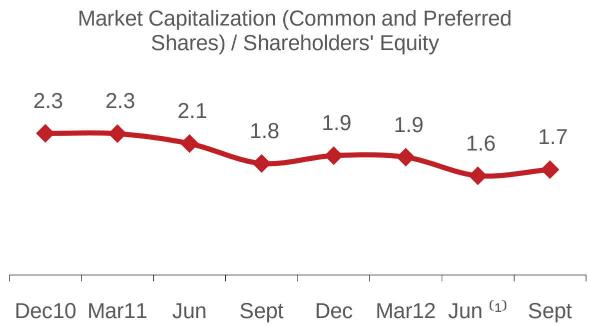
## Main Indicators

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



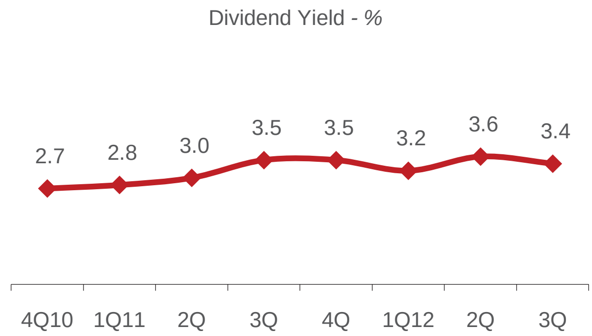

(1) In the last 12 months.

**Market Capitalization (Common and Preferred Shares) / Shareholders' Equity:** indicates the multiple by which Bradesco's market capitalization exceeds its book shareholders' equity.



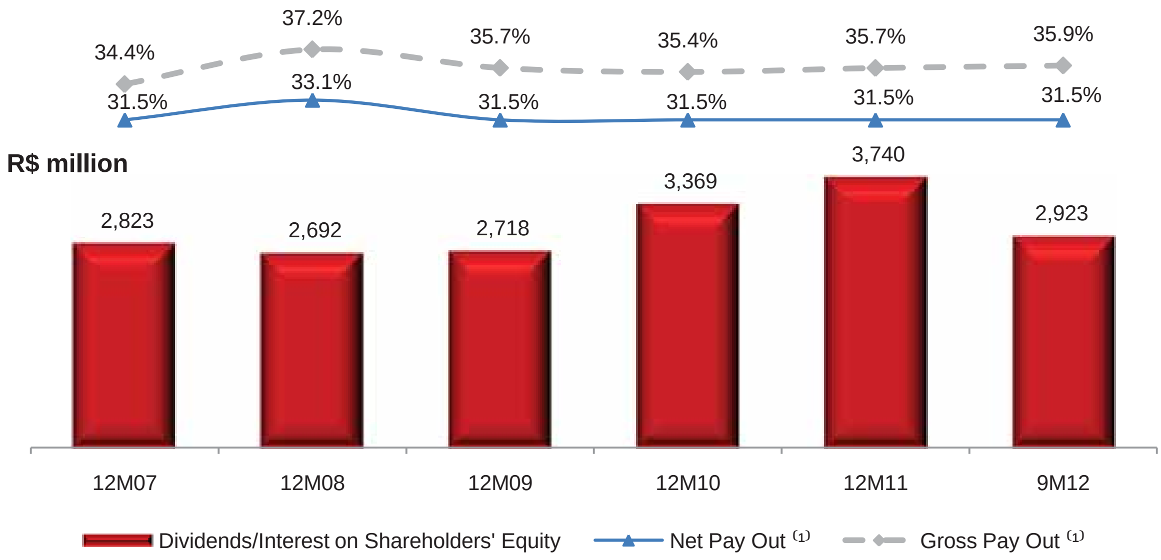

(1) Note the increase of R$4,105 million in shareholders' equity from the surplus value of some securities reclassified from "Held to Maturity" to "Available for Sale", due to the adoption of CPCs 38 and 40 by the Insurance Group.

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



## Dividends/Interest on Shareholders' Equity

In the first nine months of 2012, a total of R$2,923 million was allocated to shareholders as Interest on Shareholders' Equity and Dividends. In the last 12 months, total Interest on Shareholders' Equity and Dividends allocated to shareholders corresponded to 35.9% of book net income, considering withholding income tax of 31.5% thereof.




(1) In the last 12 months.

## Weight on Main Stock Indexes

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

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

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

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

# Additional Information

# 4

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

## Market Share of Products and Services

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

| | Sept12 | Jun12 | Sept11 | Jun11 |
|---|---|---|---|---|
| **Banks - Source : Brazilian Central Bank (Bacen)** | | | | |
| Demand Deposits | N/A | 16.6 | 16.8 | 17.6 |
| Savings Deposits | N/A | 13.8 | 13.8 | 14.1 |
| Time Deposits | N/A | 12.8 | 14.7 | 14.3 |
| Loan Operations | 11.7 (1) (3) | 11.8 (1) | 12.3 | 12.6 |
| Loan Operations - Vehicles Individuals (CDC + Leasing) | 15.8 (1) (3) | 15.9 (1) | 16.3 | 16.8 |
| Payroll-Deductible Loans | 10.9 (1) (3) | 11.0 (1) | 11.2 | 11.3 |
| Bradesco Collection (Balance) | N/A | 25.7 | 26.3 | 26.7 |
| Number of Branches | 21.7 | 21.9 | 19.7 | 18.7 |
| **Banks - Source: Federal Revenue Service / Brazilian Data Processing Service (Serpro)** | | | | |
| Federal Revenue Collection Document (DARF) | N/A | 20.6 | 22.0 | 21.8 |
| Brazilian Unified Tax Collection System Document (DAS) | N/A | 16.4 | 17.3 | 17.2 |
| **Banks - Source: Social Security National Institute (INSS) / Dataprev** | | | | |
| Social Pension Plan Voucher (GPS) | N/A | 14.4 | 14.6 | 14.2 |
| Benefit Payment to Retirees and Pensioners | 24.4 | 24.1 | 23.4 | 22.9 |
| **Banks - Source: Anbima** | | | | |
| Investment Funds + Portfolios | 18.3 | 18.0 | 16.7 | 16.6 |
| **Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)** | | | | |
| Insurance, Pension Plan and Capitalization Bond Premiums | 24.5 (3) | 24.8 | 24.9 | 25.0 |
| Insurance Premiums (including Long-Term Life Insurance - VGBL) | 24.3 (3) | 24.8 | 25.0 | 25.0 |
| Life Insurance and Personal Accident Premiums | 17.7 (3) | 17.4 | 16.9 | 16.3 |
| Auto/Basic Lines (RE) Insurance Premiums | 10.6 (3) | 10.5 | 10.4 | 10.5 |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums | 13.7 (3) | 13.9 | 14.1 | 14.0 |
| Health Insurance Premiums | 47.4 (3) | 46.9 | 47.5 | 47.4 |
| Income from Pension Plan Contributions (excluding VGBL) | 30.0 (3) | 29.3 | 29.2 | 28.8 |
| Capitalization Bond Income | 22.6 (3) | 22.2 | 21.4 | 21.3 |
| Technical Reserves for Insurance, Pension Plans and Capitalization Bonds | 29.6 (3) | 29.5 | 30.1 | 30.2 |
| **Insurance and Pension Plans - Source: National Federation of Life and Pension Plans (Fenaprevi)** | | | | |
| Income from VGBL Premiums | 28.9 (3) | 30.0 | 32.5 | 32.8 |
| Income from Unrestricted Benefits Generating Plans (PGBL) Contributions | 26.7 (3) | 25.3 | 25.2 | 24.8 |
| Pension Plan Investment Portfolios (including VGBL) | 33.6 (3) | 33.9 | 33.9 | 34.2 |
| **Leasing - Source: Brazilian Association of Leasing Companies (ABEL)** | | | | |
| Lending Operations | 19.2 (3) | 19.2 | 18.5 | 18.5 |
| **Consortia - Source: Bacen** | | | | |
| Real Estate | 29.7 (2) | 29.3 | 26.6 | 26.9 |
| Auto | 25.6 (2) | 25.6 | 24.8 | 25.4 |
| Trucks, Tractors and Agricultural Implements | 18.0 (2) | 17.7 | 16.5 | 16.9 |
| **International Area - Source: Bacen** | | | | |
| Export Market | 19.7 | 19.3 | 20,9 | 22,1 |
| Import Market | 17.2 | 17.8 | 17.8 | 17.9 |

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

(2) Reference date: July 2012; and

(3) Reference date: August 2012.

N/A - Not available.

# Market Share of Products and Services

## Branch Network

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

# Compulsory Deposits/Liabilities

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

(1) Liabilities are applied to Rural Loans;
(2) Collected in cash and not remunerated;
(3) Collected in cash with the Special Clearance and Custody System (Selic) rate;
(4) Collected in cash with the Reference Interest rate (TR) + interest of 6.17% p.a. for deposits made until May 3, 2012. For deposits made as from May 4, 2012, the Bank will collect (i) TR + interest of 6.17% p.a., if the Selic rate is higher than 8.5% p.a., or (ii) TR + 70% of the Selic rate, when the Selic rate is equal to or lower than 8.5% p.a.;
(5) As of the calculation period from March 29, 2010 to April 1, 2010, with compliance on April 9, 2010, liabilities are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force; and
(6) FGC was prepaid 60 times in August 2008, as of the calculation period from October 20, 2008 to October 31, 2008, with compliance as of October 29, 2008.

## Investments in Infrastructure, Information Technology and Telecommunication

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

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

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

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

Another highlight in the period is Bradesco Next. The "Bank of the Future" is a conceptual agency unveiled at the JK Iguatemi Mall in São Paulo. The environment, where technology fits customer needs and not the other way round, provides a unique experience with the Bank's products and services through innovative solutions such as biometric wall, in which customers and non-customers can know and experience in practice the use of biometrics through an on-site registration, which allows interaction with agency's other tools. It also features *Bradesco Dia & Noite* equipment, or ATMs Next, which have touchscreen and allow some transactions without card. In the "Bank of the Future" you can use an interactive table called "Life Cycles," also exclusive to Bradesco customers. A series of cards bring purchase goals, such as buying a house, a car or a trip. By placing a card on the table, it automatically analyzes your account holder profile and tells you what to do to reach the goal.

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

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

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

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

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

## Risk Management

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

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

The Organization exercises the corporate control of risks in an integrated and independent manner, unifying policies, processes, criteria and methodology for risk control through a statutory body, the Integrated Risk Management and Capital Allocation Committee, which is supported by specific committees and risk management policies approved by the Board of Directors.

Detailed information on the risk management process, reference shareholders' equity and required reference shareholders' equity, as well as the Organization's risk exposure, can be found in the Risk Management Report on the Investor Relations website, at www.bradescori.com.br.

## Capital Adequacy Ratio

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

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

| Calculation Basis | | | | | | | | R$ million |
|---|---|---|---|---|---|---|---|---|
| | Sept12 | Jun12 | Mar12 | Dec11 | Sept11 | Jun11 | Mar11 | Dec10 |
| **Reference Shareholders' Equity** | **91,149** | **90,201** | **75,705** | **71,476** | **68,806** | **62,524** | **59,923** | **56,147** |
| **Tier I** | **64,265** | **62,418** | **60,580** | **58,714** | **56,876** | **55,110** | **53,240** | **49,897** |
| Shareholders' Equity | 66,047 | 63,920 | 58,059 | 55,582 | 53,742 | 52,843 | 51,297 | 48,043 |
| Mark-to-Market Adjustments | (2,150) | (1,865) | 2,126 | 2,765 | 2,781 | 1,947 | 1,660 | 1,678 |
| Reduction of Deferred Assets | (218) | (224) | (235) | (248) | (260) | (279) | (291) | (296) |
| Non-controlling Interest/Other | 586 | 587 | 630 | 615 | 613 | 599 | 574 | 472 |
| **Tier II** | **26,992** | **27,890** | **15,231** | **12,865** | **12,063** | **7,544** | **6,809** | **6,373** |
| Mark-to-Market Adjustments | 2,150 | 1,865 | (2,126) | (2,765) | (2,781) | (1,947) | (1,660) | (1,678) |
| Subordinated Debt | 24,842 | 26,025 | 17,357 | 15,630 | 14,844 | 9,491 | 8,469 | 8,051 |
| **Deduction of Funding Instruments** | **(108)** | **(107)** | **(107)** | **(103)** | **(134)** | **(130)** | **(126)** | **(123)** |
| **Risk-weighted Assets** | **571,377** | **531,871** | **505,934** | **474,173** | **467,206** | **426,007** | **398,443** | **380,844** |
| **Required Reference Shareholders' Equity** | **62,851** | **58,506** | **55,653** | **52,159** | **51,393** | **46,861** | **43,829** | **41,892** |
| Credit Risk | 54,213 | 52,050 | 48,718 | 47,422 | 47,183 | 43,324 | 40,775 | 38,938 |
| Operating Risk | 3,432 | 3,313 | 3,313 | 2,810 | 2,810 | 2,690 | 2,690 | 2,574 |
| Market Risk | 5,207 | 3,143 | 3,622 | 1,927 | 1,400 | 847 | 364 | 380 |
| **Margin (Excess/ Reference Shareholders' Equity Insufficiency)** | **28,298** | **31,695** | **20,052** | **19,317** | **17,413** | **15,663** | **16,094** | **14,255** |
| **Leverage Margin** | **257,255** | **288,136** | **182,293** | **175,609** | **158,303** | **142,393** | **146,309** | **129,591** |
| **Capital Adequacy Ratio** | **16.0%** | **17.0%** | **15.0%** | **15.1%** | **14.7%** | **14.7%** | **15.0%** | **14.7%** |

# Independent Auditors' Report

5

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

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

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

### Introduction

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

### Scope, procedures applied and limitations

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

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

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

### Criteria for preparation of the supplementary accounting information

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

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

### Conclusion

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

Osasco, October 19, 2012

KPMG

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

Cláudio Rogélio Sertório
Accountant CRC 1SP212059/O-0

# Financial Statements, Independent Auditors' Report on the Consolidated Interim Financial Statements and Fiscal Council´s Report

6

Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization

ISO 9001 2008

## *Management Report*

Dear Shareholders,

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

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

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

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

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

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

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

In the first nine months, taxes and contributions, including social security contributions, paid or provisioned, totaled R$17.056 billion, of which R$6.695 billion corresponded to taxes withheld and collected from third parties, and R$10.361 billion to taxes levied on the activities of Bradesco Organization, equivalent to 122.07% of Net Income.

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

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

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

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

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

R$458.407 billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, up by 15.72%;

R$404.443 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, a 26.61% improvement;

## *Management Report*

R$168.639 billion in the exchange portfolio, borrowings and onlendings, working capital, payment and collection of taxes and related charges, funds from security and subordinated debt issues in Brazil and other funding operations, a 15.69% increase;

R$117.807 billion in technical reserves for insurance, pension plans and capitalization bonds, a 21.33% expansion; and

R$22.712 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US$11.185 billion.

At the end of the period, consolidated loans stood at R$371.674 billion, 11.84% higher than in September 2011, broken down as follows:

R$7.361 billion in advances on exchange contracts, giving a total export financing portfolio of US$14.346 billion;

US$3.758 billion in import financing in foreign currency;

R$8.731 billion in leasing;

R$15.968 billion in rural lending;

R$85.987 billion in consumer financing, including R$11.571 billion in credit card receivables;

R$54.732 billion in sureties and guarantees; and

R$30.416 billion in operations involving the onlending of foreign and domestic funds, mainly from the BNDES Brazilian Development Bank, operating as one of the country's main onlending agents.

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

Bradesco BBI, Bradesco Organization's investment bank, advises customers on share issues, mergers and acquisitions and the structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, mortgage-backed investment funds, receivables-backed investment funds (FIDCs) and bonds in Brazil and abroad, in addition to structured financing operations for companies and project finance. In a survey conducted by the Brazilian Association of Financial and Capital Market Entities (Anbima), Bradesco BBI led the semi-annual M&A, fixed income and equities rankings. In the first nine months of 2012, it executed operations worth over R$96.401 billion.

On September 30, 2012, Grupo Bradesco Seguros e Previdência, one of the leaders in the insurance, pension plan and capitalization bond segments, posted Net Income of R$2.623 billion and Shareholders' Equity of R$17.919 billion. Net written insurance premiums, pension contributions and capitalization bond income came to R$31.092 billion, up 17.34% on the same period in 2011.

On September 30, 2012, Bradesco Organization's Customer Service Network, which is at the disposal of customers and users, comprised 55,575 service points, as well as 35,128 terminals in the *Bradesco Dia & Noite* Network, 34,619 of which also operating on weekends and holidays, in addition to 12,414 terminals in the *Banco24Horas* network, available to Bradesco's customers to make withdrawals, obtain statements, check balances, solicit loans, and make payments and transfers. In the payroll-deductible loan segment, the network had 1,186 Bradesco Promotora correspondent branches and, in the vehicles segment, 16,674 Bradesco Financiamento points of sale:

8,439 Branches and PAs (Service Branches) in Brazil (Branches: Bradesco 4,641, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; and PAs: 3,774);

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

10 Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Europa S.A. in Luxembourg, Bradesco North America LLC and Bradesco Securities Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Securities Hong Kong Limited and Bradesco Trade Services Limited in Hong Kong, Bradesco Services Co. Ltd. in Tokyo, Cidade Capital Markets Ltd., in Grand Cayman, and Bradescard México, Sociedad de Responsabilidad Limitada in Mexico);

41,713 Bradesco Expresso service points;

1,456 PAEs - in-company electronic service branches; and

3,954 External terminals in the *Bradesco Dia & Noite* ATM network and 10,464 ATMs in the *Banco24Horas* network, with 2,039 terminals shared by both networks.

## *Management Report*

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

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

Most of the Organization's social initiatives are handled by Fundação Bradesco, which maintains 40 schools located in all Brazilian states and the Federal District, with a special emphasis on socially and economically underprivileged regions. The budget of R$385,473 million will provide free, high-quality education to: a) 111,170 students enrolled in the following levels: basic education (kindergarten to high school and vocational training/high-school), youth and adult education, and preliminary and continuing vocational training, which focuses on creating jobs and income; b) around 300 thousand students who will conclude at least one of the various distance-learning courses (EaD) available on the e-learning portal; and c) 83 thousand beneficiaries in partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the Educa+Ação Program and technology courses (Educar e Aprender). The more than 50 thousand basic education students receive meals, medical and dental assistance, school supplies and uniforms free of charge.

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

Bradesco received the following important honors in the period:

- Elected the most valuable brand in Latin America, for the second consecutive year, by a survey conducted by *Latin America Brand Finance*;
- Elected the Best Bank in Latin America, according to study prepared by *América Economia* magazine;
- Elected Company of the Year by the *Best of Dinheiro 2012* year book in a survey conducted by *IstoÉ Dinheiro* magazine in association with KPMG, Trevisan and Economatica. The Bradesco Organization was also elected Best Insurance Company, Best Health Company and Best Human Resources Management Company;
- Ranked first in the Banks category by the *Best of Brazil 2012* year book, promoted by *Brasil Econômico* newspaper, in a survey by the consulting firm, Austin Rating;
- Elected the most innovative company in customer relations, according to a survey conducted by DOM Strategy Partners, published in *Consumidor Moderno* magazine;
- Elected one of the *100 Best Companies to Work For in Brazil*, according to a survey by *Época* magazine, evaluated by the Great Place to Work Institute;
- Elected one of the 150 Best Companies to Work For, according to *Guia 2012 Você S/A* in, in a study conducted by Management Institute Foundation - FIA;
- Highlighted by the *Valor 1000* year book, published by *Valor Econômico* newspaper, which elected Grupo Bradesco Seguros e Previdência as Brazil's best insurance company;
- Granted the Best Relations with Financial Sector Investors Award, promoted by *IR magazine* together with *Revista RI* and the Brazilian Investor Relations Institute (IBRI); and
- Granted the 2012 Brazil Ombudsman Award, based on a survey by the Brazilian Ombudsmans' Association, the Brazilian Corporate-Customer Relations Association and *Consumidor Moderno* magazine.

## *Management Report*

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

Cidade de Deus, October 19, 2012

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

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

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

| Assets | 2012 | | 2011 |
|---|---|---|---|
| | September | June | September |
| **Current assets** | **612,443,567** | **600,201,144** | **523,934,140** |
| **Cash and due from banks (Note 6)** | **12,943,991** | **13,997,224** | **10,018,083** |
| **Interbank investments (Notes 3d and 7)** | **125,892,805** | **90,879,341** | **84,183,100** |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 117,856,744 | 82,255,293 | 76,028,087 |
| Interbank deposits | 8,037,180 | 8,624,548 | 8,156,717 |
| Allowance for loan losses | (1,119) | (500) | (1,704) |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **241,899,736** | **254,725,288** | **194,946,379** |
| Own portfolio | 176,499,275 | 177,386,354 | 125,507,723 |
| Subject to repurchase agreements | 57,957,328 | 69,663,742 | 64,860,406 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 2,585,305 | 2,790,138 | 2,630,271 |
| Subject to the Brazilian Central Bank | - | - | 1,901 |
| Underlying guarantee provided | 4,008,664 | 3,310,813 | 1,887,281 |
| Securities subject to unrestricted repurchase agreements | 849,164 | 1,574,241 | 58,797 |
| **Interbank accounts** | **55,071,776** | **61,081,583** | **70,741,214** |
| Unsettled payments and receipts | 768,037 | 643,934 | 976,599 |
| Restricted credit (Note 9): | | | |
| - Compulsory deposits - Brazilian Central Bank | 54,222,409 | 60,369,358 | 69,707,946 |
| - National treasury - rural loans | 578 | 578 | 578 |
| - National Housing System (SFH) | 2,243 | 4,738 | 1,763 |
| Correspondent banks | 78,509 | 62,975 | 54,328 |
| **Interdepartmental accounts** | **654,931** | **886,060** | **688,693** |
| Internal transfer of funds | 654,931 | 886,060 | 688,693 |
| **Loans (Notes 3g, 10 and 32b)** | **121,870,197** | **119,765,169** | **109,423,126** |
| Loans: | | | |
| - Public sector | 338,055 | 321,422 | 959,838 |
| - Private sector | 134,108,179 | 131,898,333 | 119,643,000 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (12,576,037) | (12,454,586) | (11,179,712) |
| **Leasing (Notes 2, 3g, 10 and 32b)** | **4,370,926** | **4,771,440** | **5,840,364** |
| Leasing receivables: | | | |
| - Public sector | - | 1,379 | 6,810 |
| - Private sector | 8,516,508 | 9,223,613 | 11,146,582 |
| Unearned income from leasing | (3,663,648) | (3,941,539) | (4,675,714) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (481,934) | (512,013) | (637,314) |
| **Other receivables** | **47,273,435** | **51,278,262** | **46,523,599** |
| Receivables on sureties and guarantees honored (Note 10a-3) | 7,230 | 8,553 | 8,944 |
| Foreign exchange portfolio (Note 11a) | 11,243,408 | 14,026,676 | 13,999,732 |
| Receivables | 678,519 | 645,354 | 608,478 |
| Securities trading | 3,309,379 | 4,003,933 | 1,861,361 |
| Specific loans | 2,503 | 2,429 | 2,226 |
| Insurance premiums receivable | 2,780,945 | 2,766,572 | 2,347,850 |
| Sundry (Note 11b) | 29,976,066 | 30,535,432 | 28,321,699 |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (724,615) | (710,687) | (626,691) |
| **Other assets (Note 12)** | **2,465,770** | **2,816,777** | **1,569,582** |
| Other assets | 1,259,762 | 1,162,736 | 676,040 |
| Provision for losses | (621,824) | (580,793) | (221,693) |
| Prepaid expenses (Notes 3i and 12b) | 1,827,832 | 2,234,834 | 1,115,235 |
| **Long-term receivables** | **227,852,187** | **214,861,717** | **186,303,873** |
| **Interbank investments (Notes 3d and 7)** | **879,572** | **1,978,788** | **1,779,775** |

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

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

| **Assets** | **2012** | | **2011** |
|---|---|---|---|
| | **September** | **June** | **September** |
| Interbank investments | 879,572 | 1,978,788 | 1,779,775 |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **77,637,517** | **67,781,988** | **49,675,235** |
| Own portfolio | 51,751,401 | 38,744,376 | 28,992,647 |
| Subject to repurchase agreements | 24,498,921 | 27,790,998 | 19,836,301 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 514,354 | 361,803 | 173,735 |
| Privatization currencies | 75,222 | 77,905 | 82,397 |
| Underlying guarantees provided | 797,619 | 641,690 | 590,155 |
| Securities subject to unrestricted repurchase agreements | - | 165,216 | - |
| **Interbank accounts** | **549,063** | **542,574** | **521,249** |
| Restricted credits (Note 9): | | | |
| - SFH | 549,063 | 542,574 | 521,249 |
| **Loans (Notes 3g, 10 and 32b)** | **112,785,040** | **109,806,071** | **102,441,369** |
| Loans: | | | |
| - Public sector | 138,620 | 161,514 | 440,743 |
| - Private sector | 119,431,942 | 116,272,505 | 108,226,547 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (6,785,522) | (6,627,948) | (6,225,921) |
| **Leasing (Notes 2, 3g, 10 and 32b)** | **3,537,135** | **3,933,203** | **5,645,598** |
| Leasing receivables: | | | |
| - Private sector | 7,865,903 | 8,644,461 | 11,625,666 |
| Unearned income from leasing | (3,987,493) | (4,339,656) | (5,561,638) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (341,275) | (371,602) | (418,430) |
| **Other receivables** | **30,832,996** | **29,588,352** | **25,470,895** |
| Receivables | 39,265 | 40,177 | 27,085 |
| Securities trading | 131,178 | 227,419 | 333,316 |
| Sundry (Note 11b) | 30,668,041 | 29,325,945 | 25,113,336 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (5,488) | (5,189) | (2,842) |
| **Other assets (Note 12)** | **1,630,864** | **1,230,741** | **769,752** |
| Other assets | 164 | 392 | 565 |
| Prepaid expenses (Notes 3i and 12b) | 1,630,700 | 1,230,349 | 769,187 |
| **Permanent assets** | **15,992,229** | **15,457,567** | **12,051,355** |
| **Investments (Notes 3j, 13 and 32b)** | **1,907,178** | **1,889,084** | **1,721,028** |
| Equity interest in unconsolidated companies - In Brazil | 1,415,539 | 1,392,154 | 1,192,374 |
| Other investments | 765,592 | 771,421 | 791,664 |
| Allowance for losses | (273,953) | (274,491) | (263,010) |
| **Premises and equipment (Notes 3k and 14)** | **4,499,596** | **4,523,337** | **3,811,582** |
| Premises | 1,289,384 | 1,268,346 | 1,179,256 |
| Other assets | 9,252,973 | 9,061,663 | 7,927,748 |
| Accumulated depreciation | (6,042,761) | (5,806,672) | (5,295,422) |
| **Leased assets (Note 14)** | **-** | **-** | **1,058** |
| Leased assets | - | - | 8,946 |
| Accumulated depreciation | - | - | (7,888) |
| **Intangible assets (Notes 3l and 15)** | **9,585,455** | **9,045,146** | **6,517,687** |
| Intangible assets | 16,094,453 | 15,275,328 | 11,932,227 |
| Accumulated amortization | (6,508,998) | (6,230,182) | (5,414,540) |
| **Total** | **856,287,983** | **830,520,428** | **722,289,368** |

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

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

| Liabilities | 2012 | | 2011 |
|---|---|---|---|
| | September | June | September |
| **Current liabilities** | **565,085,672** | **535,059,752** | **433,890,594** |
| **Deposits (Notes 3n and 16a)** | **140,689,185** | **139,504,779** | **139,898,063** |
| Demand deposits | 33,627,630 | 32,529,401 | 31,861,863 |
| Savings deposits | 65,540,064 | 62,308,096 | 56,583,682 |
| Interbank deposits | 252,806 | 412,796 | 367,653 |
| Time deposits (Notes 16a and 32b) | 41,268,685 | 44,254,486 | 51,084,865 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **222,559,493** | **200,285,905** | **135,493,085** |
| Own portfolio | 113,035,061 | 126,572,857 | 95,349,584 |
| Third-party portfolio | 97,004,669 | 65,861,245 | 36,250,448 |
| Unrestricted portfolio | 12,519,763 | 7,851,803 | 3,893,053 |
| **Funds from issuance of securities (Notes 16c and 32b)** | **28,364,747** | **25,103,651** | **9,942,359** |
| Mortgage and real estate notes, letters of credit and others | 23,388,301 | 21,651,406 | 9,403,322 |
| Securities issued abroad | 4,976,446 | 3,452,245 | 539,037 |
| **Interbank accounts** | **902,062** | **699,350** | **479,448** |
| Correspondent banks | 902,062 | 699,350 | 479,448 |
| **Interdepartmental accounts** | **2,747,108** | **2,919,179** | **2,494,774** |
| Third-party funds in transit | 2,747,108 | 2,919,179 | 2,494,774 |
| **Borrowing (Notes 17a and 32b)** | **9,248,622** | **11,312,452** | **11,724,375** |
| Borrowing in Brazil - other institutions | 2,140 | 6,063 | 88 |
| Borrowing abroad | 9,246,482 | 11,306,389 | 11,724,287 |
| **Onlending in Brazil - official institutions (Notes 17b and 32b)** | **13,792,651** | **12,983,528** | **11,709,671** |
| National treasury | 116,773 | 117,484 | 67,642 |
| Brazilian Development Bank (BNDES) | 5,093,958 | 6,019,023 | 5,011,301 |
| Caixa Econômica Federal - Federal savings bank (CEF) | 19,789 | 19,156 | 17,529 |
| Fund for financing the acquisition of industrial machinery and equipment (Finame) | 8,560,879 | 6,826,614 | 6,613,199 |
| Other institutions | 1,252 | 1,251 | - |
| **Onlending abroad (Notes 17b and 32b)** | **124,399** | **131,540** | **64,292** |
| Onlending abroad | 124,399 | 131,540 | 64,292 |
| **Derivative financial instruments (Notes 3f, 8e II and 32b)** | **3,418,049** | **2,928,294** | **1,581,784** |
| Derivative financial instruments | 3,418,049 | 2,928,294 | 1,581,784 |
| **Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)** | **93,179,728** | **89,472,808** | **75,871,532** |
| **Other liabilities** | **50,059,628** | **49,718,266** | **44,631,211** |
| Collection of taxes and other contributions | 3,228,428 | 3,155,094 | 3,021,262 |
| Foreign exchange portfolio (Note 11a) | 3,765,147 | 6,733,556 | 7,091,181 |
| Social and statutory | 1,748,713 | 1,727,091 | 1,920,747 |
| Tax and social security (Note 20a) | 5,857,307 | 5,536,874 | 5,193,410 |
| Securities trading | 4,880,677 | 4,231,607 | 2,532,060 |
| Financial and development funds | 1,230 | 1,671 | 323 |
| Subordinated debts (Notes 19 and 32b) | 4,397,055 | 3,961,648 | 3,081,126 |
| Sundry (Note 20b) | 26,181,071 | 24,370,725 | 21,791,102 |
| **Long-term liabilities** | **223,949,769** | **230,338,330** | **233,420,961** |
| **Deposits (Notes 3n and 16a)** | **72,180,416** | **77,565,155** | **84,765,897** |
| Interbank deposits | 69,878 | 58,765 | 2,269 |
| Time deposits (Notes 16a and 32b) | 72,110,538 | 77,506,390 | 84,763,628 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **22,978,124** | **25,688,347** | **35,964,490** |

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

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

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

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

## ***Consolidated Income Statement -*** *R$ thousand*

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | 3rd Quarter | 2nd Quarter | September | September |
| **Revenue from financial intermediation** | **25,956,186** | **23,807,426** | **73,910,239** | **67,457,397** |
| Loans (Note 10j) | 12,681,584 | 12,803,365 | 37,656,167 | 34,047,731 |
| Leasing (Note 10j) | 292,705 | 294,714 | 949,731 | 1,199,608 |
| Operations with securities (Note 8h) | 6,956,975 | 8,192,519 | 22,679,170 | 19,630,435 |
| Financial income from insurance, pension plans and capitalization bonds (Note 8h) | 5,329,082 | 2,202,039 | 10,682,664 | 7,346,667 |
| Derivative financial instruments (Note 8h) | (371,606) | (1,239,251) | (2,222,182) | (468,783) |
| Foreign exchange operations (Note 11a) | 136,219 | 513,472 | 919,606 | 1,056,034 |
| Compulsory deposits (Note 9b) | 893,897 | 1,021,987 | 3,170,405 | 4,581,711 |
| Sale or transfer of financial assets | 37,330 | 18,581 | 74,678 | 63,994 |
| | | | | |
| **Financial intermediation expenses** | **15,665,742** | **17,153,234** | **48,489,992** | **47,184,073** |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e) | 8,968,770 | 9,221,738 | 27,911,151 | 29,905,506 |
| Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e) | 2,479,917 | 1,496,462 | 6,173,700 | 4,667,434 |
| Borrowing and onlending (Note 17c) | 665,198 | 2,784,628 | 3,904,454 | 3,483,085 |
| Leasing (Note 10j) | - | - | 150 | 2,933 |
| Allowance for loan losses (Notes 3g, 10g and 10h) | 3,551,857 | 3,650,406 | 10,500,537 | 9,125,115 |
| | | | | |
| **Gross income from financial intermediation** | **10,290,444** | **6,654,192** | **25,420,247** | **20,273,324** |
| | | | | |
| **Other operating income (expenses)** | **(5,936,204)** | **(3,656,379)** | **(13,458,920)** | **(9,200,290)** |
| Fee and commission income (Note 24) | 4,331,544 | 4,174,080 | 12,500,913 | 10,815,721 |
| - Other fee and commission income | 3,362,954 | 3,205,187 | 9,656,513 | 8,377,029 |
| - Income from banking fees | 968,590 | 968,893 | 2,844,400 | 2,438,692 |
| Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d) | 10,029,124 | 11,492,157 | 30,870,015 | 26,305,969 |
| - Net premiums written | 10,104,104 | 11,570,205 | 31,091,862 | 26,497,919 |
| - Reinsurance premiums | (74,980) | (78,048) | (221,847) | (191,950) |
| Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o) | (6,203,858) | (6,078,714) | (16,419,439) | (12,242,315) |
| Retained claims (Note 3o) | (3,462,263) | (3,109,635) | (9,652,124) | (8,317,284) |
| Capitalization bond draws and redemptions (Note 3o) | (891,488) | (799,815) | (2,399,993) | (1,926,422) |
| Insurance, pension plan and capitalization bond selling expenses (Note 3o) | (559,255) | (551,293) | (1,656,432) | (1,383,748) |
| Payroll and related benefits (Note 25) | (3,118,878) | (3,047,277) | (9,044,412) | (8,419,094) |
| Other administrative expenses (Note 26) | (3,447,141) | (3,321,881) | (10,059,508) | (9,443,921) |
| Tax expenses (Note 27) | (1,021,103) | (813,295) | (2,956,775) | (2,618,659) |
| Equity in the earnings (losses) of unconsolidated companies (Note 13b) | 44,590 | 18,610 | 103,367 | 90,732 |
| Other operating income (Note 28) | 801,042 | 767,200 | 2,453,998 | 7,261,592 |
| Other operating expenses (Note 29) | (2,438,518) | (2,386,516) | (7,198,530) | (9,322,861) |
| **Operating income** | **4,354,240** | **2,997,813** | **11,961,327** | **11,073,034** |
| **Non-operating income (Note 30)** | **(99,349)** | **(99,600)** | **(211,585)** | **(119,751)** |
| **Income before income tax and social contribution and non-controlling interests** | **4,254,891** | **2,898,213** | **11,749,742** | **10,953,283** |
| **Income tax and social contribution (Notes 34a and 34b)** | **(1,372,221)** | **(49,196)** | **(3,207,801)** | **(2,537,269)** |
| **Non-controlling interests in subsidiaries** | **(20,293)** | **(16,049)** | **(54,060)** | **(113,431)** |
| **Net income** | **2,862,377** | **2,832,968** | **8,487,881** | **8,302,583** |

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

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

| Events | Paid-in Capital | | Capital reserves | | Profit reserves | | Asset valuation adjustment | | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Unpaid capital | Share premium | Other | Legal | Statutory | Bradesco | Subsidiaries | | | |
| **Balances on December 31, 2010** | **30,000,000** | **(1,500,000)** | **56,465** | **6,149** | **2,755,385** | **16,726,601** | **172,294** | **(163,995)** | **(10,049)** | **-** | **48,042,850** |
| Capital increase through reserves | 100,000 | - | (56,465) | (6,149) | (37,386) | - | - | - | - | - | - |
| Capital increase through share subscription | - | 1,500,000 | - | - | - | - | - | - | - | - | 1,500,000 |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (173,060) | - | (173,060) |
| Share premium | - | - | 11,441 | - | - | - | - | - | - | - | 11,441 |
| Asset valuation adjustments | - | - | - | - | - | - | (377,797) | (725,658) | - | - | (1,103,455) |
| Net income | - | - | - | - | - | - | - | - | - | 8,302,583 | 8,302,583 |
| Allocations: Reserves | - | - | - | - | 415,129 | 5,049,196 | - | - | - | (5,464,325) | - |
| Interest on shareholders' equity paid | - | - | - | - | - | - | - | - | - | (2,358,063) | (2,358,063) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (480,195) | (480,195) |
| **Balances on September 30, 2011** | **30,100,000** | **-** | **11,441** | **-** | **3,133,128** | **21,775,797** | **(205,503)** | **(889,653)** | **(183,109)** | **-** | **53,742,101** |
| | | | | | | | | | | | |
| **Balances on March 31, 2012** | **30,100,000** | **-** | **11,441** | **-** | **3,409,039** | **25,163,748** | **(4,362)** | **(435,872)** | **(184,935)** | **-** | **58,059,059** |
| Asset valuation adjustments | - | - | - | - | - | - | 244,836 | 3,746,653 | - | - | 3,991,489 |
| Net income | - | - | - | - | - | - | - | - | - | 2,832,968 | 2,832,968 |
| Allocations: Reserves | - | - | - | - | 141,648 | 1,727,892 | - | - | - | (1,869,540) | - |
| Interest on shareholders' equity paid and/or provisioned | - | - | - | - | - | - | - | - | - | (771,080) | (771,080) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (192,348) | (192,348) |
| **Balances on June 30, 2012** | **30,100,000** | **-** | **11,441** | **-** | **3,550,687** | **26,891,640** | **240,474** | **3,310,781** | **(184,935)** | **-** | **63,920,088** |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (12,366) | - | (12,366) |
| Asset valuation adjustments | - | - | - | - | - | - | 46,222 | 238,427 | - | - | 284,649 |
| Net income | - | - | - | - | - | - | - | - | - | 2,862,377 | 2,862,377 |
| Allocations: Reserves | - | - | - | - | 143,119 | 1,711,588 | - | - | - | (1,854,707) | - |
| Interest on shareholders' equity paid and/or provisioned | - | - | - | - | - | - | - | - | - | (1,007,670) | (1,007,670) |
| **Balances on September 30, 2012** | **30,100,000** | **-** | **11,441** | **-** | **3,693,806** | **28,603,228** | **286,696** | **3,549,208** | **(197,301)** | **-** | **66,047,078** |
| | | | | | | | | | | | |
| **Balances on December 31, 2011** | **30,100,000** | **-** | **11,441** | **-** | **3,269,412** | **23,463,119** | **(328,343)** | **(750,856)** | **(183,109)** | **-** | **55,581,664** |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (14,192) | - | (14,192) |
| Asset valuation adjustments | - | - | - | - | - | - | 615,039 | 4,300,064 | - | - | 4,915,103 |
| Net income | - | - | - | - | - | - | - | - | - | 8,487,881 | 8,487,881 |
| Allocations: Reserves | - | - | - | - | 424,394 | 5,140,109 | - | - | - | (5,564,503) | - |
| Interest on shareholders' equity paid and/or provisioned | - | - | - | - | - | - | - | - | - | (2,556,170) | (2,556,170) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (367,208) | (367,208) |
| **Balances on September 30, 2012** | **30,100,000** | **-** | **11,441** | **-** | **3,693,806** | **28,603,228** | **286,696** | **3,549,208** | **(197,301)** | **-** | **66,047,078** |

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

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

| Description | 2012 | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|
| | 3rd Quarter | % | 2nd Quarter | % | September | % | September | % |
| **1) Revenue** | **24,208,317** | **281.8** | **23,836,763** | **342.6** | **72,521,635** | **298.0** | **70,120,905** | **311.7** |
| **1.1) Financial intermediation** | **25,956,186** | **302.2** | **23,807,426** | **342.2** | **73,910,239** | **303.8** | **67,457,397** | **299.9** |
| **1.2) Fees and commissions** | **4,331,544** | **50.4** | **4,174,080** | **60.0** | **12,500,913** | **51.4** | **10,815,721** | **48.1** |
| **1.3) Allowance for loan losses** | **(3,551,857)** | **(41.4)** | **(3,650,406)** | **(52.5)** | **(10,500,537)** | **(43.2)** | **(9,125,115)** | **(40.6)** |
| **1.4) Other** | **(2,527,556)** | **(29.4)** | **(494,337)** | **(7.1)** | **(3,388,980)** | **(14.0)** | **972,902** | **4.3** |
| **2) Financial intermediation expenses** | **(12,113,885)** | **(141.0)** | **(13,502,828)** | **(194.1)** | **(37,989,455)** | **(156.1)** | **(38,058,958)** | **(169.2)** |
| **3) Inputs acquired from third-parties** | **(2,849,203)** | **(33.1)** | **(2,721,217)** | **(39.1)** | **(8,277,539)** | **(34.0)** | **(7,881,918)** | **(35.0)** |
| Material, water, electricity and gas | (133,301) | (1.6) | (141,518) | (2.0) | (432,170) | (1.8) | (449,510) | (2.0) |
| Outsourced services | (896,884) | (10.4) | (832,281) | (12.0) | (2,561,582) | (10.5) | (2,649,019) | (11.8) |
| Communication | (416,444) | (4.8) | (415,221) | (6.0) | (1,241,179) | (5.1) | (1,176,619) | (5.2) |
| Financial system services | (161,728) | (1.9) | (162,944) | (2.3) | (488,069) | (2.0) | (364,733) | (1.6) |
| Advertising and marketing | (208,268) | (2.4) | (162,191) | (2.3) | (522,969) | (2.1) | (607,001) | (2.7) |
| Transport | (214,615) | (2.5) | (214,702) | (3.1) | (641,641) | (2.6) | (560,319) | (2.5) |
| Data processing | (277,484) | (3.2) | (267,944) | (3.9) | (807,632) | (3.3) | (691,211) | (3.1) |
| Maintenance and repairs | (148,196) | (1.7) | (145,141) | (2.1) | (438,953) | (1.8) | (400,039) | (1.8) |
| Security and surveillance | (111,999) | (1.3) | (104,772) | (1.5) | (317,011) | (1.3) | (239,520) | (1.1) |
| Travel | (34,050) | (0.4) | (33,566) | (0.5) | (100,542) | (0.4) | (112,751) | (0.5) |
| Other | (246,234) | (2.9) | (240,937) | (3.4) | (725,791) | (3.1) | (631,196) | (2.7) |
| **4) Gross value added (1-2-3)** | **9,245,229** | **107.7** | **7,612,718** | **109.4** | **26,254,641** | **107.9** | **24,180,029** | **107.5** |
| **5) Depreciation and amortization** | **(700,276)** | **(8.2)** | **(673,855)** | **(9.7)** | **(2,028,827)** | **(8.3)** | **(1,781,210)** | **(7.9)** |
| **6) Net value added produced by the entity (4-5)** | **8,544,953** | **99.5** | **6,938,863** | **99.7** | **24,225,814** | **99.6** | **22,398,819** | **99.6** |
| **7) Value added received through transfer** | **44,590** | **0.5** | **18,610** | **0.3** | **103,367** | **0.4** | **90,732** | **0.4** |
| Equity in the earnings (losses) of unconsolidated companies | 44,590 | 0.5 | 18,610 | 0.3 | 103,367 | 0.4 | 90,732 | 0.4 |
| **8) Value added to distribute (6+7)** | **8,589,543** | **100.0** | **6,957,473** | **100.0** | **24,329,181** | **100.0** | **22,489,551** | **100.0** |
| **9) Value added distributed** | **8,589,543** | **100.0** | **6,957,473** | **100.0** | **24,329,181** | **100.0** | **22,489,551** | **100.0** |
| **9.1) Personnel** | **2,696,417** | **31.6** | **2,641,467** | **38.0** | **7,828,526** | **32.3** | **7,370,834** | **32.8** |
| Payroll | 1,464,803 | 17.1 | 1,401,945 | 20.2 | 4,220,312 | 17.3 | 3,668,231 | 16.3 |
| Benefits | 637,108 | 7.4 | 616,593 | 8.9 | 1,839,552 | 7.6 | 1,585,476 | 7.0 |
| Government Severance Indemnity Fund for Employees (FGTS) | 133,319 | 1.6 | 129,744 | 1.9 | 384,358 | 1.6 | 329,407 | 1.5 |
| Other | 461,187 | 5.5 | 493,185 | 7.0 | 1,384,304 | 5.8 | 1,787,720 | 8.0 |
| **9.2) Tax, fees and contributions** | **2,815,785** | **32.7** | **1,268,301** | **18.2** | **7,380,462** | **30.3** | **6,204,188** | **27.6** |
| Federal | 2,672,710 | 31.1 | 1,132,576 | 16.3 | 6,962,144 | 28.6 | 5,862,448 | 26.1 |
| State | 4,088 | - | 1,947 | - | 7,680 | - | 3,974 | - |
| Municipal | 138,987 | 1.6 | 133,778 | 1.9 | 410,638 | 1.7 | 337,766 | 1.5 |
| **9.3) Value distributed to providers of capital** | **194,671** | **2.2** | **198,688** | **2.8** | **578,252** | **2.3** | **498,515** | **2.2** |
| Rentals | 191,955 | 2.2 | 195,702 | 2.8 | 570,172 | 2.3 | 489,756 | 2.2 |
| Asset leasing | 2,716 | - | 2,986 | - | 8,080 | - | 8,759 | - |
| **9.4) Value distributed to shareholders** | **2,882,670** | **33.5** | **2,849,017** | **41.0** | **8,541,941** | **35.1** | **8,416,014** | **37.4** |
| Interest on shareholders' equity | 1,007,670 | 11.7 | 771,080 | 11.1 | 2,556,170 | 10.5 | 2,358,063 | 10.5 |
| Dividends | - | - | 192,348 | 2.8 | 367,208 | 1.5 | 480,195 | 2.1 |
| Retained earnings | 1,854,707 | 21.6 | 1,869,540 | 26.9 | 5,564,503 | 22.9 | 5,464,325 | 24.3 |
| Non-controlling interests in retained earnings | 20,293 | 0.2 | 16,049 | 0.2 | 54,060 | 0.2 | 113,431 | 0.5 |

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

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

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | 3rd Quarter | 2nd Quarter | September | September |
| **Cash flow from operating activities:** | | | | |
| **Net Income before income tax and social contribution** | **4,254,891** | **2,898,213** | **11,749,742** | **10,953,283** |
| **Adjustments to net income before income tax and social contribution** | **7,692,437** | **6,823,546** | **21,728,025** | **20,103,456** |
| Allowance for loan losses | 3,551,857 | 3,650,406 | 10,500,537 | 9,125,115 |
| Depreciation and amortization | 700,276 | 673,855 | 2,028,827 | 1,781,210 |
| Losses from/provisions for asset impairment | - | - | - | 152,881 |
| Expenses with civil, labor and tax provisions | 916,845 | 878,092 | 2,846,728 | 4,320,572 |
| Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds | 2,479,917 | 1,496,462 | 6,173,700 | 4,667,434 |
| Equity in the earnings (losses) of unconsolidated companies | (44,590) | (18,610) | (103,367) | (90,732) |
| (Gain)/loss on sale of investments | 1,147 | (5,361) | (33,419) | (55,999) |
| (Gain)/loss on sale of fixed assets | 454 | 1,892 | 6,992 | 4,190 |
| (Gain)/loss on sale of foreclosed assets | 50,412 | 45,114 | 145,881 | 179,605 |
| Other | 36,119 | 101,696 | 162,146 | 19,180 |
| **Adjusted net income before taxes** | **11,947,328** | **9,721,759** | **33,477,767** | **31,056,739** |
| (Increase)/decrease in interbank investments | (13,864,897) | 10,146,122 | 13,081,022 | (13,138,115) |
| (Increase) in trading securities and derivative financial instruments | (18,500,401) | (12,613,127) | (5,515,055) | (37,117,025) |
| (Increase)/decrease in interbank and interdepartmental accounts | 118,140 | 444,067 | (1,323,538) | (1,929,324) |
| (Increase) in loan and leasing | (7,819,043) | (11,121,829) | (23,144,554) | (34,577,257) |
| (Increase) in insurance premiums receivable | (14,373) | (273,531) | (455,829) | (430,788) |
| Increase in technical reserves for insurance, pension plans and capitalization bonds | 3,538,433 | 3,339,510 | 7,980,762 | 5,254,246 |
| Increase/(decrease) in deferred income | 4,028 | (30,743) | (51,938) | 261,917 |
| (Increase)/decrease in other receivables and other assets | 3,785,847 | (6,209,857) | (5,677,072) | (12,063,767) |
| (Increase)/decrease in compulsory deposits in the Brazilian Central Bank | 6,146,949 | (990,407) | 16,988,347 | (4,510,927) |
| Increase/(decrease) in deposits | (4,200,333) | 3,193,384 | (4,554,626) | 31,463,361 |
| Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase | 19,563,366 | 12,044,214 | 48,089,391 | (39,585) |
| Increase in funds from issuance of securities | 2,652,282 | 2,675,581 | 12,288,049 | 15,204,699 |
| Increase/(decrease) in borrowings and onlending | (2,495,836) | 782,034 | (7,848,496) | 10,861,250 |
| Increase/(decrease) in other liabilities | (1,483,802) | 3,949,169 | 8,719,902 | 6,565,696 |
| Income tax and social contribution paid | (814,075) | (746,093) | (5,241,759) | (4,858,173) |
| **Net cash provided by/(used in) operating activities** | **(1,436,387)** | **14,310,253** | **86,812,373** | **(7,997,053)** |
| **Cash flow from investing activities:** | | | | |
| (Purchases)/proceeds from available-for-sale securities | 22,333,285 | (9,379,757) | (39,329,988) | 7,606,152 |
| (Purchases)/proceeds from held-to-maturity securities | 26,388 | (666,064) | (592,086) | (1,557,592) |
| Proceeds from sale of foreclosed assets | 83,343 | 6,061 | 140,562 | 160,916 |
| Sale of investments | 14,748 | 83,120 | 130,964 | 7,836 |
| Proceeds from the sale of premises and equipment and operating leased assets | 63,521 | 96,629 | 328,133 | 16,060 |
| Foreclosed asset acquisitions | (230,253) | (211,634) | (592,276) | (461,296) |
| Investment acquisitions | (7,247) | (824) | (9,480) | (132,620) |
| Premise and equipment and operating leased asset acquisitions | (314,015) | (348,391) | (1,209,325) | (878,261) |
| Intangible asset acquisitions | (966,638) | (414,618) | (1,809,198) | (1,105,271) |
| Dividends and interest on shareholders' equity received | 17,179 | 44,732 | 71,511 | 65,656 |
| **Net cash provided by/(used in) investing activities** | **21,020,311** | **(10,790,746)** | **(42,871,183)** | **3,721,580** |
| **Cash flow from financing activities:** | | | | |
| Increase/(decrease) in subordinated debts | 415,621 | 3,968,869 | 7,596,650 | (134,486) |
| Capital increase in cash and share premium | - | - | - | 1,511,441 |
| Dividends and interest on shareholders' equity paid | (969,327) | (186,518) | (3,520,120) | (3,083,649) |
| Non-controlling interest | (21,115) | (59,418) | (83,245) | 28,473 |
| Acquisition of own shares | (12,366) | - | (14,192) | (173,060) |
| **Net cash provided by/(used in) financing activities** | **(587,187)** | **3,722,933** | **3,979,093** | **(1,851,281)** |
| **Net increase/(decrease) in cash and cash equivalents** | **18,996,737** | **7,242,440** | **47,920,283** | **(6,126,754)** |
| Cash and cash equivalents - at the beginning of the period | 65,783,698 | 58,541,258 | 36,860,152 | 36,240,382 |
| Cash and cash equivalents - at the end of the period | 84,780,435 | 65,783,698 | 84,780,435 | 30,113,628 |
| **Net increase/(decrease) in cash and cash equivalents** | **18,996,737** | **7,242,440** | **47,920,283** | **(6,126,754)** |

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

## *Table of Contents of the Notes to the Consolidated Financial Statements*

Notes to the Consolidated Financial Statements of Bradesco are as follows:

## *Notes to the Consolidated Financial Statements*

### 1) OPERATIONS

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

### 2) PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

## *Notes to the Consolidated Financial Statements*

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

| | Activity | Equity interest | | |
|---|---|---|---|---|
| | | 2012 | | 2011 |
| | | September 30 | June 30 | September 30 |
| **Financial Area - Brazil** | | | | |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Alvorada S.A. | Banking | 99.95% | 99.95% | 99.95% |
| Banco Bradesco Financiamentos S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bankpar S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco BBI S.A. | Investment bank | 98.35% | 98.35% | 98.35% |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Bankpar Arrendamento Mercantil S.A. | Leasing | 100.00% | 100.00% | 100.00% |
| Banco Bradesco Cartões S.A. | Cards | 100.00% | 100.00% | 100.00% |
| Bradesco Administradora de Consórcios Ltda. | Consortium management | 100.00% | 100.00% | 100.00% |
| Banco BERJ S.A. (1) | Banking | 100.00% | 100.00% | - |
| Bradesco Leasing S.A. Arrendamento Mercantil | Leasing | 100.00% | 100.00% | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | Brokerage | 100.00% | 100.00% | 100.00% |
| BRAM - Bradesco Asset Management S.A. DTVM | Asset management | 100.00% | 100.00% | 100.00% |
| Ágora Corretora de Títulos e Valores Mobiliários S.A. | Brokerage | 100.00% | 100.00% | 100.00% |
| Banco Bradescard S.A. (2) | Cards | 100.00% | 100.00% | 100.00% |
| Cielo S.A. (3) | Services | 28.65% | 28.65% | 28.65% |
| Cia. Brasileira de Soluções e Serviços - Alelo (3) | Services | 50.01% | 50.01% | 50.01% |
| Tempo Serviços Ltda. | Services | 100.00% | 100.00% | 100.00% |
| **Financial Area - Abroad** | | | | |
| Banco Bradesco Argentina S.A. | Banking | 99.99% | 99.99% | 99.99% |
| Banco Bradesco Europa S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco S.A. Grand Cayman Branch (4) | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco New York Branch | Banking | 100.00% | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% | 100.00% |
| Bradesco Securities, UK. | Brokerage | 100.00% | 100.00% | 100.00% |
| **Insurance, Pension Plan and Capitalization Bond Area** | | | | |
| Atlântica Capitalização S.A. | Capitalization bonds | 100.00% | 100.00% | 100.00% |
| Bradesco Argentina de Seguros S.A. | Insurance | 99.90% | 99.90% | 99.90% |
| Bradesco Auto/RE Companhia de Seguros | Insurance | 100.00% | 100.00% | 100.00% |
| Bradesco Capitalização S.A. | Capitalization bonds | 100.00% | 100.00% | 100.00% |
| Bradesco Saúde S.A. | Insurance/health | 100.00% | 100.00% | 100.00% |
| Odontoprev S.A. | Dental care | 43.50% | 43.50% | 43.50% |
| Bradesco Seguros S.A. | Insurance | 100.00% | 100.00% | 100.00% |
| Bradesco Vida e Previdência S.A. | Pension plan/insurance | 100.00% | 100.00% | 100.00% |
| Atlântica Companhia de Seguros | Insurance | 100.00% | 100.00% | 100.00% |
| **Other Activities** | | | | |
| Andorra Holdings S.A. | Holding | 100.00% | 100.00% | 100.00% |
| Bradseg Participações S.A. | Holding | 100.00% | 100.00% | 100.00% |
| Bradescor Corretora de Seguros Ltda. | Insurance brokerage | 100.00% | 100.00% | 100.00% |
| Bradesplan Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| BSP Empreendimentos Imobiliários S.A. (5) | Real estate | 100.00% | 100.00% | - |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition | 100.00% | 100.00% | 100.00% |
| Columbus Holdings S.A. | Holding | 100.00% | 100.00% | 100.00% |
| Nova Paiol Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| Scopus Tecnologia Ltda. | Information technology | 100.00% | 100.00% | 100.00% |
| União Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |

## Notes to the Consolidated Financial Statements

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

### 3) SIGNIFICANT ACCOUNTING POLICIES

#### a) Functional and Presentation Currencies

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

#### b) Income and Expense Recognition

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

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

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

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

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

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

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

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

Income from capitalization bonds are recognized when they are effectively received. Income from expired capitalization plans are recorded after the statute of limitation, under Article 206 of the Brazilian Civil Code. The expenses for placement of capitalization bonds, classified as "Acquisition

## Notes to the Consolidated Financial Statements

Costs," are recognized when they are incurred. Payments of prize draw amounts are recorded as expenses in the month they are made.

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

**c) Cash and cash equivalents**

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

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

**d) Interbank investments**

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

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

**e) Securities - Classification**

- Trading securities - securities acquired for the purpose of being actively and frequently traded. They are stated at cost, plus income earned and adjusted to market value in the income statement for the period;

- Available-for-sale securities - securities that are not specifically intended for trading purposes or to be held to maturity. They are stated at cost, plus income earned, which is recorded in profit or loss in the period and adjusted to market value within shareholders' equity, net of tax, which will be recognized in profit or loss only when effectively disposed; and

- Held-to-maturity securities - securities intended and for the financial capacity to be held in the portfolio up to maturity. They are stated at cost, plus earnings recognized in profit or loss for the period.

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

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

## Notes to the Consolidated Financial Statements

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

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

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

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

- Market risk hedge: for financial instruments classified in this category as well as the hedge-related financial assets and liabilities, gains and losses, realized or not, are recorded in the income statement; and

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

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

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

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

| Past-due period (1) | Customer 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 terms of more than 36 months, past-due periods are doubled, as allowed under CMN Resolution 2,682/99.

Interest and inflation adjustments on past-due transactions are only recognized up to the 59$^{th}$ day that they are past due. As from the 60$^{th}$ day, they are recognized in deferred income.

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

## *Notes to the Consolidated Financial Statements*

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

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

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

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

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

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

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

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

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

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

**i) Prepaid expenses**

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

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

Prepaid expenses are shown in details in Note 12b.

## Notes to the Consolidated Financial Statements

### j) Investments

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

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

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

### k) Premises and equipment

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

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

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

### l) Intangible assets

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

Intangible assets comprise:

- Future profitability/customer portfolio acquired and acquiring the right to provide banking services: is recorded and amortized, as applicable, over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted through impairment , where applicable; and

- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% to 50% p.a.), from the date it is available for use and adjusted through impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intention and ability to complete such development, as well as reliably measure costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

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

### m) Impairment

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

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

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

## *Notes to the Consolidated Financial Statements*

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

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

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

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

- Damage, health and group insurance lines, except individual life:

  - The unearned premium reserve (PPNG) is calculated on a daily *pro-rata* basis, based on premiums net of coinsurance assignment, but including reinsurance transfer operations, consists of the portion corresponding to the period of risk not arising from insurance policies, and includes estimates for risks in effect but not issued (RVNE);

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

  - The premium deficiency reserve is recorded when there is insufficient unearned premium reserves to cover incurred claims, considering expected indemnities and related expenses, throughout periods to be incurred relating to risk in effect on the reference date of the calculation. For individual life insurance, the reserve is recorded to cover differences between the expected present value of indemnities and related future expenses and the expected present value from future premiums;

  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current amount of future benefits and the current amount of future contributions, corresponding to the obligation;

  - The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependants are expected to remain in the plan up to the end of this five-year period; after this, it is calculated based on costs on the five-year-period plan, excluding payment of premiums;

  - The reserve for vested benefits relating to the individual health care plan portfolio comprises obligations under the terms of the contract relating to coverage of the health care plan , based on the present value of estimated future expenses with health care provided to dependents whose holders already deceased, as provided for in Normative Resolution 75/04 of ANS;

  - The reserve for redemptions and other amounts to be settled (PROVR) comprises all amounts relating to redemptions to be settled, premium refunds and portabilities requested not yet transferred to the recipient;

  - The reserve for claims incurred but not reported (IBNR) is calculated based on an estimate of claims that have already incurred but have not yet been reported to the insurance company; and

  - The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period and related costs, such as loss adjustment of claims, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;

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

## *Notes to the Consolidated Financial Statements*

- Individual life insurance, excluding variable insurance contribution for life cover:
  - The unexpired risks reserve (PRNE) is calculated on a daily *pro-rata* basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to periods of risk not arising from insurance policies, and includes an estimate for risks in effect but not issued (RVNE);
  - The supplementary premium reserve (PCP) is recorded monthly to complement the PRNE and includes estimates to risks in effect but not issued (RVNE);
  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current amount for future benefits and the current amount for future contributions, corresponding to the obligation;
  - The reserve for redemptions and other amounts to be settled (PROVR) comprises figures related to redemptions to be settled, premium refunds and portability requested not yet transferred to the recipient;
  - The reserve for benefits incurred but not reported (IBNR) is calculated based on the estimate of claims that have already incurred but have not been reported to the insurance company yet;
  - The reserve for benefit adjustment (PBR) considers all notices of claims received up to the end of the reporting period and related costs, such as loss adjustment expenses, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;
  - The reserve for risk fluctuation (POR) is recognized to cover any statistical deviation between expected and observed events; and
  - The reserve for financial fluctuation (POF) consists of up to 15% of the mathematical reserve for benefits to be granted relating to pension plans in the category of variable contribution with a guarantee of earnings to cover possible financial fluctuations.
- Pension plans and life insurance with life cover:
  - The unearned premiums reserve (PRNE) is calculated on a daily *pro-rata* basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, and is comprised of the portion corresponding to periods of risks not arising from insurance policies, and includes an estimate for risks in effect but not issued (RVNE);
  - The mathematical reserve for unvested benefits (PMBaC) refers to participants who have not yet received any benefit. In defined benefit pension plans, reserve represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations in the form of retirement plans, disability, pension and annuity. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;
  - Mathematical reserves for unvested benefits related to life insurance and unrestricted benefit pension plans (VGBL and PGBL), apart from the defined contribution plans, show the value of participant contributions, net of costs and other contractual charges, plus income from investment in Exclusive Investment Funds (FIEs);
  - The reserve for redemptions and other amounts to be settled (PROVR) comprises figures related to redemptions to settle, refund premiums or portability requested not yet transferred to the recipient;
  - The mathematical reserve for vested benefits (PMBC) refers to participants already benefiting and corresponds to the present value of future obligations related to the payment of ongoing benefits;

## *Notes to the Consolidated Financial Statements*

- The contribution deficiency reserve (PIC) is established to deal with any unfavorable fluctuations in technical risks taken in the mathematical reserve for benefits to be granted, considering that the participants are likely to have a longer life expectancy. In plans covering life expectancy, the reserve is calculated on an actuarial basis and takes into consideration the actuarial tables AT-2000 Male (normalized) for males and AT-2000 Female (normalized) for females, with an improvement rate of 1.5% p.a. and actual interest rate of 3.5% p.a. In disability plans covering life expectancy risk, the provision takes into consideration the AT-49 Male biometric table and real interest rate of 3.5% p.a. The improvement rate is calculated from automatic updates of the life expectancy table, considering the expected increase in future life expectancy;

- The reserve for administrative expenses (PDA) is recorded to cover future administrative expenses of the defined benefit, defined contribution and variable contribution plans. The calculation assumptions are similar to those considered in the calculation of PIC, including the benefit payment expenses;

- The reserve for financial surplus (PEF) corresponds to the portion of income from investment of reserves that exceeds minimum returns from pension plans that have a financial surplus in the participation clause;

- The reserve for technical surplus (PET) corresponds to the difference between the expected and the actual amounts for events in the period for pension plans that have a technical surplus in the participation clause;

- The reserve for events incurred but not reported (IBNR), relating to pension plans, is recorded in compliance with Susep Circular Letter 448/12;

- The provision for benefit adjustment (PBR) considers all loss notices received up to the end of the reporting period and related costs, such as expenses with loss adjustment, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;

- The reserve for risk fluctuation (POR) is recognized to cover any statistical deviation between expected and actual events; and

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

• Capitalization bonds:

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

- The reserves for redemptions are established from capitalization bonds overdue or not yet due where early redemption has been requested by the customer. Reserves are adjusted for inflation based on the indexes provided in each plan;

- The reserves for draws not yet taken place and their payables are recorded to cover premiums for future draws (not yet taken place) and also for prize money from draws where customers have already been chosen (payable);

- A reserve for contingencies is recorded to cover possible shortfalls related to payments of redemptions requested and/or prizes from draws; and

## Notes to the Consolidated Financial Statements

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

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

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

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

- Contingent assets: these are not recognized in the financial statements, except when Management has control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, classifying the gain as practically certain by confirming the expectation of receipt or compensation against another liability. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;

- Provisions: these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable which would cause a probable outflow of funds to settle the obligation and when amounts can be reliably measured;

- Contingent liabilities: according to CPC 25, the term "contingent" is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management's control. Contingent liabilities considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recorded as a provision nor disclosed; and

- Legal obligations - provision for tax risks: results from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements.

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

**q) Funding expenses**

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

**r) Other assets and liabilities**

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

## *Notes to the Consolidated Financial Statements*

**s) Subsequent events**

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

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period of the financial statements; and

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

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

### 4) INFORMATION FOR COMPARISON PURPOSES

**Reclassifications**

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

## Notes to the Consolidated Financial Statements

### 5) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ADJUSTED BY OPERATING SEGMENT

#### a) Statement of financial position

R$ thousand

| | Financial (1) (2) | | Insurance Group (2) (3) | | Other Activities (2) | Eliminations (4) | Total Consolidated |
|---|---|---|---|---|---|---|---|
| | Brazil | Abroad | Brazil | Abroad | | | |
| **Assets** | | | | | | | |
| **Current and long-term assets** | **658,999,384** | **83,621,177** | **142,281,863** | **5,867** | **944,909** | **(45,557,446)** | **840,295,754** |
| Cash and due from banks | 9,021,175 | 5,287,693 | 229,751 | 330 | 7,715 | (1,602,673) | 12,943,991 |
| Interbank investments | 126,100,069 | 672,308 | - | - | - | - | 126,772,377 |
| Securities and derivative financial instruments | 175,295,402 | 11,077,395 | 133,504,064 | 3,351 | 462,978 | (805,937) | 319,537,253 |
| Interbank and interdepartmental accounts | 56,275,770 | - | - | - | - | - | 56,275,770 |
| Loan and leasing | 217,480,993 | 65,908,149 | - | - | - | (40,825,844) | 242,563,298 |
| Other receivables and other assets | 74,825,975 | 675,632 | 8,548,048 | 2,186 | 474,216 | (2,322,992) | 82,203,065 |
| **Permanent assets** | **53,502,299** | **59,293** | **3,455,793** | **166** | **315,641** | **(41,340,963)** | **15,992,229** |
| Investments | 41,298,537 | 15,205 | 1,763,760 | 150 | 170,489 | (41,340,963) | 1,907,178 |
| Premises and equipment and leased assets | 3,684,520 | 16,605 | 758,073 | 16 | 40,382 | - | 4,499,596 |
| Intangible assets | 8,519,242 | 27,483 | 933,960 | - | 104,770 | - | 9,585,455 |
| **Total on September 30, 2012** | **712,501,683** | **83,680,470** | **145,737,656** | **6,033** | **1,260,550** | **(86,898,409)** | **856,287,983** |
| **Total on June 30, 2012** | **692,501,903** | **79,331,988** | **140,310,352** | **6,465** | **1,189,426** | **(82,819,706)** | **830,520,428** |
| **Total on September 30, 2011** | **602,966,902** | **70,219,424** | **117,336,456** | **10,018** | **1,110,746** | **(69,354,178)** | **722,289,368** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Current and long-term liabilities** | **645,723,651** | **61,211,806** | **127,210,450** | **1,746** | **445,234** | **(45,557,446)** | **789,035,441** |
| Deposits | 188,829,034 | 25,670,226 | - | - | - | (1,629,659) | 212,869,601 |
| Federal funds purchased and securities sold under agreements to repurchase | 240,071,509 | 5,476,342 | - | - | - | (10,234) | 245,537,617 |
| Funds from issuance of securities | 40,828,996 | 13,997,126 | - | - | - | (1,015,910) | 53,810,212 |
| Interbank and interdepartmental accounts | 3,648,652 | 518 | - | - | - | - | 3,649,170 |
| Borrowing and onlending | 79,342,671 | 6,657,673 | - | - | - | (40,601,902) | 45,398,442 |
| Derivative financial instruments | 4,003,246 | 144,465 | - | - | - | - | 4,147,711 |
| Technical reserves from insurance, pension plans and capitalization bonds | - | - | 117,806,277 | 1,177 | - | - | 117,807,454 |
| Other liabilities: | | | | | | | |
| - Subordinated debts | 25,792,188 | 8,714,553 | - | - | - | - | 34,506,741 |
| - Other | 63,207,355 | 550,903 | 9,404,173 | 569 | 445,234 | (2,299,741) | 71,308,493 |
| **Deferred income** | **600,055** | **-** | **-** | **-** | **19,336** | **-** | **619,391** |
| **Non-controlling interests in subsidiaries** | **130,899** | **22,468,664** | **18,527,206** | **4,287** | **795,980** | **(41,340,963)** | **586,073** |
| **Shareholders' equity** | **66,047,078** | **-** | **-** | **-** | **-** | **-** | **66,047,078** |
| **Total on September 30, 2012** | **712,501,683** | **83,680,470** | **145,737,656** | **6,033** | **1,260,550** | **(86,898,409)** | **856,287,983** |
| **Total on June 30, 2012** | **692,501,903** | **79,331,988** | **140,310,352** | **6,465** | **1,189,426** | **(82,819,706)** | **830,520,428** |
| **Total on September 30, 2011** | **602,966,902** | **70,219,424** | **117,336,456** | **10,018** | **1,110,746** | **(69,354,178)** | **722,289,368** |

## *Notes to the Consolidated Financial Statements*

### b) Income statement

R$ thousand

| | Financial (1) (2) | | Insurance Group (2) (3) | | Other Activities (2) | Eliminations (4) | Total Consolidated |
|---|---|---|---|---|---|---|---|
| | Brazil | Abroad | Brazil | Abroad | | | |
| Revenues from financial intermediation | 62,214,699 | 1,352,318 | 10,681,900 | - | 28,125 | (366,803) | 73,910,239 |
| Expenses from financial intermediation | 41,577,253 | 1,106,073 | 6,173,700 | - | - | (367,034) | 48,489,992 |
| **Gross income from financial intermediation** | **20,637,446** | **246,245** | **4,508,200** | **-** | **28,125** | **231** | **25,420,247** |
| Other operating income/expenses | (13,342,995) | 27,274 | (202,788) | (362) | 60,182 | (231) | (13,458,920) |
| **Operating income** | **7,294,451** | **273,519** | **4,305,412** | **(362)** | **88,307** | **-** | **11,961,327** |
| Non-operating income | (186,946) | 5,100 | (29,224) | - | (515) | - | (211,585) |
| **Income before taxes and non-controlling interest** | **7,107,505** | **278,619** | **4,276,188** | **(362)** | **87,792** | **-** | **11,749,742** |
| Income tax and social contribution | (1,574,514) | (5,331) | (1,606,136) | (33) | (21,787) | - | (3,207,801) |
| Non-controlling interests in subsidiaries | (6,695) | - | (47,138) | - | (227) | - | (54,060) |
| **Net income for September 30, 2012 YTD** | **5,526,296** | **273,288** | **2,622,914** | **(395)** | **65,778** | **-** | **8,487,881** |
| **Net income for September 30, 2011 YTD** | **5,417,906** | **435,987** | **2,341,193** | **(36)** | **107,533** | **-** | **8,302,583** |
| **Net income for the 3rd quarter of 2012** | **1,777,101** | **222,634** | **837,042** | **(181)** | **25,781** | **-** | **2,862,377** |
| **Net income for the 2nd quarter of 2012** | **1,838,769** | **89,957** | **881,006** | **(83)** | **23,319** | **-** | **2,832,968** |

(1) The "Financial" segment comprises: financial institutions; holding companies (which are mainly responsible for managing financial resources); as well as credit card, consortium and asset management companies;
(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;
(3) The "Insurance Group" segment comprises insurance, pension plan and capitalization bond companies; and
(4) Related to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and abroad.

## 6) CASH AND CASH EQUIVALENTS

R$ thousand

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

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

## *Notes to the Consolidated Financial Statements*

### 7) INTERBANK INVESTMENTS

#### a) Breakdown and maturity

| | R$ thousand | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | September 30 | June 30 | September 30 |
| **Investments in federal funds purchased and securities sold under agreements to repurchase:** | | | | | | | |
| **Own portfolio position** | **21,059** | **9,442,985** | **-** | **-** | **9,464,044** | **10,559,899** | **36,209,956** |
| ● National treasury notes | - | 3,178,221 | - | - | 3,178,221 | 6,647,183 | 25,675,882 |
| ● National treasury bills | - | 6,264,764 | - | - | 6,264,764 | 3,911,788 | 10,248,291 |
| ● Other | 21,059 | - | - | - | 21,059 | 928 | 285,783 |
| **Funded position** | **71,453,913** | **25,517,209** | **-** | **-** | **96,971,122** | **65,680,676** | **36,048,997** |
| ● Financial treasury bills | 11,639,022 | - | - | - | 11,639,022 | 128,443 | 9,017,348 |
| ● National treasury notes | 34,346,345 | 19,585,291 | - | - | 53,931,636 | 44,552,134 | 17,425,398 |
| ● National treasury bills | 25,468,546 | 5,931,918 | - | - | 31,400,464 | 21,000,099 | 9,606,251 |
| **Short position** | **7,090** | **11,414,488** | **-** | **-** | **11,421,578** | **6,014,718** | **3,769,134** |
| ● National treasury bills | 7,090 | 11,414,488 | - | - | 11,421,578 | 6,014,718 | 3,769,134 |
| **Subtotal** | **71,482,062** | **46,374,682** | **-** | **-** | **117,856,744** | **82,255,293** | **76,028,087** |
| **Interest-earning deposits in other banks:** | | | | | | | |
| ● Interest-earning deposits in other banks | 3,499,727 | 2,532,347 | 2,005,106 | 879,572 | 8,916,752 | 10,603,336 | 9,936,492 |
| ● Provision for losses | (311) | (533) | (275) | - | (1,119) | (500) | (1,704) |
| **Subtotal** | **3,499,416** | **2,531,814** | **2,004,831** | **879,572** | **8,915,633** | **10,602,836** | **9,934,788** |
| **Total on September 30, 2012** | **74,981,478** | **48,906,496** | **2,004,831** | **879,572** | **126,772,377** | | |
| **%** | **59.1** | **38.6** | **1.6** | **0.7** | **100.0** | | |
| **Total on June 30, 2012** | **73,109,897** | **15,818,559** | **1,950,885** | **1,978,788** | | **92,858,129** | |
| **%** | **78.8** | **17.0** | **2.1** | **2.1** | | **100.0** | |
| **Total on September 30, 2011** | **31,316,643** | **51,435,917** | **1,430,540** | **1,779,775** | | | **85,962,875** |
| **%** | **36.4** | **59.8** | **1.7** | **2.1** | | | **100.0** |

#### b) Income from interbank investments

Classified in the income statement as income on securities transactions.

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Income from investments in purchase and sale commitments:** | | | | |
| • Own portfolio position | 277,291 | 329,993 | 1,062,456 | 2,745,952 |
| • Funded position | 1,703,122 | 1,371,859 | 4,583,974 | 3,625,278 |
| • Short position | 360,562 | 280,696 | 804,927 | 737,840 |
| **Subtotal** | **2,340,975** | **1,982,548** | **6,451,357** | **7,109,070** |
| **Income from interest-earning deposits in other banks** | **154,458** | **193,205** | **596,108** | **823,261** |
| **Total (Note 8h)** | **2,495,433** | **2,175,753** | **7,047,465** | **7,932,331** |

## Notes to the Consolidated Financial Statements

### 8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Information on securities and derivative financial instruments is as follows:

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

| | | | | | | | | | R$ thousand | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | | | 2011 | |
| | Financial | Insurance/ capitalization bonds | Pension plans | Other activities | September 30 | % | June 30 | % | September 30 | % |
| **Trading securities** | **106,322,657** | **3,359,582** | **35,519,720** | **352,784** | **145,554,743** | **60.1** | **161,157,845** | **57.6** | **131,605,875** | **66.0** |
| - Government securities | 66,050,503 | 1,198,752 | 11,842 | 231,027 | 67,492,124 | 27.8 | 78,085,516 | 27.9 | 71,219,378 | 35.7 |
| - Corporate securities | 37,172,495 | 2,160,830 | 569,191 | 121,757 | 40,024,273 | 16.6 | 38,280,319 | 13.7 | 29,772,322 | 15.0 |
| - Derivative financial instruments (1) | 3,099,659 | - | - | - | 3,099,659 | 1.3 | 3,151,941 | 1.1 | 2,804,006 | 1.4 |
| - PGBL/VGBL restricted bonds | - | - | 34,938,687 | - | 34,938,687 | 14.4 | 41,640,069 | 14.9 | 27,810,169 | 13.9 |
| **Available-for-sale securities** | **50,321,398** | **13,928,108** | **28,624,671** | **6,783** | **92,880,960** | **38.3** | **114,879,346** | **41.0** | **36,669,578** | **18.4** |
| - Government securities | 32,723,598 | 12,227,850 | 26,865,007 | - | 71,816,455 | 29.6 | 94,689,828 | 33.8 | 20,900,163 | 10.5 |
| - Corporate securities | 17,597,800 | 1,700,258 | 1,759,664 | 6,783 | 21,064,505 | 8.7 | 20,189,518 | 7.2 | 15,769,415 | 7.9 |
| **Held-to-maturity securities (4)** | **327,604** | **-** | **3,611,404** | **-** | **3,939,008** | **1.6** | **3,940,421** | **1.4** | **31,190,535** | **15.6** |
| - Government securities | 327,604 | - | 3,611,404 | - | 3,939,008 | 1.6 | 3,940,421 | 1.4 | 30,752,274 | 15.4 |
| - Corporate securities | - | - | - | - | - | - | - | - | 438,261 | 0.2 |
| **Subtotal** | **156,971,659** | **17,287,690** | **67,755,795** | **359,567** | **242,374,711** | **100.0** | **279,977,612** | **100.0** | **199,465,988** | **100.0** |
| Purchase and sale commitments (2) | 28,643,596 | 6,018,197 | 42,411,307 | 89,442 | 77,162,542 | | 42,529,664 | | 45,155,626 | |
| **Overall total** | **185,615,255** | **23,305,887** | **110,167,102** | **449,009** | **319,537,253** | | **322,507,276** | | **244,621,614** | |
| - Government securities | 99,101,705 | 13,426,602 | 30,488,253 | 231,027 | 143,247,587 | 59.1 | 176,715,765 | 63.1 | 122,871,815 | 61.6 |
| - Corporate securities | 57,869,954 | 3,861,088 | 2,328,855 | 128,540 | 64,188,437 | 26.5 | 61,621,778 | 22.0 | 48,784,004 | 24.5 |
| - PGBL/VGBL restricted bonds | - | - | 34,938,687 | - | 34,938,687 | 14.4 | 41,640,069 | 14.9 | 27,810,169 | 13.9 |
| **Subtotal** | **156,971,659** | **17,287,690** | **67,755,795** | **359,567** | **242,374,711** | **100.0** | **279,977,612** | **100.0** | **199,465,988** | **100.0** |
| Purchase and sale commitments (2) | 28,643,596 | 6,018,197 | 42,411,307 | 89,442 | 77,162,542 | | 42,529,664 | | 45,155,626 | |
| **Overall total** | **185,615,255** | **23,305,887** | **110,167,102** | **449,009** | **319,537,253** | | **322,507,276** | | **244,621,614** | |

## Notes to the Consolidated Financial Statements

### b) Breakdown of the consolidated portfolio by issuer

R$ thousand

| Securities (3) | 2012 | | | | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30 | | | | | | | June 30 | | September 30 | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/book value (5) (6) (7) | Restated cost | Mark-to-market | Fair/book value (5) (6) (7) | Mark-to-market | Fair/book value (5) (6) (7) | Mark-to-market |
| **Government securities** | **3,397,310** | **12,927,126** | **13,883,008** | **113,040,143** | **143,247,587** | **134,950,083** | **8,297,504** | **176,715,765** | **9,050,655** | **122,871,815** | **1,522,346** |
| Financial treasury bills | 563,552 | 665,128 | 770,746 | 6,164,057 | 8,163,483 | 8,155,424 | 8,059 | 7,926,795 | 3,408 | 7,486,986 | (60,236) |
| National treasury bills | 2,745,412 | 5,987,324 | 12,238,806 | 40,948,560 | 61,920,102 | 61,241,874 | 678,228 | 89,674,484 | 1,415,406 | 43,598,975 | 907,920 |
| National treasury notes | 2,614 | 6,266,097 | 374,530 | 65,363,879 | 72,007,120 | 64,556,377 | 7,450,743 | 77,743,301 | 7,474,623 | 69,912,609 | 569,835 |
| Brazilian foreign debt notes | 17,823 | - | 496,239 | 488,095 | 1,002,157 | 860,907 | 141,250 | 1,209,892 | 143,641 | 1,692,298 | 91,779 |
| Privatization currencies | - | - | - | 75,222 | 75,222 | 62,556 | 12,666 | 77,905 | 12,898 | 82,397 | 13,285 |
| Foreign government securities | 67,909 | - | - | 88 | 67,997 | 67,997 | - | 67,317 | 10 | 88,465 | 9 |
| Other | - | 8,577 | 2,687 | 242 | 11,506 | 4,948 | 6,558 | 16,071 | 669 | 10,085 | (246) |
| **Corporate securities** | **15,731,022** | **5,182,790** | **1,179,055** | **42,095,570** | **64,188,437** | **64,288,737** | **(100,300)** | **61,621,778** | **(834,365)** | **48,784,004** | **(1,504,278)** |
| Bank deposit certificates | 265,050 | 1,341,300 | 66,924 | 904,863 | 2,578,137 | 2,578,137 | - | 2,993,108 | - | 1,970,071 | - |
| Shares | 6,081,238 | - | - | - | 6,081,238 | 7,491,168 | (1,409,930) | 5,100,498 | (1,741,196) | 4,112,133 | (1,603,813) |
| Debentures | 17,772 | 1,528,637 | 530,604 | 25,398,892 | 27,475,905 | 27,526,289 | (50,384) | 27,249,281 | (57,004) | 22,882,462 | 1,098 |
| Promissory notes | 5,289 | 1,394,540 | 67 | - | 1,399,896 | 1,403,322 | (3,426) | 1,188,641 | (4,494) | 360,387 | (3,204) |
| Foreign corporate securities | 138,740 | 13,774 | 293,338 | 7,600,388 | 8,046,240 | 7,543,268 | 502,972 | 7,290,858 | 270,902 | 4,204,801 | 34,019 |
| Derivative financial instruments (1) | 2,066,430 | 401,783 | 117,092 | 514,354 | 3,099,659 | 2,717,128 | 382,531 | 3,151,941 | 245,584 | 2,804,006 | (9,603) |
| Other | 7,156,503 | 502,756 | 171,030 | 7,677,073 | 15,507,362 | 15,029,425 | 477,937 | 14,647,451 | 451,843 | 12,450,144 | 77,225 |
| **PGBL/VGBL restricted bonds** | **4,155,834** | **2,770,205** | **2,161,692** | **25,850,956** | **34,938,687** | **34,938,687** | **-** | **41,640,069** | **-** | **27,810,169** | **-** |
| **Subtotal** | **23,284,166** | **20,880,121** | **17,223,755** | **180,986,669** | **242,374,711** | **234,177,507** | **8,197,204** | **279,977,612** | **8,216,290** | **199,465,988** | **18,068** |
| Purchase and sale commitments (2) | 74,104,330 | 3,024,455 | 33,757 | - | 77,162,542 | 77,162,542 | - | 42,529,664 | - | 45,155,626 | - |
| Hedge - cash flow (Note 8g) | - | - | - | - | - | - | (687,346) | - | (948,962) | - | (841,509) |
| **Overall total** | **97,388,496** | **23,904,576** | **17,257,512** | **180,986,669** | **319,537,253** | **311,340,049** | **7,509,858** | **322,507,276** | **7,267,328** | **244,621,614** | **(823,441)** |

## Notes to the Consolidated Financial Statements

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

#### I) Trading securities

R$ thousand

| Securities (3) | 2012 | | | | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30 | | | | | | | June 30 | | September 30 | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/ book value (5) (6) (7) | Restated cost | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market |
| **- Financial** | **11,698,524** | **16,526,746** | **13,798,479** | **64,298,908** | **106,322,657** | **105,217,230** | **1,105,427** | **115,241,271** | **1,346,917** | **100,237,598** | **984,853** |
| National treasury bills | 2,029,116 | 5,560,700 | 11,996,991 | 21,990,964 | 41,577,771 | 41,127,975 | 449,796 | 54,299,372 | 935,683 | 31,888,077 | 693,972 |
| Financial treasury bills | 563,552 | 543,078 | 641,917 | 4,625,110 | 6,373,657 | 6,365,845 | 7,812 | 6,143,696 | 2,649 | 6,294,047 | (53,606) |
| Bank deposit certificates | 221,825 | 586,019 | 58,565 | 254,308 | 1,120,717 | 1,120,717 | - | 1,078,714 | - | 532,194 | - |
| Derivative financial instruments (1) | 2,066,430 | 401,783 | 117,092 | 514,354 | 3,099,659 | 2,717,128 | 382,531 | 3,151,941 | 245,584 | 2,804,006 | (9,603) |
| Debentures | 5,302 | 1,528,366 | 530,186 | 24,558,781 | 26,622,635 | 26,702,030 | (79,395) | 25,745,817 | (80,228) | 21,464,492 | (1,428) |
| Promissory notes | - | 1,387,208 | 67 | - | 1,387,275 | 1,390,701 | (3,426) | 1,143,306 | (4,494) | 309,631 | (3,203) |
| National treasury notes | 1,806 | 6,260,112 | 373,082 | 11,393,174 | 18,028,174 | 17,625,481 | 402,693 | 16,188,614 | 256,645 | 31,689,455 | 362,051 |
| Foreign corporate securities | 697 | 9,110 | 24,020 | 24,288 | 58,115 | 57,882 | 233 | 60,999 | (174) | 42,370 | 900 |
| Foreign government securities | 67,909 | - | - | 88 | 67,997 | 67,997 | - | 67,317 | 10 | 88,465 | 9 |
| Shares | 1,383,055 | - | - | - | 1,383,055 | 1,437,587 | (54,532) | 843,424 | (8,350) | 142,571 | (4,148) |
| Other | 5,358,832 | 250,370 | 56,559 | 937,841 | 6,603,602 | 6,603,887 | (285) | 6,518,071 | (408) | 4,982,290 | (91) |
| **- Insurance companies and capitalization bonds** | **1,212,986** | **194,405** | **62,458** | **1,889,733** | **3,359,582** | **3,359,582** | **-** | **3,360,876** | **-** | **2,416,594** | **-** |
| Financial treasury bills | - | 90,210 | 54,448 | 977,323 | 1,121,981 | 1,121,981 | - | 1,041,492 | - | 448,483 | - |
| National treasury bills | - | - | 308 | 11,646 | 11,954 | 11,954 | - | 35,568 | - | 28,928 | - |
| Bank deposit certificates | 8,733 | 9,968 | 4,868 | 109,973 | 133,542 | 133,542 | - | 667,624 | - | 284,335 | - |
| National treasury notes | - | - | 1,447 | 63,371 | 64,818 | 64,818 | - | 41,103 | - | 398,133 | - |
| Other | 1,204,253 | 94,227 | 1,387 | 727,420 | 2,027,287 | 2,027,287 | - | 1,575,089 | - | 1,256,715 | - |
| **- Pension plans** | **4,646,175** | **2,770,205** | **2,161,692** | **25,941,648** | **35,519,720** | **35,518,154** | **1,566** | **42,235,781** | **1,176** | **28,612,565** | **413** |
| National treasury notes | - | - | - | 11,842 | 11,842 | 10,276 | 1,566 | 12,394 | 1,176 | 48,790 | 413 |
| PGBL/VGBL restricted bonds | 4,155,834 | 2,770,205 | 2,161,692 | 25,850,956 | 34,938,687 | 34,938,687 | - | 41,640,069 | - | 27,810,169 | - |
| Other | 490,341 | - | - | 78,850 | 569,191 | 569,191 | - | 583,318 | - | 753,606 | - |

## Notes to the Consolidated Financial Statements

R$ thousand

| Securities (3) | 2012 | | | | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30 | | | | | | | June 30 | | September 30 | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/ book value (5) (6) (7) | Restated cost | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market |
| **- Other activities** | **69,570** | **49,492** | **25,808** | **207,914** | **352,784** | **352,784** | **-** | **319,917** | **-** | **339,117** | **-** |
| Financial treasury bills | - | 23,769 | 19,134 | 160,170 | 203,073 | 203,073 | - | 218,474 | - | 243,697 | - |
| Bank deposit certificates | 31 | 6,491 | 3,491 | 13,663 | 23,676 | 23,676 | - | 28,050 | - | 6,808 | - |
| National treasury bills | 11,997 | - | 845 | 7,477 | 20,319 | 20,319 | - | 19,977 | - | 8,043 | - |
| Debentures | - | 270 | - | 3,915 | 4,185 | 4,185 | - | 5,335 | - | 7,157 | - |
| National treasury notes | 808 | 5,985 | - | 842 | 7,635 | 7,635 | - | 4,199 | - | 41,395 | - |
| Other | 56,734 | 12,977 | 2,338 | 21,847 | 93,896 | 93,896 | - | 43,882 | - | 32,017 | - |
| **Subtotal** | **17,627,255** | **19,540,848** | **16,048,437** | **92,338,203** | **145,554,743** | **144,447,750** | **1,106,993** | **161,157,845** | **1,348,093** | **131,605,874** | **985,266** |
| **Purchase and sale commitments (2)** | **73,575,484** | **3,024,455** | **33,757** | **-** | **76,633,696** | **76,633,696** | **-** | **41,950,576** | **-** | **45,155,626** | **-** |
| Financial/other | 28,728,158 | 4,880 | - | - | 28,733,038 | 28,733,038 | - | 2,050,123 | - | 2,576,221 | - |
| Insurance companies and capitalization bonds | 5,542,610 | 5 | - | - | 5,542,615 | 5,542,615 | - | 6,509,689 | - | 5,866,712 | - |
| Pension plans | **39,304,716** | **3,019,570** | **33,757** | **-** | **42,358,043** | **42,358,043** | **-** | **33,390,764** | **-** | **36,712,693** | - |
| - PGBL/VGBL | 39,232,255 | 3,019,570 | 33,757 | - | 42,285,582 | 42,285,582 | - | 32,712,232 | - | 34,677,879 | - |
| - Funds | 72,461 | - | - | - | 72,461 | 72,461 | - | 678,532 | - | 2,034,814 | - |
| **Overall total** | **91,202,739** | **22,565,303** | **16,082,194** | **92,338,203** | **222,188,439** | **221,081,446** | **1,106,993** | **203,108,421** | **1,348,093** | **176,761,500** | **985,266** |
| **Derivative financial instruments (liabilities)** | **(2,972,104)** | **(228,450)** | **(217,495)** | **(729,662)** | **(4,147,711)** | **(3,639,627)** | **(508,084)** | **(3,568,085)** | **(583,586)** | **(1,724,445)** | **(88,291)** |

## Notes to the Consolidated Financial Statements

### II) Available-for-sale securities

R$ thousand

| Securities (3) | 2012 | | | | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30 | | | | | | | June 30 | | September 30 | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/ book value (5) (6) (7) | Restated cost | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market |
| **- Financial** | **2,432,525** | **1,332,278** | **901,057** | **45,655,538** | **50,321,398** | **48,992,512** | **1,328,886** | **76,351,495** | **1,299,185** | **33,596,070** | **324,549** |
| National treasury bills | 704,300 | 426,624 | 240,661 | 18,938,474 | 20,310,059 | 20,081,626 | 228,433 | 35,319,567 | 479,723 | 11,645,587 | 213,949 |
| Brazilian foreign debt securities | 8,782 | - | 221,979 | 443,793 | 674,554 | 533,303 | 141,251 | 886,012 | 143,641 | 782,632 | 91,794 |
| Foreign corporate securities | 114,253 | 4,665 | 269,319 | 7,576,097 | 7,964,334 | 7,461,592 | 502,742 | 7,223,957 | 271,076 | 4,156,463 | 33,119 |
| National treasury notes | - | - | - | 11,273,861 | 11,273,861 | 10,879,733 | 394,128 | 23,000,123 | 385,169 | 7,892,227 | 207,354 |
| Financial treasury bills | - | 1,076 | 55,247 | 325,008 | 381,331 | 381,208 | 123 | 432,500 | 546 | 402,305 | (6,761) |
| Bank deposit certificates | 33,063 | 738,822 | - | 526,920 | 1,298,805 | 1,298,805 | - | 1,216,672 | - | 1,076,707 | - |
| Debentures | - | - | - | 552,819 | 552,819 | 552,819 | - | 721,540 | 68 | 705,247 | 196 |
| Shares | 1,526,294 | - | - | - | 1,526,294 | 2,000,749 | (474,455) | 1,552,806 | (478,643) | 1,367,778 | (339,266) |
| Privatization currencies | - | - | - | 75,222 | 75,222 | 62,556 | 12,666 | 77,905 | 12,898 | 82,397 | 13,285 |
| Other | 45,833 | 161,091 | 113,851 | 5,943,344 | 6,264,119 | 5,740,121 | 523,998 | 5,920,413 | 484,707 | 5,484,727 | 110,879 |
| **- Insurance companies and capitalization bonds** | **1,591,416** | **75** | **-** | **12,336,617** | **13,928,108** | **13,333,228** | **594,880** | **11,686,873** | **1,264,642** | **1,472,116** | **(554,875)** |
| Financial treasury bills | - | 75 | - | 16,680 | 16,755 | 16,752 | 3 | 16,831 | 21 | 19,284 | - |
| National treasury notes | - | - | - | 12,211,066 | 12,211,066 | 11,276,120 | 934,946 | 10,085,842 | 1,778,071 | - | - |
| Shares | 1,566,900 | - | - | - | 1,566,900 | 1,887,758 | (320,858) | 1,316,485 | (496,619) | 1,247,480 | (528,909) |
| Debentures | 9,786 | - | - | 103,055 | 112,841 | 96,480 | 16,361 | 241,093 | 11,235 | 181,810 | 2,268 |
| Other | 14,730 | - | - | 5,816 | 20,546 | 56,118 | (35,572) | 26,622 | (28,066) | 23,542 | (28,234) |
| **- Pension plans** | **1,617,146** | **6,920** | **-** | **27,000,605** | **28,624,671** | **23,461,320** | **5,163,351** | **26,782,855** | **4,304,370** | **1,555,222** | **(736,872)** |
| Shares | 1,599,571 | - | - | - | 1,599,571 | 2,163,471 | (563,900) | 1,382,815 | (757,583) | 1,350,386 | (731,491) |
| Financial treasury bills | - | 6,920 | - | 59,767 | 66,687 | 66,565 | 122 | 67,997 | 193 | 72,361 | 133 |
| National treasury notes | - | - | - | 26,798,320 | 26,798,320 | 21,080,909 | 5,717,411 | 24,794,485 | 5,053,578 | - | - |
| Debentures | 2,684 | - | - | 142,518 | 145,202 | 131,828 | 13,374 | 522,827 | 11,920 | 77,976 | 60 |
| Other | 14,891 | - | - | - | 14,891 | 18,547 | (3,656) | 14,731 | (3,738) | 54,499 | (5,574) |

## Notes to the Consolidated Financial Statements

R$ thousand

| Securities (3) | 2012 | | | | | | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30 | | | | | | | June 30 | | September 30 | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Fair/ book value (5) (6) (7) | Restated cost | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market | Fair/ book value (5) (6) (7) | Mark-to-market |
| **- Other activities** | **6,783** | **-** | **-** | **-** | **6,783** | **3,689** | **3,094** | **58,123** | **-** | **46,170** | **-** |
| Bank deposit certificates | 1,397 | - | - | - | 1,397 | 1,397 | - | 2,050 | - | 3,835 | - |
| Other | 5,386 | - | - | - | 5,386 | 2,292 | 3,094 | 56,073 | - | 42,335 | - |
| **Subtotal** | **5,647,870** | **1,339,273** | **901,057** | **84,992,760** | **92,880,960** | **85,790,749** | **7,090,211** | **114,879,346** | **6,868,197** | **36,669,578** | **(967,198)** |
| **Purchase and sale commitments (2)** | **528,846** | **-** | **-** | **-** | **528,846** | **528,846** | **-** | **579,088** | **-** | **-** | **-** |
| Insurance companies and capitalization bonds | 475,582 | - | - | - | 475,582 | 475,582 | - | 535,853 | - | - | - |
| Pension plans | **53,264** | **-** | **-** | **-** | **53,264** | **53,264** | **-** | **43,235** | **-** | **-** | **-** |
| - Funds | 53,264 | - | - | - | 53,264 | 53,264 | - | 43,235 | - | - | - |
| **Subtotal** | **6,176,716** | **1,339,273** | **901,057** | **84,992,760** | **93,409,806** | **86,319,595** | **7,090,211** | **115,458,434** | **6,868,197** | **36,669,578** | **(967,198)** |
| Hedge - cash flow (Note 8g) | - | - | - | - | - | - | (687,346) | - | (948,962) | - | (841,509) |
| **Overall total** | **6,176,716** | **1,339,273** | **901,057** | **84,992,760** | **93,409,806** | **86,319,595** | **6,402,865** | **115,458,434** | **5,919,235** | **36,669,578** | **(1,808,707)** |

## Notes to the Consolidated Financial Statements

### III) Held-to-maturity securities

| Securities (3) | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | September 30 | | | | | June 30 | September 30 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Restated cost (5) (6) | Restated cost (5) (6) | Restated cost (5) (6) |
| **Financial** | **9,041** | **-** | **274,261** | **44,302** | **327,604** | **323,880** | **891,133** |
| Brazilian foreign debt notes | 9,041 | - | 274,261 | 44,302 | 327,604 | 323,880 | 891,133 |
| **Insurance companies and capitalization bonds** | **-** | **-** | **-** | **-** | **-** | **-** | **7,972,455** |
| Debentures | - | - | - | - | - | - | 28,924 |
| National treasury notes | - | - | - | - | - | - | 7,943,531 |
| **Pension plans** | **-** | **-** | **-** | **3,611,404** | **3,611,404** | **3,616,541** | **22,326,947** |
| Debentures | - | - | - | - | - | - | 409,337 |
| National treasury notes | - | - | - | 3,611,404 | 3,611,404 | 3,616,541 | 21,917,610 |
| **Overall total (4)** | **9,041** | **-** | **274,261** | **3,655,706** | **3,939,008** | **3,940,421** | **31,190,535** |

## Notes to the Consolidated Financial Statements

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

R$ thousand

| Securities | 2012 | | | | | | 2011 |
|---|---|---|---|---|---|---|---|
| | 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) |
| **Own portfolio** | **95,237,187** | **11,186,557** | **11,536,333** | **110,290,599** | **228,250,676** | **216,130,730** | **154,500,370** |
| **Fixed income securities** | **89,155,949** | **11,186,557** | **11,536,333** | **110,290,599** | **222,169,438** | **211,030,232** | **150,388,237** |
| • Financial treasury bills | 563,552 | 595,943 | 374,442 | 4,526,107 | 6,060,044 | 5,553,722 | 4,894,960 |
| • Purchase and sale commitments (2) | 74,104,330 | 3,024,455 | 33,757 | - | 77,162,542 | 42,529,664 | 45,155,626 |
| • National treasury notes | 2,614 | 6,326 | 1,828 | 42,712,718 | 42,723,486 | 46,916,449 | 30,619,251 |
| • Brazilian foreign debt securities | 2,308 | - | 12,984 | 195,914 | 211,206 | 741,655 | 489,036 |
| • Bank deposit certificates | 265,050 | 1,341,300 | 66,924 | 904,863 | 2,578,137 | 2,993,108 | 1,970,071 |
| • National treasury bills | 2,745,412 | 44 | 8,016,010 | 517,886 | 11,279,352 | 20,828,904 | 2,295,200 |
| • Foreign corporate securities | 69,376 | 13,774 | 164,308 | 2,505,860 | 2,753,318 | 6,657,900 | 1,362,381 |
| • Debentures | 17,772 | 1,528,637 | 530,604 | 25,398,892 | 27,475,905 | 27,249,281 | 22,882,462 |
| • Promissory notes | 5,289 | 1,394,540 | 67 | - | 1,399,896 | 1,188,641 | 360,387 |
| • Foreign government securities | 67,909 | - | - | 88 | 67,997 | 67,317 | 88,465 |
| • PGBL/VGBL restricted bonds | 4,155,834 | 2,770,205 | 2,161,692 | 25,850,956 | 34,938,687 | 41,640,069 | 27,810,169 |
| • Other | 7,156,503 | 511,333 | 173,717 | 7,677,315 | 15,518,868 | 14,663,522 | 12,460,229 |
| **Equity securities** | **6,081,238** | **-** | **-** | **-** | **6,081,238** | **5,100,498** | **4,112,133** |
| • Shares of listed companies (technical provision) | 1,748,139 | - | - | - | 1,748,139 | 1,531,810 | 1,602,228 |
| • Shares of listed companies (other) | 4,333,099 | - | - | - | 4,333,099 | 3,568,688 | 2,509,905 |
| **Restricted securities** | **84,879** | **12,105,394** | **5,604,087** | **69,543,394** | **87,337,754** | **101,485,148** | **87,258,441** |
| **Repurchase agreements** | **84,879** | **11,904,044** | **5,063,221** | **65,404,105** | **82,456,249** | **97,454,740** | **84,696,707** |
| • National treasury bills | - | 5,628,720 | 4,055,369 | 37,286,931 | 46,971,020 | 65,308,865 | 41,070,709 |
| • Brazilian foreign debt securities | 15,515 | - | 483,255 | 292,181 | 790,951 | 468,237 | 1,203,262 |
| • Financial treasury bills | - | 15,553 | 22,865 | 265,159 | 303,577 | 528,575 | 300,774 |
| • National treasury notes | - | 6,259,771 | 372,702 | 22,465,306 | 29,097,779 | 30,516,105 | 39,279,542 |
| • Foreign corporate securities | 69,364 | - | 129,030 | 5,094,528 | 5,292,922 | 632,958 | 2,842,420 |
| **Brazilian Central Bank** | **-** | **-** | **-** | **-** | **-** | **-** | **1,901** |
| • National treasury bills | - | - | - | - | - | - | 1,901 |

## Notes to the Consolidated Financial Statements

R$ thousand

| Securities | 2012 | | | | | | 2011 |
|---|---|---|---|---|---|---|---|
| | 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) |
| **Privatization currencies** | **-** | **-** | **-** | **75,222** | **75,222** | **77,905** | **82,397** |
| **Guarantees provided** | **-** | **201,350** | **540,866** | **4,064,067** | **4,806,283** | **3,952,503** | **2,477,436** |
| ● National treasury bills | - | 147,718 | 167,427 | 2,523,587 | 2,838,732 | 1,815,118 | 223,022 |
| ● Financial treasury bills | - | 53,632 | 373,439 | 1,354,625 | 1,781,696 | 1,826,638 | 2,254,414 |
| ● National treasury notes | - | - | - | 185,855 | 185,855 | 310,747 | - |
| **Derivative financial instruments (1)** | **2,066,430** | **401,783** | **117,092** | **514,354** | **3,099,659** | **3,151,941** | **2,804,006** |
| **Securities subject to unrestricted repurchase agreements** | **-** | **210,842** | **-** | **638,322** | **849,164** | **1,739,457** | **58,797** |
| ● National treasury bills | - | 210,842 | - | 620,156 | 830,998 | 1,721,597 | 8,143 |
| ● Financial treasury bills | - | - | - | 18,166 | 18,166 | 17,860 | 36,838 |
| ● National treasury notes | - | - | - | - | - | - | 13,816 |
| **Overall total** | **97,388,496** | **23,904,576** | **17,257,512** | **180,986,669** | **319,537,253** | **322,507,276** | **244,621,614** |
| **%** | **30.5** | **7.5** | **5.4** | **56.6** | **100.0** | **100.0** | **100.0** |

(1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/01 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedges under the category "Trading Securities";
(2) These refer to investment fund resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements;
(3) The investment fund quotas were distributed according to the instruments composing their portfolios and maintaining the fund category classification;
(4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/01, Bradesco declares that it has both the financial capacity and the intention to hold the securities to maturity classified as 'held-to-maturity.' This financial capacity is proven in Note 32a, which presents the maturity of asset and liability operations.
(5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
(6) This column reflects book value after mark-to-market in accordance with item (7), except for held-to-maturity securities, whose market value is higher than the restated cost for the amount of R$2,484,697 thousand (R$2,221,338 thousand on June 30, 2012 and R$4,403,399 thousand on September 30, 2011); and
(7) The market value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics; for investment funds, the restated cost reflects the market value of the respective quotas.

## Notes to the Consolidated Financial Statements

### e) Derivative financial instruments

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

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

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

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

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

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

## *Notes to the Consolidated Financial Statements*

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

| | | | | | | R$ thousand |
|---|---|---|---|---|---|---|
| | 2012 | | | | 2011 | |
| | September 30 | | June 30 | | September 30 | |
| | Overall amount | Net amount | Overall amount | Net amount | Overall amount | Net amount |
| **Futures contracts** | | | | | | |
| **Purchase commitments:** | **88,984,078** | | **51,433,234** | | **13,885,590** | |
| - Interbank market | 75,350,210 | - | 40,918,242 | - | 9,859,303 | - |
| - Foreign currency | 13,602,498 | - | 10,504,659 | - | 4,026,287 | - |
| - Other | 31,370 | - | 10,333 | - | - | - |
| **Sale commitments:** | **454,440,256** | | **234,555,190** | | **191,145,519** | |
| - Interbank market (1) | 414,762,926 | 339,412,716 | 199,271,376 | 158,353,134 | 169,549,948 | 159,690,645 |
| - Foreign currency (2) | 38,369,038 | 24,766,540 | 34,158,916 | 23,654,257 | 20,299,719 | 16,273,432 |
| - Other | 1,308,292 | 1,276,922 | 1,124,898 | 1,114,565 | 1,295,852 | 1,295,852 |
| | | | | | | |
| **Option contracts** | | | | | | |
| **Purchase commitments:** | **56,582,443** | | **52,988,139** | | **91,244,797** | |
| - Interbank market | 55,513,695 | - | 51,627,400 | - | 90,465,381 | - |
| - Foreign currency | 461,033 | - | 617,196 | - | 124,066 | 54,570 |
| - Other | 607,715 | - | 743,543 | - | 655,350 | - |
| **Sale commitments:** | **74,550,857** | | **67,411,635** | | **93,502,836** | |
| - Interbank market | 73,062,914 | 17,549,219 | 65,521,650 | 13,894,250 | 91,940,800 | 1,475,419 |
| - Foreign currency | 527,174 | 66,141 | 823,684 | 206,488 | 69,496 | - |
| - Other | 960,769 | 353,054 | 1,066,301 | 322,758 | 1,492,540 | 837,190 |
| | | | | | | |
| **Forward contracts** | | | | | | |
| **Purchase commitments:** | **28,500,273** | | **24,897,454** | | **11,096,520** | |
| - Foreign currency | 27,678,801 | 19,286,759 | 23,924,878 | 9,216,756 | 10,558,527 | 1,929,248 |
| - Other | 821,472 | - | 972,576 | - | 537,993 | 153,235 |
| **Sale commitments:** | **10,403,618** | | **15,967,216** | | **9,014,037** | |
| - Foreign currency | 8,392,042 | - | 14,708,122 | - | 8,629,279 | - |
| - Other | 2,011,576 | 1,190,104 | 1,259,094 | 286,518 | 384,758 | - |
| | | | | | | |
| **Swap contracts** | | | | | | |
| **Assets (long position):** | **35,514,483** | | **36,744,376** | | **23,477,837** | |
| - Interbank market | 7,622,947 | - | 7,380,073 | - | 3,329,522 | - |
| - Fixed rate | 3,935,344 | 2,064,278 | 2,035,035 | - | 609,368 | - |
| - Foreign currency (3) | 21,092,590 | - | 23,241,531 | - | 16,394,122 | 4,393,336 |
| - Reference Interest Rate (TR) | 962,662 | 947,109 | 15,000 | - | 15,000 | - |
| - Special Clearance and Custody System Rate (Selic) | 83 | - | 21,273 | 21,012 | 24,681 | 11,269 |
| - General Price Index - Market (IGP-M) | 943,351 | - | 2,102,500 | 1,300,776 | 1,888,833 | 1,430,773 |
| - Other | 957,506 | - | 1,948,964 | 968,518 | 1,216,311 | 724,031 |
| **Liabilities (short position):** | **35,699,787** | | **37,042,035** | | **22,523,286** | |
| - Interbank market | 7,658,651 | 35,704 | 7,676,179 | 296,106 | 7,298,960 | 3,969,438 |
| - Fixed rate | 1,871,066 | - | 3,128,402 | 1,093,367 | 993,630 | 384,262 |
| - Foreign currency (3) | 21,528,936 | 436,346 | 23,343,946 | 102,415 | 12,000,786 | - |
| - TR | 15,553 | - | 1,111,077 | 1,096,077 | 1,266,158 | 1,251,158 |
| - Selic | 21,171 | 21,088 | 261 | - | 13,412 | - |
| - IGP-M | 2,391,720 | 1,448,369 | 801,724 | - | 458,060 | - |
| - Other | 2,212,690 | 1,255,184 | 980,446 | - | 492,280 | - |

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, for the amount of R$28,790,922 thousand (R$43,208,629 thousand on June 30, 2012 and R$76,368,739 thousand on September 30, 2011) (Note 8g);
(2) Includes specific hedges to protect foreign investments totaling R$22,434,605 thousand (R$22,039,753 thousand on June 30, 2012 and R$19,994,041 thousand on September 30, 2011); and
(3) Includes credit derivative operations (Note 8f).

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

# Notes to the Consolidated Financial Statements

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

| | | | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 | | |
| | September 30 | | | June 30 | | | September 30 | | |
| | Restated cost | Mark-to-market adjustment | Market value | Restated cost | Mark-to-market adjustment | Market value | Restated cost | Mark-to-market adjustment | Market value |
| Adjustment receivables - swaps | 567,325 | 308,218 | 875,543 | 522,409 | 174,587 | 696,996 | 1,390,247 | 8,001 | 1,398,248 |
| Receivable forward purchases | 1,085,101 | - | 1,085,101 | 1,393,852 | - | 1,393,852 | 1,116,804 | - | 1,116,804 |
| Receivable forward sales | 1,009,626 | - | 1,009,626 | 927,406 | - | 927,406 | 279,345 | - | 279,345 |
| Premiums on exercisable options | 55,076 | 74,313 | 129,389 | 62,690 | 70,997 | 133,687 | 27,213 | (17,604) | 9,609 |
| **Total assets** | **2,717,128** | **382,531** | **3,099,659** | **2,906,357** | **245,584** | **3,151,941** | **2,813,609** | **(9,603)** | **2,804,006** |
| Adjustment payables - swaps | (598,389) | (462,459) | (1,060,848) | (458,288) | (536,367) | (994,655) | (317,472) | (126,225) | (443,697) |
| Payable forward purchases | (903,637) | - | (903,637) | (1,044,245) | - | (1,044,245) | (548,116) | - | (548,116) |
| Payable forward sales | (2,056,218) | - | (2,056,218) | (1,389,447) | - | (1,389,447) | (682,456) | - | (682,456) |
| Premiums on written options | (81,383) | (45,625) | (127,008) | (92,519) | (47,219) | (139,738) | (88,110) | 37,934 | (50,176) |
| **Total liabilities** | **(3,639,627)** | **(508,084)** | **(4,147,711)** | **(2,984,499)** | **(583,586)** | **(3,568,085)** | **(1,636,154)** | **(88,291)** | **(1,724,445)** |

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

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total on September 30 | Total on June 30 | Total on September 30 |
| Futures contracts | 62,776,951 | 328,393,493 | 13,967,584 | 138,286,306 | 543,424,334 | 285,988,424 | 205,031,109 |
| Option contracts | 1,987,460 | 128,826,263 | 144,631 | 174,946 | 131,133,300 | 120,399,774 | 184,747,633 |
| Forward contracts | 29,270,547 | 2,141,062 | 3,408,007 | 4,084,275 | 38,903,891 | 40,864,670 | 20,110,557 |
| Swap contracts | 8,930,932 | 13,437,702 | 2,920,740 | 9,349,565 | 34,638,939 | 36,047,380 | 22,079,589 |
| **Total on September 30, 2012** | **102,965,890** | **472,798,520** | **20,440,962** | **151,895,092** | **748,100,464** | | |
| **Total on June 30, 2012** | **129,464,594** | **20,893,788** | **189,395,520** | **143,546,346** | | **483,300,248** | |
| **Total on September 30, 2011** | **233,986,408** | **81,035,751** | **27,167,166** | **89,779,563** | | | **431,968,888** |

## Notes to the Consolidated Financial Statements

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

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

### V) Revenues and expenses, net

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

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

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

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

A total of 95% of counterparties are corporate entities and 5% are financial institutions on September 30, 2012.

## Notes to the Consolidated Financial Statements

### f) Credit Default Swaps (CDS)

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

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

R$ thousand

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

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

## *Notes to the Consolidated Financial Statements*

### g) Cash flow hedge

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

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

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

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

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

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

| | R$ thousand | | | |
|---|---|---|---|---|
| | **2012** | | | **2011** |
| | **3rd Quarter** | **2nd Quarter** | **September 30 YTD** | **September 30 YTD** |
| Fixed income securities | 4,563,501 | 6,016,083 | 15,717,966 | 11,687,445 |
| Interbank investments (Note 7b) | 2,495,433 | 2,175,753 | 7,047,465 | 7,932,331 |
| Equity securities | (101,959) | 683 | (86,261) | 10,659 |
| **Subtotal** | **6,956,975** | **8,192,519** | **22,679,170** | **19,630,435** |
| Financial result from insurance, pension plans and capitalization bonds (1) | 5,329,082 | 2,202,039 | 10,682,664 | 7,346,667 |
| Income from derivative financial instruments (Note 8e V) | (371,606) | (1,239,251) | (2,222,182) | (468,783) |
| **Total** | **11,914,451** | **9,155,307** | **31,139,652** | **26,508,319** |

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

## *Notes to the Consolidated Financial Statements*

### 9) INTERBANK ACCOUNTS - COMPULSORY DEPOSITS

#### a) Compulsory reserve

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

(1) For more information on new rules on compulsory deposits, see Note 35c; and
(2) Pursuant to Bacen's Circular Letter 3,460/09, the banks must collect funds from rural loan (on demand deposits) not lent as of August 2010, to be delivered in August 2013.

#### b) Revenue from compulsory deposits

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

## Notes to the Consolidated Financial Statements

### 10) LOANS

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

#### a) By type and maturity

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | R$ thousand |
| | Performing loans | | | | | | | | | | | |
| | | | | | | | 2012 | | | | 2011 | |
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total on September 30 (A) | % (6) | Total on June 30 (A) | % (6) | Total on September 30 (A) | % (6) |
| Discounted trade receivables and loans (1) | 17,469,667 | 13,139,416 | 9,713,099 | 16,605,841 | 18,594,716 | 47,938,982 | 123,461,721 | 38.5 | 121,290,565 | 38.7 | 113,704,380 | 39.1 |
| Financing | 3,620,271 | 3,556,987 | 3,569,988 | 8,501,055 | 15,862,365 | 58,523,319 | 93,633,985 | 29.2 | 91,111,983 | 29.0 | 83,382,856 | 28.7 |
| Agricultural and agribusiness financing | 1,100,696 | 982,580 | 725,232 | 1,610,558 | 4,615,477 | 6,668,480 | 15,703,023 | 4.9 | 15,303,391 | 4.9 | 15,133,936 | 5.2 |
| **Subtotal** | **22,190,634** | **17,678,983** | **14,008,319** | **26,717,454** | **39,072,558** | **113,130,781** | **232,798,729** | **72.6** | **227,705,939** | **72.6** | **212,221,172** | **73.0** |
| Leasing | 483,159 | 382,078 | 388,148 | 1,087,248 | 1,727,589 | 3,508,313 | 7,576,535 | 2.4 | 8,294,242 | 2.6 | 10,867,448 | 3.7 |
| Advances on foreign exchange contracts (2) | 992,837 | 979,852 | 923,809 | 1,954,617 | 2,498,703 | - | 7,349,818 | 2.3 | 7,070,297 | 2.2 | 6,168,459 | 2.1 |
| **Subtotal** | **23,666,630** | **19,040,913** | **15,320,276** | **29,759,319** | **43,298,850** | **116,639,094** | **247,725,082** | **77.3** | **243,070,478** | **77.4** | **229,257,079** | **78.8** |
| Other receivables (3) | 5,372,079 | 2,768,155 | 1,383,126 | 2,367,966 | 1,631,385 | 670,168 | 14,192,879 | 4.4 | 13,780,854 | 4.4 | 12,416,852 | 4.3 |
| **Total Loans** | **29,038,709** | **21,809,068** | **16,703,402** | **32,127,285** | **44,930,235** | **117,309,262** | **261,917,961** | **81.7** | **256,851,332** | **81.8** | **241,673,931** | **83.1** |
| Sureties and guarantees (4) | 1,824,199 | 755,048 | 1,858,768 | 3,255,568 | 4,302,229 | 42,736,480 | 54,732,292 | 17.1 | 52,876,150 | 16.8 | 44,388,714 | 15.3 |
| Loan assignment (5) | 22,771 | 21,589 | 20,541 | 56,068 | 82,089 | 63,117 | 266,175 | 0.1 | 340,431 | 0.1 | 444,788 | 0.2 |
| Loan assignment - real estate receivables certificate | 16,237 | 16,236 | 16,235 | 46,726 | 69,734 | 234,452 | 399,620 | 0.1 | 420,704 | 0.1 | 524,473 | 0.2 |
| Co-obligation in rural loan assignment (4) | - | - | - | - | - | 130,458 | 130,458 | - | 130,734 | - | 141,618 | - |
| Loans available for import (4) | 147,929 | 122,704 | 45,093 | 159,363 | 554,778 | 525,657 | 1,555,524 | 0.5 | 1,689,760 | 0.5 | 1,865,374 | 0.6 |
| Confirmed export credits (4) | 5,628 | 878 | 1,850 | 868 | 3,198 | 1,103 | 13,525 | - | 89,428 | - | 80,310 | - |
| Acquisition of credit card receivables | 432,454 | 192,865 | 137,383 | 357,468 | 404,768 | 97,868 | 1,622,806 | 0.5 | 2,206,793 | 0.7 | 1,619,206 | 0.6 |
| **Overall total on September 30, 2012** | **31,487,927** | **22,918,388** | **18,783,272** | **36,003,346** | **50,347,031** | **161,098,397** | **320,638,361** | **100.0** | | | | |
| **Overall total on June 30, 2012** | **31,054,388** | **24,606,297** | **17,812,373** | **36,109,330** | **47,811,130** | **157,211,814** | | | **314,605,332** | **100.0** | | |
| **Overall total on September 30, 2011** | **28,670,795** | **22,978,989** | **18,032,202** | **31,851,016** | **43,387,566** | **145,817,846** | | | | | **290,738,414** | **100.0** |

## Notes to the Consolidated Financial Statements

| | R$ thousand | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loans | | | | | | | | | | |
| | Installments past due | | | | | | | | | | |
| | | | | | | 2012 | | | | 2011 | |
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 540 days | Total on September 30 (B) | % (6) | Total on June 30 (B) | % (6) | Total on September 30 (B) | % (6) |
| Discounted trade receivables and loans (1) | 1,062,414 | 957,276 | 882,497 | 1,778,302 | 2,482,440 | 7,162,929 | 83.7 | 7,210,696 | 84.0 | 6,506,562 | 84.9 |
| Financing | 229,646 | 192,133 | 115,480 | 230,705 | 225,004 | 992,968 | 11.6 | 955,133 | 11.1 | 700,644 | 9.1 |
| Agricultural and agribusiness financing | 17,212 | 21,542 | 13,710 | 20,800 | 21,336 | 94,600 | 1.1 | 98,502 | 1.1 | 101,064 | 1.3 |
| **Subtotal** | **1,309,272** | **1,170,951** | **1,011,687** | **2,029,807** | **2,728,780** | **8,250,497** | **96.4** | **8,264,331** | **96.2** | **7,308,270** | **95.3** |
| Leasing | 63,408 | 49,139 | 29,915 | 56,653 | 43,733 | 242,848 | 2.8 | 258,526 | 3.0 | 288,600 | 3.8 |
| Advances on foreign exchange contracts (2) | 5,019 | 5,548 | - | - | - | 10,567 | 0.1 | 7,441 | 0.1 | 17,018 | 0.2 |
| **Subtotal** | **1,377,699** | **1,225,638** | **1,041,602** | **2,086,460** | **2,772,513** | **8,503,912** | **99.3** | **8,530,298** | **99.3** | **7,613,888** | **99.3** |
| Other receivables (3) | 2,844 | 2,390 | 666 | 9,021 | 48,374 | 63,295 | 0.7 | 64,344 | 0.7 | 54,499 | 0.7 |
| **Overall total on September 30, 2012** | **1,380,543** | **1,228,028** | **1,042,268** | **2,095,481** | **2,820,887** | **8,567,207** | **100.0** | | | | |
| **Overall total on June 30, 2012** | **1,376,154** | **1,265,670** | **1,061,560** | **2,157,956** | **2,733,302** | | | **8,594,642** | **100.0** | | |
| **Overall total on September 30, 2011** | **1,191,732** | **1,072,227** | **905,433** | **1,872,180** | **2,626,815** | | | | | **7,668,387** | **100.0** |

## Notes to the Consolidated Financial Statements

R$ thousand

| | Non-performing loans | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Outstanding Installments | | | | | | | | | | | |
| | | | | | | | 2012 | | | | 2011 | |
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | Total on September 30 (C) | % (6) | Total on June 30 (C) | % (6) | Total on September 30 (C) | % (6) |
| Discounted trade receivables and loans (1) | 741,134 | 573,205 | 468,652 | 1,038,717 | 1,517,450 | 3,453,229 | 7,792,387 | 56.1 | 7,372,234 | 53.8 | 5,672,353 | 50.9 |
| Financing | 220,952 | 201,821 | 203,392 | 570,162 | 959,856 | 2,848,167 | 5,004,350 | 36.1 | 5,088,827 | 37.1 | 3,868,180 | 34.8 |
| Agricultural and agribusiness financing | 6,111 | 768 | 1,301 | 5,264 | 19,004 | 138,385 | 170,833 | 1.2 | 222,443 | 1.6 | 200,153 | 1.8 |
| **Subtotal** | **968,197** | **775,794** | **673,345** | **1,614,143** | **2,496,310** | **6,439,781** | **12,967,570** | **93.4** | **12,683,504** | **92.5** | **9,740,686** | **87.5** |
| Leasing | 57,554 | 51,454 | 52,838 | 147,560 | 232,384 | 370,097 | 911,887 | 6.6 | 1,035,490 | 7.5 | 1,385,658 | 12.5 |
| **Subtotal** | **1,025,751** | **827,248** | **726,183** | **1,761,703** | **2,728,694** | **6,809,878** | **13,879,457** | **100.0** | **13,718,994** | **100.0** | **11,126,344** | **100.0** |
| Other receivables (3) | 103 | 98 | 94 | 231 | 401 | 1,052 | 1,979 | - | 1,400 | - | 2,493 | - |
| **Overall total on September 30, 2012** | **1,025,854** | **827,346** | **726,277** | **1,761,934** | **2,729,095** | **6,810,930** | **13,881,436** | **100.0** | | | | |
| **Overall total on June 30, 2012** | **937,326** | **796,784** | **691,451** | **1,758,400** | **2,742,840** | **6,793,593** | | | **13,720,394** | **100.0** | | |
| **Overall total on September 30, 2011** | **787,944** | **666,435** | **590,780** | **1,425,819** | **2,221,497** | **5,436,362** | | | | | **11,128,837** | **100.0** |

## Notes to the Consolidated Financial Statements

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

(1) Including credit card loans and advances on credit card receivables for the amount of R$18,402,052 thousand (R$18,141,175 thousand on June 30, 2012 and R$17,110,437 thousand on September 30, 2011);
(2) Advances on foreign exchange contracts are classified as a deduction from "Other Liabilities";
(3) Item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, trade and credit receivables, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and installment purchases at merchants) for the amount of R$12,809,844 thousand (R$12,582,104 thousand on June 30, 2012 and R$11,686,662 thousand on September 30, 2011);
(4) Recorded in memorandum accounts;
(5) Restated amount of loan assignment up to September 30, 2012, June 30, 2012 and September 30, 2011, respectively, net of installments received; and
(6) Percentage of each type against total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

## Notes to the Consolidated Financial Statements

### b) By type and levels of risk

R$ thousand

| | Levels of risk | | | | | | | | | 2012 | | | | 2011 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AA | A | B | C | D | E | F | G | H | Total on September 30 | % (1) | Total on June 30 | % (1) | Total on September 30 | % (1) |
| Discounted trade receivables and loans | 26,942,568 | 59,402,481 | 9,069,063 | 25,584,254 | 4,879,136 | 1,771,671 | 1,443,904 | 1,353,664 | 7,970,296 | 138,417,037 | 48.7 | 135,873,495 | 48.7 | 125,883,295 | 48.3 |
| Financings | 18,247,518 | 40,162,235 | 23,006,759 | 13,927,735 | 1,324,706 | 517,561 | 416,583 | 338,535 | 1,689,671 | 99,631,303 | 35.0 | 97,155,943 | 34.8 | 87,951,680 | 33.8 |
| Agricultural and agribusiness financings | 2,063,534 | 3,449,336 | 4,465,673 | 5,307,184 | 350,608 | 97,062 | 155,462 | 20,892 | 58,705 | 15,968,456 | 5.6 | 15,624,336 | 5.6 | 15,435,153 | 5.9 |
| **Subtotal** | **47,253,620** | **103,014,052** | **36,541,495** | **44,819,173** | **6,554,450** | **2,386,294** | **2,015,949** | **1,713,091** | **9,718,672** | **254,016,796** | **89.3** | **248,653,774** | **89.1** | **229,270,128** | **88.0** |
| Leasing | 79,320 | 1,881,366 | 1,508,756 | 4,054,324 | 453,271 | 118,422 | 95,766 | 75,746 | 464,299 | 8,731,270 | 3.1 | 9,588,258 | 3.4 | 12,541,706 | 4.8 |
| Advances on foreign exchange contracts (2) | 3,923,121 | 1,303,233 | 1,331,375 | 722,135 | 57,285 | 6,787 | 66 | - | 16,383 | 7,360,385 | 2.6 | 7,077,738 | 2.5 | 6,185,477 | 2.4 |
| **Subtotal** | **51,256,061** | **106,198,651** | **39,381,626** | **49,595,632** | **7,065,006** | **2,511,503** | **2,111,781** | **1,788,837** | **10,199,354** | **270,108,451** | **95.0** | **265,319,770** | **95.0** | **247,997,311** | **95.2** |
| Other receivables | 231,333 | 10,384,985 | 435,636 | 2,658,837 | 126,656 | 36,766 | 26,893 | 20,915 | 336,132 | 14,258,153 | 5.0 | 13,846,598 | 5.0 | 12,473,844 | 4.8 |
| **Overall total on September 30, 2012** | **51,487,394** | **116,583,636** | **39,817,262** | **52,254,469** | **7,191,662** | **2,548,269** | **2,138,674** | **1,809,752** | **10,535,486** | **284,366,604** | **100.0** | | | | |
| **%** | **18.1** | **41.0** | **14.0** | **18.4** | **2.6** | **0.9** | **0.8** | **0.6** | **3.6** | **100.00** | | | | | |
| **Overall total on June 30, 2012** | **53,112,363** | **112,241,494** | **39,112,363** | **50,824,333** | **6,356,320** | **3,273,315** | **2,235,542** | **1,838,017** | **10,172,621** | | | **279,166,368** | **100.0** | | |
| **%** | **19.1** | **40.2** | **14.0** | **18.2** | **2.3** | **1.2** | **0.8** | **0.7** | **3.5** | | | **100.0** | | | |
| **Overall total on September 30, 2011** | **48,136,991** | **108,058,101** | **23,433,936** | **60,607,430** | **5,267,690** | **2,304,896** | **1,849,241** | **1,555,410** | **9,257,460** | | | | | **260,471,155** | **100.0** |
| **%** | **18.5** | **41.5** | **9.0** | **23.3** | **2.0** | **0.9** | **0.7** | **0.6** | **3.5** | | | | | **100.0** | |

(1) Percentage of each type against total loan portfolio, excluding sureties and guarantee, loan assignment, acquisition of receivables and co-obligation in rural loan assignment; and
(2) See Note 11a.

# Notes to the Consolidated Financial Statements

## c) Maturity ranges and levels of risk

R$ thousand

| | Levels of risk | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loans | | | | | | | | | | | | | | |
| | | | | | | | | | | 2012 | | | | 2011 | |
| | AA | A | B | C | D | E | F | G | H | Total on September 30 | % (1) | Total on June 30 | % (1) | Total on September 30 | % (1) |
| **Outstanding installments** | **-** | **-** | **1,778,800** | **3,076,932** | **2,386,887** | **1,208,367** | **973,814** | **809,378** | **3,647,258** | **13,881,436** | **100.0** | **13,720,394** | **100.0** | **11,128,837** | **100.0** |
| 1 to 30 | - | - | 169,018 | 258,183 | 221,168 | 63,825 | 49,081 | 44,804 | 219,775 | 1,025,854 | 7.4 | 937,326 | 6.8 | 787,944 | 7.1 |
| 31 to 60 | - | - | 131,365 | 226,827 | 108,082 | 60,629 | 47,933 | 40,819 | 211,691 | 827,346 | 6.0 | 796,784 | 5.8 | 666,435 | 6.0 |
| 61 to 90 | - | - | 121,994 | 170,237 | 97,747 | 55,740 | 45,177 | 38,184 | 197,198 | 726,277 | 5.2 | 691,451 | 5.0 | 590,780 | 5.3 |
| 91 to 180 | - | - | 230,405 | 386,870 | 260,424 | 146,264 | 119,531 | 102,009 | 516,431 | 1,761,934 | 12.7 | 1,758,400 | 12.8 | 1,425,819 | 12.8 |
| 181 to 360 | - | - | 352,132 | 586,638 | 421,411 | 227,621 | 183,961 | 161,057 | 796,275 | 2,729,095 | 19.7 | 2,742,840 | 20.0 | 2,221,497 | 20.0 |
| More than 360 | - | - | 773,886 | 1,448,177 | 1,278,055 | 654,288 | 528,131 | 422,505 | 1,705,888 | 6,810,930 | 49.0 | 6,793,593 | 49.6 | 5,436,362 | 48.8 |
| **Past due installments (2)** | **-** | **-** | **415,500** | **915,327** | **858,063** | **683,694** | **656,005** | **681,067** | **4,357,551** | **8,567,207** | **100.0** | **8,594,642** | **100.0** | **7,668,387** | **100.0** |
| 1 to 14 | - | - | 52,609 | 136,662 | 75,755 | 32,745 | 23,035 | 32,738 | 100,651 | 454,195 | 5.3 | 437,916 | 5.1 | 280,821 | 3.7 |
| 15 to 30 | - | - | 340,494 | 224,334 | 137,687 | 44,430 | 30,345 | 24,233 | 124,825 | 926,348 | 10.8 | 938,238 | 10.9 | 910,911 | 11.9 |
| 31 to 60 | - | - | 22,397 | 521,188 | 242,578 | 106,813 | 66,945 | 45,861 | 222,246 | 1,228,028 | 14.3 | 1,265,670 | 14.7 | 1,072,227 | 14.0 |
| 61 to 90 | - | - | - | 22,931 | 370,942 | 157,804 | 100,834 | 67,216 | 322,541 | 1,042,268 | 12.2 | 1,061,560 | 12.4 | 905,433 | 11.8 |
| 91 to 180 | - | - | - | 10,212 | 31,101 | 330,397 | 410,843 | 466,660 | 846,268 | 2,095,481 | 24.5 | 2,157,956 | 25.1 | 1,872,180 | 24.4 |
| 181 to 360 | - | - | - | - | - | 11,505 | 24,003 | 44,359 | 2,638,986 | 2,718,853 | 31.7 | 2,637,041 | 30.7 | 2,487,963 | 32.4 |
| More than 360 | - | - | - | - | - | - | - | - | 102,034 | 102,034 | 1.2 | 96,261 | 1.1 | 138,852 | 1.8 |
| **Subtotal** | **-** | **-** | **2,194,300** | **3,992,259** | **3,244,950** | **1,892,061** | **1,629,819** | **1,490,445** | **8,004,809** | **22,448,643** | | **22,315,036** | | **18,797,224** | |
| Specific provision | - | - | 21,943 | 119,768 | 324,496 | 567,618 | 814,909 | 1,043,311 | 8,004,809 | 10,896,854 | | 10,809,196 | | 9,173,336 | |

(1) Percentage of maturities against type of installment; and
(2) Operations maturing after 36 months have their past-due periods multiplied by two, as allowed by CMN Resolution 2,682/99.

## Notes to the Consolidated Financial Statements

R$ thousand

| | Levels of risk | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing loans | | | | | | | | | | | | | | |
| | AA | A | B | C | D | E | F | G | H | 2012 Total on September 30 | 2012 % (1) | 2012 Total on June 30 | 2012 % (1) | 2011 Total on September 30 | 2011 % (1) |
| **Outstanding installments** | **51,487,394** | **116,583,636** | **37,622,962** | **48,262,210** | **3,946,712** | **656,208** | **508,855** | **319,307** | **2,530,677** | **261,917,961** | **100.0** | **256,851,332** | **100.0** | **241,673,931** | **100.0** |
| 1 to 30 | 4,079,559 | 16,181,602 | 2,121,066 | 5,702,371 | 391,343 | 85,119 | 53,959 | 43,793 | 379,897 | 29,038,709 | 11.1 | 28,641,296 | 11.2 | 26,933,610 | 11.1 |
| 31 to 60 | 3,297,716 | 11,177,947 | 2,113,308 | 4,629,820 | 231,365 | 48,003 | 32,038 | 25,991 | 252,880 | 21,809,068 | 8.3 | 23,485,502 | 9.1 | 21,671,229 | 9.0 |
| 61 to 90 | 3,258,053 | 7,718,740 | 1,824,854 | 3,479,760 | 196,088 | 34,532 | 21,730 | 16,758 | 152,887 | 16,703,402 | 6.4 | 16,118,983 | 6.3 | 16,766,273 | 6.9 |
| 91 to 180 | 6,084,580 | 14,931,845 | 3,869,783 | 6,295,732 | 439,736 | 71,888 | 45,185 | 37,964 | 350,572 | 32,127,285 | 12.3 | 32,152,894 | 12.5 | 28,685,775 | 11.9 |
| 181 to 360 | 10,225,916 | 19,850,521 | 5,682,216 | 8,001,177 | 579,052 | 99,865 | 61,310 | 50,825 | 379,353 | 44,930,235 | 17.2 | 41,997,469 | 16.4 | 38,154,842 | 15.8 |
| More than 360 | 24,541,570 | 46,722,981 | 22,011,735 | 20,153,350 | 2,109,128 | 316,801 | 294,633 | 143,976 | 1,015,088 | 117,309,262 | 44.7 | 114,455,188 | 44.5 | 109,462,202 | 45.3 |
| Generic provision | - | 582,914 | 376,230 | 1,447,866 | 394,671 | 196,862 | 254,428 | 223,515 | 2,530,677 | 6,007,163 | | 5,862,498 | | 5,908,620 | |
| **Overall total on September 30, 2012 (2)** | **51,487,394** | **116,583,636** | **39,817,262** | **52,254,469** | **7,191,662** | **2,548,269** | **2,138,674** | **1,809,752** | **10,535,486** | **284,366,604** | | | | | |
| Existing provision | - | 584,941 | 404,105 | 2,944,703 | 1,982,150 | 1,239,155 | 1,450,459 | 1,773,872 | 10,535,486 | 20,914,871 | | | | | |
| Minimum required provision | - | 582,914 | 398,173 | 1,567,634 | 719,167 | 764,480 | 1,069,337 | 1,266,826 | 10,535,486 | 16,904,017 | | | | | |
| Excess provision | - | 2,027 | 5,932 | 1,377,069 | 1,262,983 | 474,675 | 381,122 | 507,046 | - | 4,010,854 | | | | | |
| **Overall total on June 30, 2012 (2)** | **53,112,363** | **112,241,494** | **39,112,363** | **50,824,333** | **6,356,320** | **3,273,315** | **2,235,542** | **1,838,017** | **10,172,621** | | | **279,166,368** | | | |
| Existing provision | - | 563,235 | 396,919 | 2,900,057 | 1,737,991 | 1,601,637 | 1,512,240 | 1,797,325 | 10,172,621 | | | 20,682,025 | | | |
| Minimum required provision | - | 561,209 | 391,123 | 1,524,730 | 635,633 | 981,995 | 1,117,771 | 1,286,612 | 10,172,621 | | | 16,671,694 | | | |
| Excess provision | - | 2,026 | 5,796 | 1,375,327 | 1,102,358 | 619,642 | 394,469 | 510,713 | - | | | 4,010,331 | | | |
| **Overall total on September 30, 2011 (2)** | **48,136,991** | **108,058,101** | **23,433,936** | **60,607,430** | **5,267,690** | **2,304,896** | **1,849,241** | **1,555,410** | **9,257,460** | | | | | **260,471,155** | |
| Existing provision | - | 541,775 | 239,509 | 3,749,331 | 1,418,620 | 1,113,053 | 1,248,335 | 1,522,827 | 9,257,460 | | | | | 19,090,910 | |
| Minimum required provision | - | 540,290 | 234,338 | 1,818,222 | 526,770 | 691,468 | 924,620 | 1,088,788 | 9,257,460 | | | | | 15,081,956 | |
| Excess provision | - | 1,485 | 5,171 | 1,931,109 | 891,850 | 421,585 | 323,715 | 434,039 | - | | | | | 4,008,954 | |

(1) Percentage of maturities against type; and

(2) The overall total includes performing loans for the amount of R$261,917,961 thousand (R$256,851,332 thousand on June 30, 2012 and R$241,673,931 thousand on September 30, 2011) and non-performing loans of R$22,448,643 thousand (R$22,315,036 thousand on June 30, 2012 and R$18,797,224 thousand on September 30, 2011).

## Notes to the Consolidated Financial Statements

### d) Concentration of loans

R$ thousand

| | 2012 | | | | 2011 | |
|---|---|---|---|---|---|---|
| | September 30 | % (1) | June 30 | % (1) | September 30 | % (1) |
| Largest borrower | 2,645,817 | 0.9 | 2,695,001 | 1.0 | 2,400,490 | 0.9 |
| 10 largest borrowers | 15,099,201 | 5.3 | 15,034,781 | 5.4 | 14,567,125 | 5.6 |
| 20 largest borrowers | 24,011,491 | 8.4 | 23,849,797 | 8.5 | 23,529,678 | 9.0 |
| 50 largest borrowers | 38,103,908 | 13.4 | 37,099,425 | 13.3 | 37,557,724 | 14.4 |
| 100 largest borrowers | 49,377,994 | 17.4 | 48,492,619 | 17.4 | 47,917,263 | 18.4 |

(1) In relation to total of Bacen portfolio.

### e) By economic sector

R$ thousand

| | 2012 | | | | 2011 | |
|---|---|---|---|---|---|---|
| | September 30 | % | June 30 | % | September 30 | % |
| **Public sector** | **476,675** | **0.2** | **484,315** | **0.2** | **1,407,391** | **0.5** |
| **Federal Government** | **267,205** | **0.1** | **264,059** | **0.1** | **1,077,849** | **0.4** |
| Petrochemical | 267,205 | 0.1 | 262,680 | 0.1 | 1,071,039 | 0.4 |
| Financial intermediaries | - | - | 1,379 | - | 6,810 | - |
| **State Government** | **209,470** | **0.1** | **220,256** | **0.1** | **329,542** | **0.1** |
| Production and distribution of electricity | 209,470 | 0.1 | 220,256 | 0.1 | 329,542 | 0.1 |
| **Private sector** | **283,889,929** | **99.8** | **278,682,053** | **99.8** | **259,063,764** | **99.5** |
| **Manufacturing** | **54,479,456** | **19.2** | **53,708,416** | **19.2** | **51,430,587** | **19.7** |
| Food products and beverages | 13,542,844 | 4.8 | 13,031,279 | 4.6 | 12,964,638 | 5.0 |
| Steel, metallurgy and mechanics | 8,741,915 | 3.1 | 8,437,376 | 3.0 | 8,689,172 | 3.3 |
| Chemical | 4,346,824 | 1.5 | 3,867,776 | 1.4 | 3,463,407 | 1.3 |
| Pulp and paper | 4,118,333 | 1.4 | 4,182,487 | 1.5 | 3,909,816 | 1.5 |
| Oil refining and production of alcohol | 3,668,168 | 1.3 | 3,614,232 | 1.3 | 3,312,713 | 1.3 |
| Textiles and apparel | 3,181,096 | 1.1 | 3,109,838 | 1.1 | 3,170,915 | 1.2 |
| Rubber and plastic articles | 2,769,131 | 1.0 | 2,604,477 | 0.9 | 2,608,400 | 1.0 |
| Light and heavy vehicles | 2,522,051 | 0.9 | 2,722,629 | 1.0 | 2,781,897 | 1.1 |
| Furniture and wood products | 2,059,756 | 0.7 | 1,962,424 | 0.7 | 1,901,059 | 0.7 |
| Extraction of metallic and non-metallic ores | 1,883,402 | 0.7 | 1,910,812 | 0.7 | 1,567,574 | 0.6 |
| Electric and electronic products | 1,873,618 | 0.7 | 2,156,191 | 0.8 | 2,099,509 | 0.8 |
| Non-metallic materials | 1,737,880 | 0.6 | 1,755,485 | 0.6 | 1,543,097 | 0.6 |
| Automotive parts and accessories | 986,222 | 0.3 | 1,191,660 | 0.4 | 1,085,706 | 0.4 |
| Leather articles | 753,651 | 0.3 | 775,091 | 0.3 | 575,461 | 0.2 |
| Publishing, printing and reproduction | 750,206 | 0.3 | 721,043 | 0.3 | 660,484 | 0.3 |
| Other industries | 1,544,359 | 0.5 | 1,665,616 | 0.6 | 1,096,739 | 0.4 |
| **Commerce** | **44,272,247** | **15.5** | **43,517,495** | **15.6** | **40,859,935** | **15.7** |
| Merchandise in specialty stores | 12,163,859 | 4.3 | 11,973,098 | 4.3 | 10,551,239 | 4.1 |
| Food products, beverages and tobacco | 5,101,171 | 1.8 | 5,143,131 | 1.8 | 5,002,391 | 1.9 |
| Non-specialized retailer | 4,428,277 | 1.6 | 4,272,247 | 1.5 | 4,000,675 | 1.5 |
| Clothing and footwear | 3,286,916 | 1.2 | 3,347,543 | 1.2 | 3,323,054 | 1.3 |
| Automobile | 3,262,242 | 1.1 | 3,124,580 | 1.1 | 3,387,420 | 1.3 |
| Motor vehicle repairs, parts and accessories | 3,136,848 | 1.1 | 3,107,987 | 1.1 | 2,822,564 | 1.1 |
| Grooming and household articles | 2,755,170 | 1.0 | 2,496,040 | 0.9 | 2,647,925 | 1.0 |
| Waste and scrap | 2,136,696 | 0.8 | 2,094,463 | 0.8 | 1,861,631 | 0.7 |

## Notes to the Consolidated Financial Statements

| | R$ thousand | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | | | 2011 | |
| | September 30 | % | June 30 | % | September 30 | % |
| Fuel | 1,867,896 | 0.7 | 1,840,109 | 0.7 | 1,843,528 | 0.7 |
| Trade intermediary | 1,580,972 | 0.6 | 1,587,697 | 0.6 | 1,615,444 | 0.6 |
| Agricultural products | 1,560,901 | 0.5 | 1,472,555 | 0.5 | 1,115,535 | 0.4 |
| Wholesale of goods in general | 1,502,587 | 0.5 | 1,556,220 | 0.6 | 1,397,319 | 0.5 |
| Other commerce | 1,488,712 | 0.3 | 1,501,825 | 0.5 | 1,291,210 | 0.6 |
| **Financial intermediaries** | **1,566,510** | **0.6** | **1,364,037** | **0.5** | **688,405** | **0.3** |
| **Services** | **66,654,102** | **23.4** | **65,475,800** | **23.5** | **58,398,110** | **22.4** |
| Civil construction | 17,099,439 | 6.0 | 16,522,200 | 5.8 | 14,551,505 | 5.6 |
| Transportation and storage | 15,089,836 | 5.3 | 15,408,340 | 5.5 | 14,854,957 | 5.7 |
| Real estate activities, rentals and corporate services | 11,409,373 | 4.0 | 11,115,340 | 4.0 | 10,214,750 | 3.9 |
| Production and distribution of electric power, gas and water | 5,045,713 | 1.8 | 5,016,796 | 1.8 | 4,824,328 | 1.9 |
| Holding companies, legal, accounting and business advisory services | 2,834,435 | 1.0 | 3,028,824 | 1.1 | 2,334,367 | 0.9 |
| Hotels and catering | 2,547,015 | 0.9 | 2,460,979 | 0.9 | 2,153,860 | 0.8 |
| Social services, education, health, defense and social security | 2,186,997 | 0.8 | 2,120,646 | 0.8 | 2,007,467 | 0.8 |
| Clubs, leisure, cultural and sport activities | 2,020,641 | 0.7 | 2,196,741 | 0.8 | 1,659,290 | 0.6 |
| Telecommunications | 549,670 | 0.2 | 459,474 | 0.2 | 518,440 | 0.2 |
| Other services | 7,870,983 | 2.7 | 7,146,460 | 2.6 | 5,279,146 | 2.0 |
| **Agriculture, cattle raising, fishing, forestry and timber industry** | **3,609,323** | **1.3** | **3,664,469** | **1.3** | **3,785,721** | **1.5** |
| **Individuals** | **113,308,291** | **39.8** | **110,951,836** | **39.7** | **103,901,006** | **39.9** |
| **Total** | **284,366,604** | **100.0** | **279,166,368** | **100.0** | **260,471,155** | **100.0** |

## *Notes to the Consolidated Financial Statements*

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

R$ thousand

| Levels of risk | Portfolio balance | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loans | | | Performing loans | Total | % (1) | 2012 | | 2011 |
| | Past due | Outstanding | Total - non-performing loans | | | | % September 30 YTD (2) | % June 30 YTD (2) | % September 30 YTD (2) |
| AA | - | - | - | 51,487,394 | 51,487,394 | 18.1 | 18.1 | 19.1 | 18.5 |
| A | - | - | - | 116,583,636 | 116,583,636 | 41.0 | 59.1 | 59.3 | 60.0 |
| B | 415,500 | 1,778,800 | 2,194,300 | 37,622,962 | 39,817,262 | 14.0 | 73.1 | 73.3 | 69.0 |
| C | 915,327 | 3,076,932 | 3,992,259 | 48,262,210 | 52,254,469 | 18.4 | 91.5 | 91.5 | 92.3 |
| **Subtotal** | **1,330,827** | **4,855,732** | **6,186,559** | **253,956,202** | **260,142,761** | **91.5** | | | |
| D | 858,063 | 2,386,887 | 3,244,950 | 3,946,712 | 7,191,662 | 2.6 | 94.1 | 93.8 | 94.3 |
| E | 683,694 | 1,208,367 | 1,892,061 | 656,208 | 2,548,269 | 0.9 | 95.0 | 95.0 | 95.2 |
| F | 656,005 | 973,814 | 1,629,819 | 508,855 | 2,138,674 | 0.8 | 95.8 | 95.8 | 95.9 |
| G | 681,067 | 809,378 | 1,490,445 | 319,307 | 1,809,752 | 0.6 | 96.4 | 96.5 | 96.5 |
| H | 4,357,551 | 3,647,258 | 8,004,809 | 2,530,677 | 10,535,486 | 3.6 | **100.0** | **100.0** | **100.0** |
| **Subtotal** | **7,236,380** | **9,025,704** | **16,262,084** | **7,961,759** | **24,223,843** | **8.5** | | | |
| **Overall total on September 30, 2012** | **8,567,207** | **13,881,436** | **22,448,643** | **261,917,961** | **284,366,604** | **100.0** | | | |
| **%** | **3.0** | **4.9** | **7.9** | **92.1** | **100.0** | | | | |
| **Overall total on June 30, 2012** | **8,594,642** | **13,720,394** | **22,315,036** | **256,851,332** | **279,166,368** | | | | |
| **%** | **3.1** | **4.9** | **8.0** | **92.0** | **100.0** | | | | |
| **Overall total on September 30, 2011** | **7,668,387** | **11,128,837** | **18,797,224** | **241,673,931** | **260,471,155** | | | | |
| **%** | **2.9** | **4.3** | **7.2** | **92.8** | **100.0** | | | | |

(1) Percentage of level of risk against total portfolio; and
(2) Accumulated ratio between level of risk and the total portfolio.

## *Notes to the Consolidated Financial Statements*

R$ thousand

| Level of risk | Allowance | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum required | | | | | Excess | Existing | 2012 | | 2011 |
| | Minimum required provision | Specific | | | Generic | Total | | | % September 30 YTD (1) | % June 30 YTD (1) | % September 30 YTD (1) |
| | | Past due | Outstanding | Total specific | | | | | | | |
| AA | - | - | - | - | - | - | - | - | **-** | **-** | - |
| A | 0.5 | - | - | - | 582,914 | 582,914 | 2,027 | 584,941 | 0.5 | 0.5 | 0.5 |
| B | 1.0 | 4,155 | 17,788 | 21,943 | 376,230 | 398,173 | 5,932 | 404,105 | 1.0 | 1.0 | 1.0 |
| C | 3.0 | 27,460 | 92,308 | 119,768 | 1,447,866 | 1,567,634 | 1,377,069 | 2,944,703 | 5.6 | 5.7 | 6.2 |
| **Subtotal** | | **31,615** | **110,096** | **141,711** | **2,407,010** | **2,548,721** | **1,385,028** | **3,933,749** | **1.5** | **1.5** | **1.9** |
| D | 10.0 | 85,807 | 238,689 | 324,496 | 394,671 | 719,167 | 1,262,983 | 1,982,150 | 27.6 | 27.3 | 26.9 |
| E | 30.0 | 205,108 | 362,510 | 567,618 | 196,862 | 764,480 | 474,675 | 1,239,155 | 48.6 | 48.9 | 48.3 |
| F | 50.0 | 328,002 | 486,907 | 814,909 | 254,428 | 1,069,337 | 381,122 | 1,450,459 | 67.8 | 67.6 | 67.5 |
| G | 70.0 | 476,747 | 566,564 | 1,043,311 | 223,515 | 1,266,826 | 507,046 | 1,773,872 | 98.0 | 97.8 | 97.9 |
| H | 100.0 | 4,357,551 | 3,647,258 | 8,004,809 | 2,530,677 | 10,535,486 | - | 10,535,486 | 100.0 | 100.0 | 100.0 |
| **Subtotal** | | **5,453,215** | **5,301,928** | **10,755,143** | **3,600,153** | **14,355,296** | **2,625,826** | **16,981,122** | **70.1** | **70.5** | **72.0** |
| **Overall total on September 30, 2012** | | **5,484,830** | **5,412,024** | **10,896,854** | **6,007,163** | **16,904,017** | **4,010,854** | **20,914,871** | **7.4** | | |
| **%** | | **26.2** | **25.9** | **52.1** | **28.7** | **80.8** | **19.2** | **100.0** | | | |
| **Overall total on June 30, 2012** | | **5,425,569** | **5,383,627** | **10,809,196** | **5,862,498** | **16,671,694** | **4,010,331** | **20,682,025** | | **7.4** | |
| **%** | | **26.2** | **26.1** | **52.3** | **28.3** | **80.6** | **19.4** | **100.0** | | | |
| **Overall total on September 30, 2011** | | **4,941,241** | **4,232,095** | **9,173,336** | **5,908,620** | **15,081,956** | **4,008,954** | **19,090,910** | | | **7.3** |
| **%** | | **25.9** | **22.2** | **48.1** | **30.9** | **79.0** | **21.0** | **100.0** | | | |

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

## *Notes to the Consolidated Financial Statements*

### g) Changes in allowance for loan losses

| | | | | R$ thousand |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Opening balance** | **20,682,025** | **20,117,439** | **19,540,448** | **16,289,671** |
| - Specific provision (1) | 10,809,196 | 10,575,790 | 9,875,415 | 7,898,327 |
| - Generic provision (2) | 5,862,498 | 5,530,127 | 5,654,244 | 5,389,925 |
| - Excess provision (3) | 4,010,331 | 4,011,522 | 4,010,789 | 3,001,419 |
| **Additions** | **3,551,857** | **3,650,406** | **10,500,537** | **9,125,115** |
| **Reductions** | **(3,319,011)** | **(3,085,820)** | **(9,126,114)** | **(6,323,876)** |
| **Closing balance** | **20,914,871** | **20,682,025** | **20,914,871** | **19,090,910** |
| - Specific provision (1) | 10,896,854 | 10,809,196 | 10,896,854 | 9,173,336 |
| - Generic provision (2) | 6,007,163 | 5,862,498 | 6,007,163 | 5,908,620 |
| - Excess provision (3) | 4,010,854 | 4,010,331 | 4,010,854 | 4,008,954 |

(1) For operations with overdue installments for more than 14 days;
(2) Recorded based on the customer/transaction classification and therefore not included in the preceding item; and
(3) The additional provision is recorded based on Management's experience and the expectation of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risk, together with the provision calculated based on levels of risk and the corresponding minimum percentage in the provision established by CMN Resolution 2,682/99. The excess provision per customer was classified according to the corresponding level of risk (Note 10f).

### h) Allowance for loan losses (ALL) expenses net of amounts recovered

Expenses with the allowance for loan losses, net of credit write offs recovered, are as follows.

| | | | | **R$ thousand** |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Amount recorded | 3,551,857 | 3,650,406 | 10,500,537 | 9,125,115 |
| Amount recovered (1) | (749,642) | (784,939) | (2,187,766) | (2,051,092) |
| **ALL expense net of amounts recovered** | **2,802,215** | **2,865,467** | **8,312,771** | **7,074,023** |

(1) Classified in income from loans (Note 10j).

## *Notes to the Consolidated Financial Statements*

### i) Changes in the renegotiated portfolio

| | | | | R$ thousand |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Opening balance** | **9,139,017** | **8,888,112** | **8,658,167** | **6,911,604** |
| Amount renegotiated | 2,126,321 | 2,180,440 | 6,204,863 | 5,834,659 |
| Amount received | (781,998) | (1,034,493) | (2,787,442) | (2,608,743) |
| Write-offs | (1,205,704) | (895,042) | (2,797,952) | (1,847,645) |
| **Closing balance** | **9,277,636** | **9,139,017** | **9,277,636** | **8,289,875** |
| Allowance for loan losses | 5,841,680 | 5,816,314 | 5,841,680 | 5,168,704 |
| Percentage on renegotiated portfolio | 63.0% | 63.6% | 63.0% | 62.3% |

### j) Income on loans and leasing

| | | | | R$ thousand |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Discounted trade receivables and loans | 8,429,584 | 8,483,685 | 25,101,167 | 23,150,131 |
| Financings | 3,186,185 | 3,248,724 | 9,522,958 | 8,068,215 |
| Agricultural and agribusiness loans | 316,173 | 286,017 | 844,276 | 778,293 |
| **Subtotal** | **11,931,942** | **12,018,426** | **35,468,401** | **31,996,639** |
| Recovery of credits charged-off as loss | 749,642 | 784,939 | 2,187,766 | 2,051,092 |
| **Subtotal** | **12,681,584** | **12,803,365** | **37,656,167** | **34,047,731** |
| Leasing, net of expenses | 292,705 | 294,714 | 949,581 | 1,196,675 |
| **Total** | **12,974,289** | **13,098,079** | **38,605,748** | **35,244,406** |

## *Notes to the Consolidated Financial Statements*

### 11) OTHER RECEIVABLES

#### a) Foreign exchange portfolio

**Balances**

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| **Assets - other receivables** | | | |
| Exchange purchases pending settlement | 9,504,538 | 10,976,235 | 10,612,982 |
| Exchange sale receivables | 1,934,434 | 3,430,285 | 3,488,401 |
| (-) Advances in local currency received | (297,717) | (485,561) | (165,716) |
| Income receivable on advances granted | 102,153 | 105,717 | 64,065 |
| **Total** | **11,243,408** | **14,026,676** | **13,999,732** |
| **Liabilities - other liabilities** | | | |
| Exchange sales pending settlement | 1,939,452 | 3,419,671 | 3,514,895 |
| Exchange purchase payables | 9,180,925 | 10,384,938 | 9,756,448 |
| (-) Advances on foreign exchange contracts | (7,360,385) | (7,077,738) | (6,185,477) |
| Other | 5,155 | 6,685 | 5,315 |
| **Total** | **3,765,147** | **6,733,556** | **7,091,181** |
| **Net foreign exchange portfolio** | **7,478,261** | **7,293,120** | **6,908,551** |
| **Memorandum accounts:** | | | |
| - Loans available for imports | 1,555,524 | 1,689,760 | 1,865,374 |
| - Confirmed exports loans | 13,525 | 89,428 | 80,310 |

**Foreign exchange results**

**Adjusted foreign exchange results for presentation purposes**

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Foreign exchange results** | **136,219** | **513,472** | **919,606** | **1,056,034** |
| **Adjustments:** | | | | |
| - Income on foreign currency financing (1) | 9,872 | 53,092 | 102,268 | 146,775 |
| - Income on export financing (1) | 143,591 | 200,863 | 468,881 | 395,237 |
| - Income on foreign investments (2) | 713 | 22,297 | 66,412 | 313,001 |
| - Expenses of liabilities with foreign bankers (3) (Note 17c) | (64,951) | (646,786) | (1,034,502) | (1,099,189) |
| - Funding expenses (4) | (90,807) | (85,456) | (255,992) | (216,700) |
| - Other | 33,155 | 159,426 | 267,524 | (144,691) |
| **Total adjustments** | **31,573** | **(296,564)** | **(385,409)** | **(605,567)** |
| **Adjusted foreign exchange results** | **167,792** | **216,908** | **534,197** | **450,467** |

(1) Recognized in "Income from loans;"
(2) Recognized in "Income from security transactions;"
(3) Related to funds for financing of advances on foreign exchange contracts and import financing, recognized in "Borrowing and onlending expenses;" and
(4) Refer to funding expenses of investments in foreign exchange.

#### b) Sundry

# *Notes to the Consolidated Financial Statements*

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Deductible taxes (Note 34c) | 23,530,620 | 23,105,852 | 21,659,214 |
| Credit card operations | 14,432,649 | 14,788,897 | 13,305,868 |
| Debtors for escrow deposits | 10,734,851 | 10,332,319 | 9,097,143 |
| Prepaid taxes | 5,123,178 | 5,626,396 | 4,300,796 |
| Other debtors | 3,484,493 | 2,788,909 | 2,571,916 |
| Trade and credit receivables (1) | 2,233,365 | 2,003,918 | 1,197,615 |
| Advances for Deposit Guarantee Fund (FGC) | 213,104 | 258,770 | 395,765 |
| Payments to be reimbursed | 524,794 | 494,626 | 510,726 |
| Receivables from sale of assets | 55,846 | 59,285 | 66,334 |
| Other | 311,207 | 402,405 | 329,658 |
| **Total** | **60,644,107** | **59,861,377** | **53,435,035** |

(1) Include receivables from the acquisition of financial assets from loans without substantial transfer of risks and benefits.

## 12) OTHER ASSETS

### a) Foreclosed assets/other

| | R$ thousand | | | | |
|---|---|---|---|---|---|
| | Cost | Provision for losses | Cost net of provision | | |
| | | | 2012 | | 2011 |
| | | | September 30 | June 30 | September 30 |
| Real estate | 613,518 | (336,966) | 276,552 | 242,781 | 127,981 |
| Goods subject to special conditions | 48,341 | (48,341) | - | - | - |
| Vehicles and similar | 453,093 | (210,536) | 242,557 | 229,988 | 256,533 |
| Inventories/warehouse | 108,357 | - | 108,357 | 97,180 | 59,519 |
| Machinery and equipment | 17,141 | (7,424) | 9,717 | 11,329 | 9,904 |
| Other | 19,476 | (18,557) | 919 | 1,057 | 975 |
| **Total on September 30, 2012** | **1,259,926** | **(621,824)** | **638,102** | | |
| **Total on June 30, 2012** | **1,163,128** | **(580,793)** | | **582,335** | |
| **Total on September 30, 2011** | **676,605** | **(221,693)** | | | **454,912** |

### b) Prepaid expenses

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Commission on the placement of loans and financing (1) | 1,787,851 | 1,715,706 | 1,028,403 |
| Deferred insurance acquisition costs (2) | 1,178,271 | 1,153,224 | 561,158 |
| Advertising and marketing expenses (3) | 49,843 | 126,060 | 73,524 |
| Other (4) | 442,567 | 470,193 | 221,337 |
| **Total** | **3,458,532** | **3,465,183** | **1,884,422** |

(1) Commissions paid to storeowners, car dealers and correspondent banks - payroll-deductible loans;
(2) Commissions paid to brokers and representatives on sale of insurance, pension plans and capitalization bond products;
(3) Prepaid expenses of future advertising and marketing campaigns on media; and
(4) Mainly related to card issue costs.

## *Notes to the Consolidated Financial Statements*

### 13) INVESTMENTS

#### a) Changes in investments in the consolidated financial statements

| Affiliates | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| - IRB-Brasil Resseguros S.A. | 523,700 | 487,030 | 465,643 |
| - Integritas Participações S.A. | 503,346 | 505,494 | 455,594 |
| - BES Investimento do Brasil S.A. | 108,080 | 107,052 | 99,274 |
| - Other | 280,413 | 292,578 | 171,863 |
| **Total investment in affiliates - in Brazil** | **1,415,539** | **1,392,154** | **1,192,374** |
| - Tax incentives | 239,542 | 239,542 | 239,646 |
| - Other investments | 526,050 | 531,879 | 552,018 |
| Provision for: | | | |
| - Tax incentives | (212,055) | (211,555) | (211,578) |
| - Other investments | (61,898) | (62,936) | (51,432) |
| **Overall total investments** | **1,907,178** | **1,889,084** | **1,721,028** |

## *Notes to the Consolidated Financial Statements*

b) The resultant adjustments from the equity method valuation of investments were recorded in the income statement, under "Equity in the Earnings (Losses) of Unconsolidated Companies," and correspond to R$103,367 thousand on September 30, 2012 YTD (R$90,732 thousand on September 30, 2011) and R$44,590 thousand in the third quarter of 2012 (R$18,610 thousand in the second quarter of 2012).

R$ thousand

| Companies | Capital stock | Adjusted shareholders' equity | Number of shares/quotas held (thousands) | | Consolidated ownership on capital stock | Adjusted net income | Equity accounting adjustments (1) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2012 | | | 2011 |
| | | | Common | Preferred | | | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| IRB-Brasil Resseguros S.A. (2) | 1,350,000 | 2,465,631 | - | 212 | 21.24% | 446,897 | 36,425 | 24,035 | 94,921 | 49,430 |
| BES Investimento do Brasil S.A. - Banco de Investimento | 320,000 | 540,400 | 10,745 | 10,745 | 20.00% | 42,715 | 1,028 | 2,218 | 8,543 | 10,041 |
| Integritas Participações S.A. (2) | 57,406 | 881,685 | 22,581 | - | 22.32% | (122,133) | 535 | (27,678) | (27,260) | 6,575 |
| Other (2) | | | | | | | 6,602 | 20,035 | 27,163 | 24,686 |
| **Equity in the earnings (losses) of unconsolidated companies** | | | | | | | **44,590** | **18,610** | **103,367** | **90,732** |

(1) The resultant adjustment considers income calculated periodically by the companies and includes equity variations by the investees not coming from profit or loss, as well as accounting practice adjustments, where applicable; and

(2) Based on financial information from previous months.

## Notes to the Consolidated Financial Statements

### 14) PREMISES AND EQUIPMENT AND LEASED ASSETS

R$ thousand

| | Annual rate of depreciation | Cost | Depreciation | Cost net of depreciation | | |
|---|---|---|---|---|---|---|
| | | | | 2012 | | 2011 |
| | | | | September 30 | June 30 | September 30 |
| Property and equipment: | | | | | | |
| - Buildings | 4% | 889,026 | (370,472) | 518,554 | 497,771 | 447,285 |
| - Land | - | 400,358 | - | 400,358 | 403,227 | 364,920 |
| Facilities, furniture and equipment in use | 10% | 4,734,922 | (2,473,934) | 2,260,988 | 2,229,149 | 1,728,401 |
| Security and communication systems | 10% | 260,484 | (146,352) | 114,132 | 105,587 | 85,008 |
| Data processing systems | 20 to 50% | 4,201,799 | (3,022,333) | 1,179,466 | 1,260,532 | 1,157,785 |
| Transportation systems | 20% | 55,768 | (29,670) | 26,098 | 27,071 | 28,183 |
| **Subtotal** | | **10,542,357** | **(6,042,761)** | **4,499,596** | **4,523,337** | **3,811,582** |
| Leased assets | | - | - | - | - | 1,058 |
| **Total on September 30, 2012** | | **10,542,357** | **(6,042,761)** | **4,499,596** | | |
| **Total on June 30, 2012** | | **10,330,009** | **(5,806,672)** | | **4,523,337** | |
| **Total on September 30, 2011** | | **9,115,950** | **(5,303,310)** | | | **3,812,640** |

The Bradesco Organization's premises and equipment shows an unrecorded surplus of R$3,363,214 thousand (R$3,029,696 thousand on June 30, 2012 and R$2,978,978 thousand on September 30, 2011). This is due to an increase in their market price, based on valuations by independent experts in 2012, 2011 and 2010.

The total consolidated fixed assets to net worth ratio, which includes all Group entities, is 18.95% (18.19% on June 30, 2012 and 16.74% on September 30, 2011), and the consolidated finance fixed assets to net worth ratio, which only includes the Group's financial institutions (e.g.: banks, securities, etc.), is 45.02% (43.49% on June 30, 2012 and 44.11% on September 30, 2011), whereas the maximum limit is 50%.

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

## Notes to the Consolidated Financial Statements

### 15) INTANGIBLE ASSETS

#### a) Goodwill

Goodwill from the acquisition of investments amounted to R$3,856,619 thousand, net of accumulated amortization, where applicable, of which: (i) R$579,499 thousand represents the difference between the carrying amount and the market value of the shares recorded in Permanent Assets - Investments (BM&FBovespa and Integritas/Fleury shares), amortized when disposed; and (ii) R$3,277,120 thousand for future performance/customer portfolio, which is amortized over 20 years, net of accumulated amortization, where applicable.

In September 30, 2012 YTD, goodwill amortization amounted to R$199,674 thousand (R$198,481 thousand on September 30, 2011) and R$66,944 thousand in the third quarter of 2012 (R$66,945 thousand in the second quarter of 2012) (Note 29).

#### b) Intangible assets

Acquired intangible assets consist of:

| | | | | | | R$ thousand |
|---|---|---|---|---|---|---|
| | Amortization rate (1) | Cost | Amortization | Cost net of amortization | | |
| | | | | 2012 | | 2011 |
| | | | | September 30 | June 30 | September 30 |
| Acquisition of banking services rights | Contract (4) | 5,487,004 | (2,647,003) | 2,840,001 | 2,917,369 | 1,824,425 |
| Software (2) | 20% to 50% | 5,876,932 | (2,987,227) | 2,889,705 | 2,754,352 | 2,349,894 |
| Future profitability/customer portfolio (3) | Up to 20% | 4,118,438 | (841,318) | 3,277,120 | 3,341,606 | 2,312,208 |
| Other (5) | Contract | 612,079 | (33,450) | 578,629 | 31,819 | 31,160 |
| **Total on September 30, 2012** | | **16,094,453** | **(6,508,998)** | **9,585,455** | | |
| **Total on June 30, 2012** | | **15,275,328** | **(6,230,182)** | | **9,045,146** | |
| **Total on September 30, 2011** | | **11,932,227** | **(5,414,540)** | | | **6,517,687** |

(1) Intangible assets are amortized over an estimated period of economic benefit and recognized in "other administrative expenses" and "other operating expenses," where applicable;
(2) Software acquired and/or developed by specialized companies;
(3) Mainly composed of goodwill on the acquisition of equity interest in Banco Bradescard (currently Banco Ibi) - R$891,218 thousand, Odontoprev - R$310,546 thousand, Ágora Corretora - R$90,117 thousand, Bradescard Mexico (currently Ibi México) - R$23,908 thousand, Europ Assistance Serviços de Assistência Personalizados - R$20,338 thousand, Alelo (CBSS) - R$120,695 thousand, Cielo - R$408,014 thousand and Banco Berj - R$1,155,674 thousand, net of accumulated amortization, where applicable;
(4) Based on the pay-back of each agreement; and
(5) Mainly refers to the 2016 Olympic Games sponsorship program.

# Notes to the Consolidated Financial Statements

## c) Changes in intangible assets by type

| | | | | | R$ thousand |
|---|---|---|---|---|---|
| | Acquisition of banking service rights | Software | Future profitability/ customer portfolio | Other | Total |
| **Balance on December 31, 2011** | **3,064,089** | **2,535,979** | **3,353,106** | **24,389** | **8,977,563** |
| Additions/reductions (1) | 388,281 | 715,782 | 123,688 | 574,859 | 1,802,610 |
| Amortization for the period | (612,369) | (362,056) | (199,674) | (20,619) | (1,194,718) |
| **Balance on September 30, 2012** | **2,840,001** | **2,889,705** | **3,277,120** | **578,629** | **9,585,455** |

(1) "Others" mainly refers to the 2016 Olympic Games sponsorship program.

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

### a) Deposits

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 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) | 33,627,630 | - | - | - | 33,627,630 | 32,529,401 | 31,861,863 |
| ● Savings deposits (1) | 65,540,064 | - | - | - | 65,540,064 | 62,308,096 | 56,583,682 |
| ● Interbank deposits | 113,779 | 121,293 | 17,734 | 69,878 | 322,684 | 471,561 | 369,922 |
| ● Time deposits (2) | 12,773,077 | 16,820,799 | 11,674,809 | 72,110,538 | 113,379,223 | 121,760,876 | 135,848,493 |
| **Overall total on September 30, 2012** | **112,054,550** | **16,942,092** | **11,692,543** | **72,180,416** | **212,869,601** | | |
| **%** | **52.6** | **8.0** | **5.5** | **33.9** | **100.0** | | |
| **Overall total on June 30, 2012** | **110,540,043** | **16,527,298** | **12,437,438** | **77,565,155** | | **217,069,934** | |
| **%** | **51.0** | **7.6** | **5.7** | **35.7** | | **100.0** | |
| **Overall total on September 30, 2011** | **110,604,416** | **18,947,541** | **10,346,106** | **84,765,897** | | | **224,663,960** |
| **%** | **49.3** | **8.4** | **4.6** | **37.7** | | | **100.0** |

(1) Classified as "1 to 30 days", not considering average historical turnover; and
(2) Considers the actual maturities of investments.

## *Notes to the Consolidated Financial Statements*

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

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | September 30 | June 30 | September 30 |
| **Own portfolio** | **81,414,222** | **22,606,771** | **9,014,068** | **22,978,124** | **136,013,185** | **152,256,067** | **131,297,592** |
| ● Government securities | 74,832,761 | 129,829 | 244,693 | 6,883 | 75,214,166 | 95,338,120 | 79,940,286 |
| ● Debentures of own issuance | 1,736,352 | 22,476,942 | 8,769,375 | 22,340,009 | 55,322,678 | 55,741,992 | 47,525,689 |
| ● Foreign | 4,845,109 | - | - | 631,232 | 5,476,341 | 1,175,955 | 3,831,617 |
| **Third-party portfolio (1)** | **93,914,480** | **3,090,189** | **-** | **-** | **97,004,669** | **65,861,245** | **36,250,448** |
| **Unrestricted portfolio (1)** | **805,262** | **11,714,501** | **-** | **-** | **12,519,763** | **7,856,940** | **3,909,535** |
| **Overall total on September 30, 2012 (2)** | **176,133,964** | **37,411,461** | **9,014,068** | **22,978,124** | **245,537,617** | | |
| **%** | **71.7** | **15.2** | **3.7** | **9.4** | **100.0** | | |
| **Overall total on June 30, 2012 (2)** | **165,986,004** | **24,790,614** | **9,509,287** | **25,688,347** | | **225,974,252** | |
| **%** | **73.4** | **11.0** | **4.2** | **11.4** | | **100.0** | |
| **Overall total on September 30, 2011 (2)** | **117,997,546** | **9,268,249** | **8,227,290** | **35,964,490** | | | **171,457,575** |
| **%** | **68.8** | **5.4** | **4.8** | **21.0** | | | **100.0** |

(1) Represented by government securities; and

(2) Includes R$77,162,542 thousand (R$42,529,664 thousand on June 30, 2012 and R$45,155,626 thousand on September 30, 2011) 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).

## Notes to the Consolidated Financial Statements

### c) Funds from the issuance of securities

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | September 30 | June 30 | September 30 |
| **Securities - Brazil:** | | | | | | | |
| - Mortgage bonds | 172,630 | 402,668 | 402,769 | 21,062 | 999,129 | 1,175,739 | 1,339,341 |
| - Letters of credit for real estate | 240,919 | 1,264,212 | 2,245,787 | 60,600 | 3,811,518 | 3,195,845 | 1,749,294 |
| - Letters of credit for agribusiness | 425,754 | 1,121,673 | 1,696,666 | 524,672 | 3,768,765 | 3,278,002 | 2,354,019 |
| - Financial bills | 296,915 | 7,891,296 | 7,227,012 | 15,818,451 | 31,233,674 | 31,124,303 | 19,284,655 |
| **Subtotal** | **1,136,218** | **10,679,849** | **11,572,234** | **16,424,785** | **39,813,086** | **38,773,889** | **24,727,309** |
| **Securities - abroad:** | | | | | | | |
| - MTN Program Issues (1) | 290,510 | 2,162,056 | 1,776,310 | 6,203,362 | 10,432,238 | 8,655,602 | 4,397,615 |
| - Securitization of future flow of money orders received from abroad (Note 16d) | 7,698 | 366,310 | 373,562 | 2,839,458 | 3,587,028 | 3,752,347 | 3,780,196 |
| - Issuance costs | - | - | - | (22,140) | (22,140) | (23,909) | (26,470) |
| **Subtotal** | **298,208** | **2,528,366** | **2,149,872** | **9,020,680** | **13,997,126** | **12,384,040** | **8,151,341** |
| **Overall total on September 30, 2012** | **1,434,426** | **13,208,215** | **13,722,106** | **25,445,465** | **53,810,212** | | |
| **%** | **2.7** | **24.5** | **25.5** | **47.3** | **100.0** | | |
| **Overall total on June 30, 2012** | **1,395,571** | **8,958,166** | **14,749,914** | **26,054,278** | | **51,157,929** | |
| **%** | **2.8** | **17.5** | **28.8** | **50.9** | | **100.0** | |
| **Overall total on September 30, 2011** | **445,481** | **2,338,283** | **7,158,595** | **22,936,291** | | | **32,878,650** |
| **%** | **1.4** | **7.1** | **21.7** | **69.8** | | | **100.0** |

(1) Issuance of securities on the international market to invest in foreign exchange transactions, pre-export financing, import financing and working capital financing, significantly in the medium and long terms.

## *Notes to the Consolidated Financial Statements*

**d)** Since 2003, Bradesco has used certain agreements to optimize its funding and liquidity management activities by using SPEs - Special Purpose Entities. An SPE, also known as a Diversified Payment Rights Company outside Brazil, is financed with long-term debt and settled through future cash flows from underlying assets which basically include flows from current payment orders and future remittances made by individuals and companies located abroad to beneficiaries in Brazil for which the Bank acts as a paying agent.

Long-term securities issued by the SPE and sold to investors are settled with proceeds from the payment order flows. Bradesco is obliged to redeem these securities in specific cases of delinquency or if the SPE discontinues operations.

Funds from the sale of current and future payment order flows, received by the SPE, must be maintained in a specific bank account until a minimum amount has been reached.

Below are the main features of the notes issued by SPEs:

| | | | | | | R$ thousand |
|---|---|---|---|---|---|---|
| | Date of issue | Transaction amount | Maturity | Total | | |
| | | | | 2012 | | 2011 |
| | | | | September 30 | June 30 | September 30 |
| Securitization of future flow of payment orders received from abroad | 07.28.2004 | 305,400 | 08.20.2012 (1) | - | - | 27,568 |
| | 06.11.2007 | 481,550 | 05.20.2014 | 190,174 | 220,837 | 289,516 |
| | 06.11.2007 | 481,550 | 05.20.2014 | 190,074 | 220,723 | 289,378 |
| | 12.20.2007 | 354,260 | 11.20.2014 (2) | - | - | 222,206 |
| | 12.20.2007 | 354,260 | 11.20.2014 | 162,180 | 181,603 | 222,206 |
| | 03.06.2008 | 836,000 | 05.22.2017 | 912,349 | 958,629 | 926,097 |
| | 12.19.2008 | 1,168,500 | 02.20.2019 | 1,013,637 | 1,008,830 | 925,764 |
| | 12.17.2009 | 133,673 | 11.20.2014 | 101,168 | 113,287 | 138,674 |
| | 12.17.2009 | 133,673 | 02.20.2017 | 135,213 | 142,577 | 138,172 |
| | 12.17.2009 | 89,115 | 02.20.2020 | 100,841 | 100,350 | 92,091 |
| | 08.20.2010 | 307,948 | 08.21.2017 | 336,499 | 352,614 | 323,609 |
| | 09.29.2010 | 170,530 | 08.21.2017 | 192,319 | 201,527 | 184,915 |
| | 11.16.2011 (3) | 88,860 | 11.20.2018 | 100,124 | 99,658 | - |
| | 11.16.2011 (4) | 133,290 | 11.22.2021 | 152,450 | 151,712 | - |
| **Total** | | **5,038,609** | | **3,587,028** | **3,752,347** | **3,780,196** |

(1) Security settled in advance;
(2) Security repurchased on March 29, 2012;
(3) Issuance of securities abroad totaling US$50,000 thousand; and
(4) Issuance of securities abroad totaling US$75,000 thousand.

## *Notes to the Consolidated Financial Statements*

### e) Cost for market funding and inflation and interest adjustments of technical reserves for insurance, pension plans and capitalization bonds

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Savings deposits | 893,475 | 890,728 | 2,726,590 | 2,807,542 |
| Time deposits | 2,363,827 | 2,589,702 | 7,858,546 | 10,252,503 |
| Federal funds purchased and securities sold under agreements to repurchase | 4,590,871 | 4,431,171 | 13,701,955 | 14,325,743 |
| Funds from issuance of securities | 1,029,687 | 1,211,013 | 3,336,609 | 2,220,555 |
| Other funding expenses | 90,910 | 99,124 | 287,451 | 299,163 |
| **Subtotal** | **8,968,770** | **9,221,738** | **27,911,151** | **29,905,506** |
| Cost for inflation and interest adjustment of technical reserves of insurance, pension plans and capitalization bonds | 2,479,917 | 1,496,462 | 6,173,700 | 4,667,434 |
| **Total** | **11,448,687** | **10,718,200** | **34,084,851** | **34,572,940** |

## Notes to the Consolidated Financial Statements

### 17) BORROWING AND ONLENDING

#### a) Borrowing

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | September 30 | June 30 | September 30 |
| **In Brazil - other institutions** | **2,140** | **-** | **-** | **7,277** | **9,417** | **8,074** | **766** |
| **Abroad** | **1,233,527** | **5,495,857** | **2,517,098** | **895,619** | **10,142,101** | **12,376,584** | **13,239,111** |
| **Overall total on September 30, 2012** | **1,235,667** | **5,495,857** | **2,517,098** | **902,896** | **10,151,518** | | |
| **%** | **12.2** | **54.1** | **24.8** | **8.9** | **100.0** | | |
| **Overall total on June 30, 2012** | **1,987,611** | **5,637,175** | **3,687,666** | **1,072,206** | | **12,384,658** | |
| **%** | **16.0** | **45.5** | **29.8** | **8.7** | | **100.0** | |
| **Overall total on September 30, 2011** | **1,586,609** | **6,118,779** | **4,018,987** | **1,515,502** | | | **13,239,877** |
| **%** | **12.0** | **46.2** | **30.4** | **11.4** | | | **100.0** |

#### b) Onlending

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | | | | | 2011 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | September 30 | June 30 | September 30 |
| **In Brazil** | **2,630,508** | **4,396,646** | **6,765,497** | **21,329,874** | **35,122,525** | **35,378,080** | **35,753,306** |
| - National Treasury | - | - | 116,773 | - | 116,773 | 117,484 | 67,642 |
| - BNDES | 428,675 | 1,468,709 | 3,196,574 | 7,124,721 | 12,218,679 | 12,684,433 | 13,478,637 |
| - CEF | 1,786 | 8,183 | 9,820 | 40,962 | 60,751 | 63,537 | 71,151 |
| - FINAME | 2,200,047 | 2,918,502 | 3,442,330 | 14,163,607 | 22,724,486 | 22,510,794 | 22,135,245 |
| - Other institutions | - | 1,252 | - | 584 | 1,836 | 1,832 | 631 |
| **Abroad** | **124,399** | **-** | **-** | **-** | **124,399** | **131,540** | **64,292** |
| **Overall total on September 30, 2012** | **2,754,907** | **4,396,646** | **6,765,497** | **21,329,874** | **35,246,924** | | |
| **%** | **7.8** | **12.5** | **19.2** | **60.5** | **100.0** | | |
| **Overall total on June 30, 2012** | **1,295,623** | **5,137,474** | **6,681,971** | **22,394,552** | | **35,509,620** | |
| **%** | **3.6** | **14.5** | **18.8** | **63.1** | | **100.0** | |
| **Overall total on September 30, 2011** | **1,333,212** | **4,775,497** | **5,665,254** | **24,043,635** | | | **35,817,598** |
| **%** | **3.8** | **13.3** | **15.8** | **67.1** | | | **100.0** |

## *Notes to the Consolidated Financial Statements*

### c) Borrowing and onlending expenses

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Borrowing:** | | | | |
| - In Brazil | 4,424 | 6,521 | 11,498 | 1,675 |
| - Abroad | 32,116 | 42,135 | 107,440 | 73,470 |
| **Subtotal borrowing** | **36,540** | **48,656** | **118,938** | **75,145** |
| **Onlending in Brazil:** | | | | |
| - National Treasury | 2,013 | 390 | 2,618 | 986 |
| - BNDES | 197,149 | 202,416 | 608,468 | 569,978 |
| - CEF | 1,095 | 1,176 | 3,598 | 4,552 |
| - FINAME | 276,201 | 339,162 | 918,776 | 772,420 |
| - Other institutions | 136 | 17 | 162 | 16 |
| **Onlending abroad:** | | | | |
| - Payables to foreign bankers (Note 11a) | 64,951 | 646,786 | 1,034,502 | 1,099,189 |
| - Other expenses with foreign onlending | 168,958 | 3,251,134 | 2,573,891 | 3,395,227 |
| - Exchange variation from investments abroad | (81,845) | (1,705,109) | (1,356,499) | (2,434,428) |
| **Subtotal onlending** | **628,658** | **2,735,972** | **3,785,516** | **3,407,940** |
| **Total** | **665,198** | **2,784,628** | **3,904,454** | **3,483,085** |

## 18) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES - TAX AND SOCIAL SECURITY

### a) Contingent assets

Contingent assets are not recognized in the financial statements; however, there are ongoing proceedings where the chance of success is considered probable, such as: a) Social Integration Program (PIS), claiming to offset PIS against Gross Operating Income, paid under Decree-Laws 2,445/88 and 2,449/88, regarding the payment that exceeded the amount due under Supplementary Law 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is being challenged, where the decision may lead to reimbursement of amounts paid.

### b) Provisions classified as probable losses and legal obligations - tax and social security

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

Management set provisions based on the opinion of their legal counsel, the nature of the lawsuit, similarity to previous lawsuits, complexity and the courts standing, where the loss is deemed probable.

Management considers that the provision is sufficient to cover losses generated by the respective lawsuit.

Liability related to litigation is held until a definitive successful outcome to the lawsuit, represented by favorable judicial decisions, with no further appeals or due to the statute of limitation.

## Notes to the Consolidated Financial Statements

**I - Labor claims**

These are claims brought by former employees seeking indemnifications, especially for unpaid overtime, according to Article 224 of the Consolidation of Labor Laws (CLT). In proceedings in which a judicial deposit is used to guarantee the execution of the judgment, the labor provision is made considering the estimated loss of these deposits. For other proceedings, the provision is based on the average of payments made for claims settled over the last 12 months.

Overtime is monitored by using electronic time cards and paid regularly during the employment contract so claims filed by former employees are not material.

**II - Civil claims**

These are claims for pain and suffering and property damages, mainly relating to protests, returned checks, the inclusion of information about debtors in the credit restriction registry and the replacement of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled using a computer-based system and provisioned whenever the loss is deemed as probable, considering the opinion of Management and their legal counsel, the nature of the lawsuits, and similarity with previous lawsuits, complexity and positioning of the courts.

Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 times the minimum wage and do not cause significant impact on the financial position.

Note that a significant number of legal claims pleading the incidence of inflation rates, which were excluded from inflation adjustments on savings account balances due to economic plans, were part of federal government's economic policy to reduce inflation. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been recorded as provisions, taking into consideration claims effectively notified and the evaluation of the perspective of the loss, considering the current judicial decision of the Superior Court of Justice (STJ).

Two points are worth noting regarding disputes relating to economic plans: a) the Bank does not expect any significant provisions to be recorded in excess of what has been provided for, as legal new claims cannot be made; and b) the Federal Supreme Court (STF) suspended the analysis of all appeals up until a final decision issued by the court.

**III - Legal obligations - provision for tax risks**

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

The main issues are:

- Cofins - R$7,450,590 thousand: a request for authorization to calculate and pay Cofins, from October 2005, based on effective income, as set forth in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation introduced by paragraph 1 of Article 3 of Law 9,718/98;

- INSS Autonomous Brokers - R$1,100,748 thousand: questions the impact of social security contribution on remunerations paid to third-party service providers, established by

## Notes to the Consolidated Financial Statements

Supplementary Law 84/96 and subsequent regulations/amendments, at the 20% rate and additionally 2.5%, on the grounds 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,as new wording in Law 9,876/99;

- IRPJ/Loan Losses - R$762,590 thousand: are requested to be deducted from income tax and social contributions payable (IRPJ and CSLL, respectively), total or partial amounts of actual and definite loan losses upon receipt of claims incurred, regardless if they comply with the terms and conditions provided for in Articles 9 to 14 of Law 9,430/96 that only apply to temporary losses;

- CSLL - Deductibility on IRPJ calculation basis - R$673,782 thousand: income tax calculated and paid for 1997 and subsequent years , excluding CSLL in the calculation, under Article 1, of Law 9,316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and

- PIS - R$300,310 thousand: request authorization to offset overpaid amounts in 1994 and 1995 as PIS contribution, corresponding to the surplus on the calculation established in the Constitution, i.e., gross operating income, as defined in the income tax legislation - set out in Article 44 of Law 4,506/64, excluding interest income.

### IV - Provisions by nature

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Labor claims | 2,459,580 | 2,427,101 | 2,254,882 |
| Civil claims | 3,609,648 | 3,499,173 | 3,123,697 |
| **Subtotal (1)** | **6,069,228** | **5,926,274** | **5,378,579** |
| Provision for tax risks (2) | 14,061,296 | 13,609,925 | 11,641,721 |
| **Total** | **20,130,524** | **19,536,199** | **17,020,300** |

(1) Note 20b; and
(2) Classified under "Other liabilities - tax and social security" (Note 20a).

### V - Changes in provisions

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | |
| | Labor | Civil | Tax (1) |
| **Balance on December 31, 2011** | **2,315,859** | **3,345,225** | **12,463,489** |
| Adjustment for inflation | 197,802 | 320,765 | 658,356 |
| Provisions, net of reversals and write-offs | 388,121 | 317,823 | 963,861 |
| Payments | (442,202) | (374,165) | (24,410) |
| **Balance on September 30, 2012** | **2,459,580** | **3,609,648** | **14,061,296** |

(1) Mainly include legal liabilities.

## Notes to the Consolidated Financial Statements

### 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 counsel, classifies the lawsuits according to the expectation of loss. Case law trends are periodically analyzed and, if necessary, the related risk is reclassified. In this respect, contingent lawsuits deemed with the risk of a possible loss are not recorded as a liability in the financial statements. The main lawsuits classified as such are the following: a) leasing companies' Tax on Services of any Nature (ISSQN), total lawsuits correspond to R$1,102,267 thousand which discusses the municipal tax demands other than those where the company is not located and where, under law, tax is collected; b) 2006-2009 income tax and social contribution, relating to goodwill amortization being disallowed on the acquisition of investments, for the amount of R$709,665 thousand; and c) IRPJ and CSLL deficiency notice relating to disallowance of loan loss expenses, for the amount of R$295,717 thousand.

## Notes to the Consolidated Financial Statements

### 19) SUBORDINATED DEBT

| | | | | | R$ thousand | | |
|---|---|---|---|---|---|---|---|
| | | | | | 2012 | | 2011 |
| Maturity | Original term in years | Amount of the operation | Currency | Remuneration | September 30 | June 30 | September 30 |
| **In Brazil:** | | | | | | | |
| **Subordinated CDB:** | | | | | | | |
| 2012 (1) | 5 | 1,419,126 | R$ | 100.0% of CDI rate + (0.3440% p.a.- 0.4914% p.a.) or IPCA + (7.1019% p.a.- 7.632% p.a.) | 2,411,641 | 2,358,911 | 2,631,102 |
| 2013 | 5 | 575,000 | R$ | 100.0% of CDI rate + (0.3440% p.a.- 1.0817% p.a.) or IPCA + (7.74% p.a.- 8.1863% p.a.) | 950,695 | 929,156 | 856,275 |
| 2014 | 6 | 1,000,000 | R$ | 112.0% of CDI rate | 1,525,232 | 1,493,171 | 1,378,507 |
| 2015 | 6 | 1,274,696 | R$ | IPCA + (6.92% p.a.- 8.55% p.a.) 108% to 112.0% of CDI rate | 1,952,563 | 1,893,044 | 1,713,963 |
| 2016 | 6 | 500 | R$ | IPCA + 7.1292% p.a. | 707 | 686 | 627 |
| 2012 (2) | 10 | 228,029 | R$ | 100.0% of CDI rate + 0.87% p.a. 101.5% of CDI rate | 908,369 | 889,422 | 1,968,839 |
| 2019 | 10 | 20,000 | R$ | IPCA + (7.76% p.a.) | 30,074 | 29,154 | 26,485 |
| **Financial bills:** | | | | | | | |
| 2012 (3) | 5 | - | R$ | 103.0% of CDI rate | - | - | 1,594,863 |
| 2016 | 6 | 102,018 | R$ | IGP-M rate + 6.3874% p.a. IPCA + (6.7017% p.a.- 6.8784% p.a.) 100% fixed rate + 13.0949% p.a. 108% to 110.0% of CDI rate | 127,333 | 124,106 | 113,845 |
| 2017 (4) | 6 | 8,630,999 | R$ | 100% of CDI rate + (1.2685%p.a.- 1.3656% p.a.) IGP-M rate + (5.7745% p.a.- 6.9588% p.a.) IPCA + (5.6030% p.a.- 7.5482% p.a.) Fixed rate of (11.7493% p.a.- 13.8609% p.a.) 104% to 112.5% of CDI rate | 9,038,822 | 9,443,896 | 8,430,435 |
| | | | | 100% of CDI rate + (0.7855%p.a.- 1.3061% p.a.) IGP-M rate + (4.2109% p.a.- 6.2626% p.a.) IPCA + (4.2011% p.a.- 6.2822% p.a.) 100% fixed rate + (9.8108% p.a.- 12.1754% p.a.) | | | |

## *Notes to the Consolidated Financial Statements*

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | | | | | 2012 | | 2011 |
| Maturity | Original term in years | Amount of the operation | Currency | Remuneration | September 30 | June 30 | September 30 |
| 2018 (5) | 6 | 8,108,437 | R$ | 105% to 112.% of CDI rate | 8,360,073 | 7,820,813 | - |
| 2017 | 7 | 40,100 | R$ | IPCA + 7.4163% p.a.<br>Fixed rate + 13.1763% p.a. | 54,018 | 52,390 | 47,679 |
| 2018 | 7 | 141,050 | R$ | IGP-M rate + 6.6945% p.a.<br>IPCA + (5.9081% p.a.- 7.3743% p.a.) | 165,296 | 158,499 | 143,904 |
| 2018 | 8 | 50,000 | R$ | IGP-M rate + 7.0670% p.a. | 63,936 | 60,553 | 55,207 |
| 2019 (6) | 7 | 82,919 | R$ | IPCA + (4.4144% p.a.- 6.1757% p.a.)<br>Fixed rate 10.1304% p.a.- 11.7550% p.a.<br>110.5% to 111.0% of CDI rate | 85,857 | 56,223 | - |
| 2019 | 8 | 12,735 | R$ | IGP-M rate + 5.8351% p.a.<br>IPCA + (5.8950% p.a.- 6.3643% p.a.)<br>Fixed rate + 13.3381% p.a. | 14,598 | 14,146 | 8,691 |
| 2020 | 8 | 22,055 | R$ | IGP-M rate + 5.5341% p.a.<br>IPCA + (4.6595% p.a.- 6.1386% p.a.)<br>Fixed rate of 11.1291% p.a.- 11.8661% p.a.<br>110.75% of CDI rate | 23,711 | 21,838 | - |
| 2021 | 9 | 7,000 | R$ | 111.0% of CDI rate | 7,151 | 7,003 | - |
| 2012 | 10 | | | 100% to 101.5% of CDI rate | - | - | 591,046 |
| 2021 | 10 | 19,200 | R$ | IGP-M rate + (6.0358% p.a.- 6.6244% p.a.)<br>IPCA + (5.8789% p.a.- 7.1246% p.a.)<br>100% fixed rate + 12.7513% p.a.<br>109.0% of CDI rate | 21,419 | 20,778 | 4,289 |
| 2022 (7) | 10 | 42,485 | R$ | IGP-M rate + (3.9270% p.a.- 4.1239% p.a.)<br>IPCA + (4.5564% p.a.- 6.0358% p.a.)<br>Fixed rate of 10.3587% p.a.- 12.4377% p.a.<br>110% to 111.25% of CDI rate | 43,634 | 26,840 | - |
| **CDB pegged to loans:** | | | | | | | |
| 2012 to 2016 | 2 to 5 | 6,413 | R$ | 100% of CDI rate | 7,059 | 7,339 | 8,314 |
| **Subtotal in Brazil** | | | | | **25,792,188** | **25,407,968** | **19,574,071** |

## Notes to the Consolidated Financial Statements

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | | | | | 2012 | | 2011 |
| Maturity | Original term in years | Amount of the operation | Currency | Remuneration | September 30 | June 30 | September 30 |
| **Abroad:** | | | | | | | |
| 2011 (8) | 10 | - | US$ | Rate of 10.25% p.a. | - | - | 286,456 |
| 2012 (3) | 10 | - | Yen | Rate of 4.05% p.a. | - | - | 429,055 |
| 2013 | 10 | 1,434,750 | US$ | Rate of 8.75% p.a. | 1,053,162 | 1,026,023 | 925,636 |
| 2014 | 10 | 801,927 | Euro | Rate of 8.00% p.a. | 607,785 | 584,342 | 579,880 |
| 2019 | 10 | 1,333,575 | US$ | Rate of 6.75% p.a. | 1,574,921 | 1,542,126 | 1,426,703 |
| 2021 | 11 | 2,766,650 | US$ | Rate of 5.90% p.a. | 3,280,021 | 3,313,162 | 2,988,211 |
| 2022 (9) | 11 | 1,886,720 | US$ | Rate of 5.75% p.a. | 2,237,638 | 2,259,148 | - |
| Issuance costs on funding | | | | | (38,974) | (41,648) | (29,552) |
| **Subtotal abroad** | | | | | **8,714,553** | **8,683,153** | **6,606,389** |
| **Overall total** | | | | | **34,506,741** | **34,091,121** | **26,180,460** |

(1) Early settlement of subordinated debt amounting to R$461.505 thousand in February 2012;
(2) Early settlement of subordinated debt amounting to R$1,065,699 thousand in February 2012, and subordinated debt operations amounting to R$570,470 thousand, that matured in March 2012;
(3) Subordinated debt operations that matured in April 2012;
(4) Issue of financial bills, of which were issued as follows: (i) R$27,250 thousand in October 2011; (ii) R$260,442 thousand in November 2011; and (iii) R$95,986 thousand in December 2011, maturing in 2017;
(5) Issue of financial bills, of which were issued as follows: (i) R$362,979 thousand in January 2012; (ii) R$2,030,486 thousand in February 2012; (iii) R$859,438 thousand in March 2012; (iv) R$789,635 thousand in April 2012; (v) R$3,926,706 thousand in May 2012; (vi) R$16,008 thousand in June 2012; (vii) R$56,300 thousand in July 2012; (viii) R$30,060 thousand in August 2012; and (ix) R$36,825 thousand in September 2012, maturing in 2018;
(6) Issue of financial bills, of which were issued as follows: (i) R$23,633 thousand in July 2012; and (ii) R$4,025 thousand in August 2012, maturing in 2019;
(7) Issue of financial bills, of which were issued as follows: (i) R$8,000 thousand in July 2012; and (ii) R$7,223 thousand in August 2012, maturing in 2022;
(8) Subordinated debt operations that matured in December 2011; and
(9) In March 2012, subordinated debts totaling US$1,100,000 thousand was issued abroad with a 5.75% p.a. rate, maturing in January 2022.

## *Notes to the Consolidated Financial Statements*

### 20) OTHER LIABILITIES

#### a) Tax and social security

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Provision for tax risk (Note 18b IV) | 14,061,296 | 13,609,925 | 11,641,721 |
| Provision for deferred income tax (Note 34f) | 7,276,170 | 7,532,884 | 5,147,014 |
| Taxes and contributions on profit payable | 3,676,197 | 2,610,252 | 2,527,811 |
| Taxes and contributions payable | 1,043,268 | 1,086,010 | 847,634 |
| **Total** | **26,056,931** | **24,839,071** | **20,164,180** |

#### b) Sundry

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Credit card operations | 12,731,148 | 12,149,223 | 11,151,857 |
| Provision for payments | 5,142,469 | 4,500,664 | 4,476,922 |
| Civil and labor provisions (Note 18b IV) | 6,069,228 | 5,926,274 | 5,378,579 |
| Sundry creditors | 3,920,112 | 3,409,162 | 2,966,476 |
| Liabilities for acquisition of assets and rights | 1,869,645 | 1,947,510 | 1,067,891 |
| Liabilities for official agreements | 329,603 | 299,038 | 286,043 |
| Other | 1,565,162 | 1,314,889 | 1,218,476 |
| **Total** | **31,627,367** | **29,546,760** | **26,546,244** |

# Notes to the Consolidated Financial Statements

## 21) INSURANCE, PENSION PLANS AND CAPITALIZATION BONDS

### a) Technical reserves by account

R$ thousand

| | Insurance (1) | | | Life and pension plans (2) (3) | | | Capitalization bonds | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 |
| | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 |
| **Current and long-term liabilities** | | | | | | | | | | | | |
| Mathematical reserve for unvested benefits | 814,580 | 627,589 | 699,696 | 87,108,269 | 84,005,788 | 71,786,074 | - | - | - | **87,922,849** | **84,633,377** | **72,485,770** |
| Mathematical reserve for vested benefits | 170,036 | 143,756 | 137,157 | 5,867,678 | 5,660,877 | 5,279,332 | - | - | - | **6,037,714** | **5,804,633** | **5,416,489** |
| Mathematical reserve for redemptions | - | - | - | - | - | - | 4,447,917 | 4,196,721 | 3,632,751 | **4,447,917** | **4,196,721** | **3,632,751** |
| Reserve for claims incurred but not reported (IBNR) | 1,364,104 | 1,154,261 | 986,690 | 906,594 | 867,054 | 736,552 | - | - | - | **2,270,698** | **2,021,315** | **1,723,242** |
| Unearned premium reserve | 2,207,390 | 2,099,448 | 1,962,905 | 173,046 | 168,472 | 137,622 | - | - | - | **2,380,436** | **2,267,920** | **2,100,527** |
| Contribution deficiency reserve (4) | - | - | - | 4,995,905 | 3,805,376 | 3,632,135 | - | - | - | **4,995,905** | **3,805,376** | **3,632,135** |
| Reserve for unsettled claims | 2,839,064 | 2,903,036 | 2,464,992 | 1,029,862 | 1,029,881 | 938,355 | - | - | - | **3,868,926** | **3,932,917** | **3,403,347** |
| Reserve for risk fluctuation | - | - | - | 150,510 | 607,032 | 625,230 | - | - | - | **150,510** | **607,032** | **625,230** |
| Premium deficiency reserve | - | - | - | 480,070 | 404,326 | 539,990 | - | - | - | **480,070** | **404,326** | **539,990** |
| Reserve for financial surplus | - | - | - | 383,858 | 392,748 | 374,898 | - | - | - | **383,858** | **392,748** | **374,898** |
| Reserve for draws and redemptions | - | - | - | - | - | - | 541,309 | 514,849 | 528,834 | **541,309** | **514,849** | **528,834** |
| Reserve for administrative expenses | - | - | - | 118,665 | 102,200 | 100,020 | 165,613 | 164,395 | 158,714 | **284,278** | **266,595** | **258,734** |
| Provision for contingencies | - | - | - | - | - | - | 9,697 | 9,565 | 8,263 | **9,697** | **9,565** | **8,263** |
| Other reserves (5) | 2,822,711 | 1,776,723 | 1,730,280 | 1,210,576 | 1,155,007 | 638,281 | - | - | - | **4,033,287** | **2,931,730** | **2,368,561** |
| **Total reserves** | **10,217,885** | **8,704,813** | **7,981,720** | **102,425,033** | **98,198,761** | **84,788,489** | **5,164,536** | **4,885,530** | **4,328,562** | **117,807,454** | **111,789,104** | **97,098,771** |

(1) "Other reserves" - Insurance basically refers to the technical reserves of the "personal health" portfolio to cover the differences of future premium adjustments and those required for the portfolio technical balance;
(2) Includes personal insurance and pension plans;
(3) "Other reserves" - Life and Pension Plan basically refers to "Reserve for unvested benefits (Life)", "Reserve for redemption and other amounts to be settled," and "Reserve for benefits to be settled," "Additional premiums reserve;"
(4) The contribution deficiency reserve for retirement and pension plans is calculated according to the normalized biometric table AT-2000, 1.5% p.a. improvement, considering males separated from females, who have a longer life expectancy, and an interest rate of 3.5% p.a. (4.0% p.a. on June 30, 2012 and 4.0% p.a. on September 30, 2011). For disability plans, the provision is also actuarially calculated according to the biometric AT-49 male table and the 3.5% p.a. interest rate (June 30, 2012 - 4.0% p.a. and September 30, 2011 - 4.0% p.a.); and
(5) Based on technical and actuarial studies, the discount rate of reserves for unvested and vested benefits and other reserves was adjusted so as to reflect the current scenario.

## *Notes to the Consolidated Financial Statements*

### b) Technical reserves by product

R$ thousand

| | Insurance | | | Life and pension plans | | | Capitalization bonds | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 |
| | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 |
| Health | 5,528,534 | 4,180,157 | 3,990,822 | - | - | - | - | - | - | **5,528,534** | **4,180,157** | **3,990,822** |
| Auto/RCF | 2,775,797 | 2,682,107 | 2,414,945 | - | - | - | - | - | - | **2,775,797** | **2,682,107** | **2,414,945** |
| DPVAT/Retrocession | 163,975 | 163,478 | 120,669 | 362,199 | 360,474 | 293,003 | - | - | - | **526,174** | **523,952** | **413,672** |
| Life | 17,247 | 15,824 | 17,462 | 4,630,786 | 4,333,314 | 3,763,638 | - | - | - | **4,648,033** | **4,349,138** | **3,781,100** |
| Basic lines | 1,732,332 | 1,663,247 | 1,437,822 | - | - | - | - | - | - | **1,732,332** | **1,663,247** | **1,437,822** |
| Unrestricted Benefits Generating Plan - PGBL to be granted | - | - | - | 16,987,593 | 16,092,687 | 14,429,373 | - | - | - | **16,987,593** | **16,092,687** | **14,429,373** |
| Long-Term Life Insurance - VGBL - to be granted | - | - | - | 60,236,676 | 58,259,616 | 48,058,675 | - | - | - | **60,236,676** | **58,259,616** | **48,058,675** |
| Pension plans | - | - | - | 20,207,779 | 19,152,670 | 18,243,800 | - | - | - | **20,207,779** | **19,152,670** | **18,243,800** |
| Capitalization bonds | - | - | - | - | - | - | 5,164,536 | 4,885,530 | 4,328,562 | **5,164,536** | **4,885,530** | **4,328,562** |
| **Total technical reserves** | **10,217,885** | **8,704,813** | **7,981,720** | **102,425,033** | **98,198,761** | **84,788,489** | **5,164,536** | **4,885,530** | **4,328,562** | **117,807,454** | **111,789,104** | **97,098,771** |

## Notes to the Consolidated Financial Statements

### c) Guarantees for technical reserves

R$ thousand

| | Insurance | | | Life and pension plans | | | Capitalization bonds | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 | 2012 | | 2011 |
| | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 |
| **Total technical reserves** | **10,217,885** | **8,704,813** | **7,981,720** | **102,425,033** | **98,198,761** | **84,788,489** | **5,164,536** | **4,885,530** | **4,328,562** | **117,807,454** | **111,789,104** | **97,098,771** |
| (-) Portion corresponding to contracted reinsurance | (853,813) | (847,453) | (660,851) | (11,604) | (9,185) | (8,102) | - | - | - | **(865,417)** | **(856,638)** | **(668,953)** |
| (-) Deposits retained at IRB and court deposits | (23,614) | (18,500) | (22,620) | (60,668) | (62,887) | (71,664) | - | - | - | **(84,282)** | **(81,387)** | **(94,284)** |
| (-) Receivables | (863,821) | (906,533) | (787,025) | - | - | - | - | - | - | **(863,821)** | **(906,533)** | **(787,025)** |
| (-) Reserves from DPVAT agreements | (157,280) | (156,554) | (113,638) | (358,842) | (357,185) | (289,453) | - | - | - | **(516,122)** | **(513,739)** | **(403,091)** |
| **To be insured** | **8,319,357** | **6,775,773** | **6,397,586** | **101,993,919** | **97,769,504** | **84,419,270** | **5,164,536** | **4,885,530** | **4,328,562** | **115,477,812** | **109,430,807** | **95,145,418** |
| Investment fund quotas (VGBL and PGBL) | - | - | - | 77,224,269 | 74,352,303 | 62,488,048 | - | - | - | **77,224,269** | **74,352,303** | **62,488,048** |
| Investment fund quotas (excluding VGBL and PGBL) | 3,253,651 | 7,030,957 | 6,639,552 | 13,669,265 | 16,794,830 | 15,713,558 | 3,392,262 | 4,463,478 | 3,980,085 | **20,315,178** | **28,289,265** | **26,333,195** |
| Government securities | 5,460,538 | - | - | 9,619,474 | 4,968,760 | 4,573,592 | 1,513,166 | - | - | **16,593,178** | **4,968,760** | **4,573,592** |
| Private securities | 102,836 | 39,774 | 45,142 | 221,369 | 598,425 | 564,466 | 108,843 | 238,504 | 215,943 | **433,048** | **876,703** | **825,551** |
| Shares | 3,775 | 3,248 | 2,593 | 1,444,057 | 1,254,973 | 1,267,064 | 300,307 | 273,589 | 332,571 | **1,748,139** | **1,531,810** | **1,602,228** |
| **Total guarantees of technical reserves** | **8,820,800** | **7,073,979** | **6,687,287** | **102,178,434** | **97,969,291** | **84,606,728** | **5,314,578** | **4,975,571** | **4,528,599** | **116,313,812** | **110,018,841** | **95,822,614** |

## Notes to the Consolidated Financial Statements

### d) Insurance, pension plan contribution and capitalization bond retained premiums

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Written premiums | 5,193,551 | 4,902,162 | 14,719,264 | 12,633,498 |
| Pension plan contributions (including VGBL) | 3,987,647 | 5,815,679 | 13,893,650 | 11,858,395 |
| Capitalization bond income | 1,013,696 | 936,303 | 2,745,492 | 2,248,866 |
| Granted coinsurance premiums | (56,278) | (53,085) | (169,717) | (139,074) |
| Refunded premiums | (34,512) | (30,854) | (96,827) | (103,766) |
| **Net written premiums** | **10,104,104** | **11,570,205** | **31,091,862** | **26,497,919** |
| Reinsurance premiums | (74,980) | (78,048) | (221,847) | (191,950) |
| **Insurance, pension plan and capitalization bond retained premiums** | **10,029,124** | **11,492,157** | **30,870,015** | **26,305,969** |

## 22) NON-CONTROLLING INTERESTS IN SUBSIDIARIES

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Banco Bradesco BBI S.A. | 122,411 | 120,690 | 114,442 |
| Other (1) | 463,662 | 466,205 | 498,998 |
| **Total** | **586,073** | **586,895** | **613,440** |

(1) Mainly related to the non-controlling interest in Odontoprev S.A.

## 23) SHAREHOLDERS' EQUITY (PARENT COMPANY)

### a) Capital stock in number of shares

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

| | 2012 | | 2011 |
|---|---|---|---|
| | September 30 | June 30 | September 30 |
| Common shares | 1,912,397,390 | 1,912,397,390 | 1,912,397,390 |
| Preferred shares | 1,912,397,191 | 1,912,397,191 | 1,912,397,191 |
| **Subtotal** | **3,824,794,581** | **3,824,794,581** | **3,824,794,581** |
| Treasury (common shares) | (2,635,100) | (2,559,000) | (2,487,000) |
| Treasury (preferred shares) | (4,786,700) | (4,466,400) | (4,466,400) |
| **Total outstanding shares** | **3,817,372,781** | **3,817,769,181** | **3,817,841,181** |

### b) Changes in capital stock in number of shares

| | Common | Preferred | Total |
|---|---|---|---|
| **Number of outstanding shares on December 31, 2011** | **1,909,910,390** | **1,907,930,791** | **3,817,841,181** |
| Shares acquired and not cancelled | (148,100) | (320,300) | (468,400) |
| **Number of outstanding shares as of September 30, 2012** | **1,909,762,290** | **1,907,610,491** | **3,817,372,781** |

## Notes to the Consolidated Financial Statements

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

Preferred shares have no voting rights, but are entitled to all other rights and advantages given to common shares and, in compliance with Bradesco's Bylaws, have priority for repayment of capital and an additional ten percent (10%) 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, amended by Law 10,303/01.

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

Interest on shareholders' equity is calculated based on the shareholders' equity limited to the variation in the Federal Government Long-Term Interest Rates (TJLP), subject to available profits before deductions, or transfer to retained earnings or profit reserves for the amounts equivalent or greater than twice its value.

Bradesco's capital remuneration policy aims to distribute interest on shareholders' equity at the maximum amount calculated under current legislation, and this is included, net of Withholding Income Tax, in the calculation for mandatory dividends for the year under the Company's Bylaws.

The Board of Directors' meeting held on December 12, 2011 approved the Board of Executive Officers' proposal to pay shareholders supplementary interest on shareholders' equity for 2011, for the amount of R$2,309,800 thousand, at R$0.576206221 (net of 15% withholding income tax - R$0.489775288) per common share and R$0.633826844 (net of 15% withholding income tax - R$0.538752817) per preferred share, which was paid on March 8, 2012.

The Board of Directors' meeting held on February 10, 2012 approved the Board of Executive Officers' proposal to pay shareholders dividends in addition to interest on shareholders' equity and dividends for 2011, for the amount of R$151,291 thousand, at R$0.037741866 per common share and R$0.041516054 per preferred share, which was paid on March 8, 2012.

The Board of Directors' Meeting held on March 7, 2012 approved the Board of Executive Officers' proposal to increase the value of monthly dividends by 10%, paid in advance to shareholders, under the Monthly Compensation Methodology, from R$0.014541175 to R$0.015995293 for common shares, and from R$0.015995293 to R$0.017594822 for preferred shares, effective from dividends relating to April 2012 which were paid as of May 2, 2012.

The Board of Directors' Meeting held on June 20, 2012 approved the Board of Executive Officers' proposal to pay Company's shareholders monthly interest on shareholders' equity, replacing monthly dividends. Shareholders now receive R$0.018817992 (net of 15% withholding income tax - R$0.015995293) per common share and R$0.020699791 (net of 15% withholding income tax - R$0.017594822) per preferred share, in effect from July 2012, to be paid as of August 1, 2012.

The Board of Directors' meeting held on June 27, 2012 approved the Board of Executive Officers' proposal to pay shareholders interim interest on shareholders' equity for the first half of 2012, for the amount of R$754,300 thousand, at R$0.188184678 (net of 15% withholding income tax - R$0.159956976) per common share and R$0.207003146 (net of 15% withholding income tax - R$0.175952674) per preferred share, which was paid on July 18, 2012.

## *Notes to the Consolidated Financial Statements*

Interest on shareholders' equity and dividends related to the nine-month period ended September 30, 2012 is calculated as follows:

| | R$ thousand | % (1) |
|---|---|---|
| Net income for the period | 8,487,881 | |
| (-) Legal reserve | (424,394) | |
| **Adjusted calculation basis** | **8,063,487** | |
| Supplementary and interim interest on shareholders' equity (gross), paid and/or provisioned | 2,556,170 | |
| Withholding income tax on interest on shareholders' equity | (383,425) | |
| **Interest on shareholders' equity (net)** | **2,172,745** | |
| Monthly dividends paid | 367,208 | |
| **Interest on shareholders' equity (net) and dividends on September 30, 2012 YTD** | **2,539,953** | **31.50** |
| **Interest on shareholders' equity (net) and dividends on September 30, 2011 YTD** | **2,484,549** | **31.50** |

(1) Percentage of interest on shareholders' equity/dividends after adjustments.

Interest on shareholders' equity and dividends were paid or recorded in provision, as follows:

| Description | Per share (gross) | | Gross amount paid / recorded in provision | Withholding Income Tax (IRRF) (15%) | Net amount paid / recorded in provision |
|---|---|---|---|---|---|
| | Common shares | Preferred shares | | | R$ thousand |
| Supplementary interest on shareholders' equity paid | 0.432246 | 0.475471 | 1,733,863 | 260,079 | 1,473,784 |
| Interim interest on shareholders' equity paid | 0.155521 | 0.171073 | 624,200 | 93,630 | 530,570 |
| Monthly dividends paid | 0.120295 | 0.132325 | 480,195 | - | 480,195 |
| **Total on September 30, 2011 YTD** | **0.708062** | **0.778869** | **2,838,258** | **353,709** | **2,484,549** |
| Supplementary interest on shareholders' equity provisioned | 0.392709 | 0.431980 | 1,575,583 | 236,337 | 1,339,246 |
| Interim interest on shareholders' equity paid (1) | 0.188185 | 0.207003 | 754,300 | 113,145 | 641,155 |
| Interest on shareholders' equity paid | 0.056454 | 0.062099 | 226,287 | 33,943 | 192,344 |
| Monthly dividends paid | 0.091610 | 0.100770 | 367,208 | - | 367,208 |
| **Total on September 30, 2012 YTD** | **0.728958** | **0.801852** | **2,923,378** | **383,425** | **2,539,953** |

(1) Paid on July 18, 2012.

### d) Treasury shares

The Board of Directors' meeting held on December 20, 2010 authorized a share buyback of up to 15,000,000 no-par, registered book-entry shares issued by Bradesco, of which 7,500,000 are common shares and 7,500,000 are preferred shares, to be held in treasury and later sold or cancelled, without reducing capital stock. It was valid until June 21, 2011. The Board of Directors' meeting held on June 20, 2011 approved the renewal of the share buyback term based on the same previous conditions. It was valid up to December 22, 2011. The Board of Directors' meeting held on December 21, 2011 resolved to renew the term for the share buyback, based on the same previous conditions. It was valid up to June 23, 2012. The Board of Directors' meeting held on June 21, 2012 resolved to renew the term for the share buyback, based on the same previous conditions. It is valid until December 25, 2012.

A total of 2,635,100 common shares and 4,786,700 preferred shares had been acquired, totaling R$197,301 thousand up to September 30, 2012, and remain in treasury. The minimum, average and maximum cost per common share is R$23.62221, R$25.41203 and R$27.14350, respectively, and R$26.20576, R$27.22915 and R$33.12855 per preferred share, respectively. The market value was R$26.69 per common share and R$32.57 per preferred share at September 30, 2012.

## *Notes to the Consolidated Financial Statements*

### 24) FEE AND COMMISSION INCOME

| | | | | R$ thousand |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Credit card income | 1,456,609 | 1,383,914 | 4,174,354 | 3,527,066 |
| Checking account | 825,581 | 804,934 | 2,378,496 | 2,038,644 |
| Asset management | 561,501 | 534,646 | 1,622,241 | 1,450,812 |
| Loans | 540,080 | 527,226 | 1,571,860 | 1,477,893 |
| Collections | 337,922 | 322,346 | 973,725 | 893,179 |
| Consortium management | 159,215 | 149,579 | 452,406 | 389,073 |
| Custody and brokerage services | 122,448 | 119,408 | 358,783 | 318,066 |
| Underwriting / financial advisory services | 94,033 | 115,198 | 318,301 | 208,947 |
| Payments | 79,626 | 79,809 | 237,619 | 231,331 |
| Other | 154,529 | 137,020 | 413,128 | 280,710 |
| **Total** | **4,331,544** | **4,174,080** | **12,500,913** | **10,815,721** |

### 25) PAYROLL AND RELATED BENEFITS

| | | | | R$ thousand |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Payroll | 1,464,803 | 1,401,945 | 4,220,312 | 3,668,231 |
| Benefits | 637,108 | 616,593 | 1,839,552 | 1,585,476 |
| Social security charges | 555,780 | 535,554 | 1,600,244 | 1,377,667 |
| Employee profit sharing | 256,433 | 264,504 | 786,258 | 662,404 |
| Provision for labor claims (1) | 167,134 | 188,047 | 497,827 | 1,017,048 |
| Training | 37,620 | 40,634 | 100,219 | 108,268 |
| **Total** | **3,118,878** | **3,047,277** | **9,044,412** | **8,419,094** |

(1) Includes the improved calculation methodology, in the amount of R$500,185 thousand, on September 30 YTD.

## *Notes to the Consolidated Financial Statements*

### 26) OTHER ADMINISTRATIVE EXPENSES

R$ thousand

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Outsourced services | 896,884 | 832,281 | 2,561,582 | 2,649,019 |
| Communication | 416,444 | 415,221 | 1,241,179 | 1,176,619 |
| Depreciation and amortization | 403,267 | 401,976 | 1,203,717 | 1,063,488 |
| Data processing | 277,484 | 267,944 | 807,632 | 691,211 |
| Advertising and marketing | 208,268 | 162,191 | 522,969 | 607,001 |
| Transport | 214,615 | 214,702 | 641,641 | 560,319 |
| Rental | 191,955 | 195,702 | 570,172 | 489,756 |
| Asset maintenance | 148,196 | 145,141 | 438,953 | 400,039 |
| Financial system services | 161,728 | 162,944 | 488,069 | 364,733 |
| Supplies | 75,368 | 76,576 | 243,826 | 281,172 |
| Security and surveillance | 111,999 | 104,772 | 317,011 | 239,520 |
| Water, electricity and gas | 57,933 | 64,942 | 188,344 | 168,338 |
| Travel | 34,050 | 33,566 | 100,542 | 112,751 |
| Other | 248,950 | 243,923 | 733,871 | 639,955 |
| **Total** | **3,447,141** | **3,321,881** | **10,059,508** | **9,443,921** |

### 27) TAX EXPENSES

R$ thousand

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Contribution for Social Security Financing (Cofins) | 711,418 | 536,793 | 1,984,023 | 1,678,345 |
| Social Integration Program (PIS) contribution | 120,318 | 91,354 | 335,307 | 304,744 |
| Tax on Services (ISS) | 121,165 | 115,548 | 346,053 | 302,461 |
| Municipal Real Estate Tax (IPTU) expenses | 9,877 | 10,238 | 39,834 | 34,421 |
| Other | 58,325 | 59,362 | 251,558 | 298,688 |
| **Total** | **1,021,103** | **813,295** | **2,956,775** | **2,618,659** |

### 28) OTHER OPERATING INCOME

R$ thousand

| | 2012 | | | 2011 |
|---|---|---|---|---|
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Other interest income | 358,191 | 400,701 | 1,191,005 | 784,600 |
| Reversal of other operating provisions (1) | 134,768 | 84,177 | 331,522 | 2,394,426 |
| Gains on sale of goods | 17,895 | 18,384 | 51,270 | 34,035 |
| Revenues from recovery of charges and expenses | 20,297 | 17,961 | 143,802 | 171,167 |
| Other (2) | 269,891 | 245,977 | 736,399 | 3,877,364 |
| **Total** | **801,042** | **767,200** | **2,453,998** | **7,261,592** |

(1) Includes (i) reversal of provision for tax risks, for the amount of R$2,911,634 thousand, and (ii) tax provision, for the amount of R$785,920 thousand on September 30, 2011 YTD; and

(2) Includes revenue from deductible tax to offset for the amount of R$2,911,634 thousand on September 30, 2011 YTD.

## *Notes to the Consolidated Financial Statements*

### 29) OTHER OPERATING EXPENSES

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Other finance costs | 951,479 | 950,172 | 2,813,589 | 2,086,374 |
| Sundry losses | 395,350 | 398,236 | 1,138,484 | 986,565 |
| Commissions on loans and financing | 289,715 | 271,208 | 747,179 | 343,226 |
| Discount granted | 251,808 | 262,491 | 751,206 | 603,778 |
| Intangible assets amortization | 230,065 | 204,934 | 625,436 | 519,241 |
| Goodwill amortization (Note 15a) | 66,944 | 66,945 | 199,674 | 198,481 |
| Other (1) | 253,157 | 232,530 | 922,962 | 4,585,196 |
| **Total** | **2,438,518** | **2,386,516** | **7,198,530** | **9,322,861** |

(1) The third quarter of 2012 includes provision for civil contingencies - economic plans – amounting to R$51,856 thousand (R$56,878 thousand in the second quarter of 2012); the first nine months of 2012 - R$194,901 thousand and the first nine months of 2011 include (i) provision for civil contingency - economic plans - R$232,419 thousand, (ii) impairment expenses, and (iii) provision for tax risks - R$2,911,634 thousand.

### 30) NON-OPERATING INCOME (LOSS)

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Gain/loss on sale and write-off of assets and investments (1) | (52,013) | (41,645) | (119,454) | (127,796) |
| Recording/reversal of non-operating provisions | (57,176) | (75,334) | (127,760) | (21,198) |
| Others | 9,840 | 17,379 | 35,629 | 29,243 |
| **Total** | **(99,349)** | **(99,600)** | **(211,585)** | **(119,751)** |

(1) Including: income from the sale of Cetip shares on September 30, 2012 YTD for R$29,205 thousand; and income from the partial sale of IBI Promotora de Vendas Ltda. shares on September 30, 2011 YTD for R$55,356 thousand.

## Notes to the Consolidated Financial Statements

### 31) RELATED-PARTY TRANSACTIONS (DIRECT AND INDIRECT)

a) Related party transactions (direct and indirect) are carried out under conditions and at rates consistent with those entered into with third parties, when applicable, and effective on the dates of the operations. The transactions are as follows:

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2012 | | 2011 | 2012 | | | 2011 |
| | 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) |
| **Interest on shareholders' equity and dividends:** | **(505,457)** | **(497,097)** | **(550,921)** | **-** | **-** | **-** | **-** |
| Cidade de Deus Companhia Comercial de Participações | (372,268) | (366,111) | (405,752) | - | - | - | - |
| Fundação Bradesco | (133,189) | (130,986) | (145,169) | - | - | - | - |
| **Demand deposits/Savings accounts:** | **(18,969)** | **(18,130)** | **(17,948)** | **(116)** | **(103)** | **(342)** | **(389)** |
| Fundação Bradesco | (121) | (197) | (241) | - | - | - | - |
| BBD Participações S.A. | (6) | (9) | (4) | - | - | - | - |
| Nova Cidade de Deus Participações S.A. | (3) | (3) | (1) | - | - | - | - |
| Cidade de Deus Companhia Comercial de Participações | (3) | (5) | (21) | - | - | - | - |
| Key Management Personnel | (18,836) | (17,916) | (17,681) | (116) | (103) | (342) | (389) |
| **Time deposits:** | **(169,878)** | **(154,020)** | **(162,716)** | **(2,408)** | **(2,603)** | **(8,453)** | **(11,338)** |
| Cidade de Deus Companhia Comercial de Participações | (30,042) | (24,302) | (13,725) | (141) | (19) | (171) | (63) |
| Key Management Personnel | (139,836) | (129,718) | (148,991) | (2,267) | (2,584) | (8,282) | (11,275) |
| **Federal funds purchased and securities sold under agreements to repurchase:** | **(249,182)** | **(268,568)** | **(270,684)** | **(5,138)** | **(5,814)** | **(17,819)** | **(23,533)** |
| Key Management Personnel | (249,182) | (268,568) | (270,684) | (5,138) | (5,814) | (17,819) | (23,533) |
| **Funds from issuance of securities:** | **(394,679)** | **(398,177)** | **(322,236)** | **(7,017)** | **(8,956)** | **(23,896)** | **(21,642)** |
| Key Management Personnel | (394,679) | (398,177) | (322,236) | (7,017) | (8,956) | (23,896) | (21,642) |
| **Rental of branches:** | **-** | **-** | **-** | **(326)** | **(325)** | **(977)** | **(383)** |
| Fundação Bradesco | - | - | - | (326) | (325) | (977) | (383) |
| **Subordinated debts:** | **(15,621)** | **(15,324)** | **(58,584)** | **(298)** | **(318)** | **(2,171)** | **(13,627)** |
| Cidade de Deus Companhia Comercial de Participações | - | - | (20,889) | - | - | (633) | (8,636) |
| Fundação Bradesco | (15,621) | (15,324) | (37,695) | (298) | (318) | (1,538) | (4,991) |

## *Notes to the Consolidated Financial Statements*

### a) Compensation for 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, to be paid to board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and

- The amount allocated to finance Management pension plans, within the Employee and Management pension plan of the Bradesco Organization.

For 2012, the maximum amount of R$344,400 thousand was set for Management compensation and R$334,000 thousand to finance defined contribution pension plans.

**Short-term Management benefits**

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Salaries | 82,398 | 79,671 | 255,424 | 210,652 |
| INSS contributions | 18,439 | 17,866 | 57,269 | 47,186 |
| **Total** | **100,837** | **97,537** | **312,693** | **257,838** |

**Post-employment benefits**

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| Defined contribution supplementary pension plans | 80,559 | 80,108 | 218,694 | 179,418 |
| **Total** | **80,559** | **80,108** | **218,694** | **179,418** |

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

**Other information**

**I) Under current law, financial institutions are not allowed to grant loans or advances to:**

a) 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;

b) Individuals or corporations that own more than 10% of their capital; and

c) 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.

## Notes to the Consolidated Financial Statements

### II) Shareholding

Together, Members of the Board of Directors and Board of Executive Officers had the following shareholding in Bradesco:

| | 2012 | | 2011 |
|---|---|---|---|
| | September 30 | June 30 | September 30 |
| • Common shares | 0.73% | 0.74% | 0.74% |
| • Preferred shares | 1.01% | 0.99% | 1.03% |
| • Total shares (1) | 0.87% | 0.86% | 0.89% |

(1) On September 30, 2012, direct and indirect shareholding of the members of Bradesco's Board of Directors and Board of Executive Officers amounted to 3.02% of common shares, 1.06% of preferred shares and 2.04% of all shares.

## 32) FINANCIAL INSTRUMENTS

### a) Risk management

Risk management is highly strategic due to the increasing complexity of services and products and the globalization of the Organization's business, whose processes are constantly improved.

Decisions made by the Organization are guided by factors that account for return on risk that has previously been identified, measured and evaluated, making the achievement of strategic objectives possible and ensuring the strengthening of the Institution.

The Organization controls risk management in an integrated and independent manner, unifying policies, processes, criteria and methodologies to control risk through a statutory body, the Integrated Risk Management and Capital Allocation Committee, which is supported by specific committees and risk management policies is approved by the Board of Directors.

**Credit risk management**

Credit risk refers to the possibility of losses associated to the non-compliance by the borrower or counterparty for their respective financial obligations under agreed terms, as well as to the reduction of the value of a loan agreement resulting from a deterioration of the borrower's risk rating, reduced earnings or remuneration, the advantages in renegotiation, recovery costs and other values related to the counterparty's non-compliance with its financial obligations.

Credit risk management in the Organization is a continuous and evolving process of mapping, development, assessment and diagnosis through the use of models, instruments and procedures that require a high degree of discipline and control during the analysis of operations to preserve the integrity and autonomy of the processes.

The Organization carefully controls its exposure to credit risk, which mainly results from loans, securities and derivative financial instruments. Credit risk also stems from financial obligations related to loan commitments or financial guarantees.

**Market risk management**

Market risk is represented by the possibility of financial losses due to fluctuating prices and interest rates of the Organization's financial assets as its asset and liability portfolios may have mismatched maturities, currencies and indexes.

Market risk is carefully identified, mapped, measured, mitigated and managed. The Organization has a conservative exposure profile to market risk, with the guidelines and limits monitored independently on a daily basis.

## *Notes to the Consolidated Financial Statements*

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 duly approved by the corporate governance structure.

**Below is the statement of financial position by currency:**

| | R$ thousand | | | | |
|---|---|---|---|---|---|
| | **2012** | | | | **2011** |
| | **September 30** | | | **June 30** | **September 30** |
| | **Balance** | **Local** | **Foreign (1) (2)** | **Foreign (1) (2)** | |
| **Assets** | | | | | |
| **Current and long-term assets** | **840,295,754** | **784,706,701** | **55,589,053** | **55,794,337** | **53,111,971** |
| Funds available | 12,943,991 | 7,079,424 | 5,864,567 | 4,676,339 | 4,352,206 |
| Interbank investments | 126,772,377 | 125,289,207 | 1,483,170 | 3,216,008 | 3,311,438 |
| Securities and derivative financial instruments | 319,537,253 | 307,707,992 | 11,829,261 | 11,162,326 | 9,057,385 |
| Interbank and interdepartmental accounts | 56,275,770 | 56,275,770 | - | - | - |
| Loans and leasing | 242,563,298 | 216,356,341 | 26,206,957 | 24,991,152 | 24,776,783 |
| Other receivables and assets | 82,203,065 | 71,997,967 | 10,205,098 | 11,748,512 | 11,614,159 |
| **Permanent assets** | **15,992,229** | **15,947,806** | **44,423** | **45,165** | **43,004** |
| Investments | 1,907,178 | 1,906,859 | 319 | 312 | 264 |
| Premises and equipment and leased assets | 4,499,596 | 4,482,975 | 16,621 | 17,302 | 15,256 |
| Intangible assets | 9,585,455 | 9,557,972 | 27,483 | 27,551 | 27,484 |
| **Total** | **856,287,983** | **800,654,507** | **55,633,476** | **55,839,502** | **53,154,975** |
| | | | | | |
| **Liabilities** | | | | | |
| **Current and long-term liabilities** | **789,035,441** | **721,612,255** | **67,423,186** | **67,961,420** | **61,832,948** |
| Deposits | 212,869,601 | 188,664,854 | 24,204,747 | 26,985,653 | 23,820,905 |
| Federal funds purchased and securities sold under agreements to repurchase | 245,537,617 | 240,061,275 | 5,476,342 | 1,175,955 | 3,831,616 |
| Funds from issuance of securities | 53,810,212 | 39,813,086 | 13,997,126 | 12,384,041 | 8,151,341 |
| Interbank and interdepartmental accounts | 3,649,170 | 1,993,733 | 1,655,437 | 1,781,048 | 1,648,148 |
| Borrowing and onlending | 45,398,442 | 34,867,560 | 10,530,882 | 12,785,342 | 13,682,715 |
| Derivative financial instruments | 4,147,711 | 3,879,136 | 268,575 | 257,021 | 100,465 |
| Technical reserve for insurance, pension plans and capitalization bonds | 117,807,454 | 117,806,277 | 1,177 | 1,085 | 1,129 |
| Other liabilities: | | | | | |
| - Subordinated debt | 34,506,741 | 25,792,188 | 8,714,553 | 8,683,153 | 6,606,389 |
| - Other | 71,308,493 | 68,734,146 | 2,574,347 | 3,908,122 | 3,990,240 |
| **Deferred income** | **619,391** | **619,391** | **-** | **-** | **-** |
| **Non-controlling interests in subsidiaries** | **586,073** | **586,073** | **-** | **-** | **-** |
| **Shareholders' equity** | **66,047,078** | **66,047,078** | **-** | **-** | **-** |
| **Total** | **856,287,983** | **788,864,797** | **67,423,186** | **67,961,420** | **61,832,948** |
| **Net position of assets and liabilities** | | | **(11,789,710)** | **(12,121,918)** | **(8,677,973)** |
| Net position of derivatives (2) | | | (6,332,245) | (7,129,571) | (8,106,311) |
| Other net memorandum accounts (3) | | | 198,472 | (147,416) | (133,216) |
| **Net exchange position (liability)** | | | **(17,923,483)** | **(19,398,905)** | **(16,917,500)** |

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

## *Notes to the Consolidated Financial Statements*

### VaR Internal Model - Trading Portfolio

| Risk factors | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Fixed rates | 127,015 | 120,806 | 35,157 |
| Exchange coupon | 16,737 | 19,751 | 23,252 |
| Foreign currency | 14,430 | 32,825 | 52,912 |
| IGP-M/IPCA | 117,583 | 101,845 | 101,671 |
| Equities | 9,497 | 24,247 | 19,999 |
| Sovereign/Eurobonds and Treasuries | 20,645 | 18,836 | 16,627 |
| Other | 3,536 | 9,576 | 4,648 |
| Correlation/diversification effect | (88,704) | (81,852) | (102,226) |
| **VaR (Value at Risk)** | **220,739** | **246,034** | **152,040** |

### Sensitivity analysis

The Trading Portfolio is also monitored daily by sensitivity analyses that measure the effect of movements of market and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule 475/08.

Note that the impact of the financial exposure on the Banking Portfolio (notably interest rates and price indexes) do not necessarily represent a potential accounting loss for the Organization because a portion of loans held in the Banking Portfolio are financed by demand and/or savings deposits, which are "natural hedges" for future variations in interest rates; moreover, interest rate variations do not represent a material impact on the Institution's result, as Loans are held to maturity. Also, thanks to the Bradesco's greater share in insurance and pension plan segments, most of its assets are adjusted for price indexes, linked to corresponding technical reserves.

# Notes to the Consolidated Financial Statements

## Sensitivity Analysis - Trading and Banking Portfolios

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | R$ thousand | | | | | | | | |
| | | Trading and Banking portfolios (1) | | | | | | | | |
| | | 2012 | | | | | | 2011 | | |
| | | September 30 | | | June 30 | | | September 30 | | |
| | | 1 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 3 |
| Interest rate in Reais | Exposure subject to variations in fixed interest rates and interest rate coupons | (13,466) | (2,725,809) | (5,278,555) | (8,822) | (1,830,479) | (3,540,762) | (4,749) | (1,362,030) | (2,554,838) |
| Price indexes | Exposure subject to variations in price index coupon rates | (18,997) | (1,787,571) | (3,222,822) | (12,238) | (1,261,830) | (2,323,495) | (10,663) | (1,353,094) | (2,449,531) |
| Exchange coupon | Exposure subject to variations in foreign currency coupon rates | (763) | (69,951) | (131,006) | (1,030) | (96,445) | (180,994) | (155) | (14,607) | (28,723) |
| Foreign currency | Exposure subject to exchange variations | (3,742) | (93,553) | (187,106) | (5,378) | (134,442) | (268,884) | (14,785) | (369,634) | (739,268) |
| Equities | Exposure subject to variation in stock prices | (17,078) | (426,958) | (853,915) | (15,493) | (387,323) | (774,646) | (15,814) | (395,355) | (790,710) |
| Sovereign/ Eurobonds and Treasuries | Exposure subject to variations in the interest rate of securities traded on the international market | (1,032) | (39,215) | (74,808) | (4,950) | (124,966) | (249,429) | (1,182) | (35,259) | (70,987) |
| Other | Exposure not classified in previous definitions | (62) | (1,560) | (3,120) | (99) | (2,502) | (5,004) | (24) | (588) | (1,176) |
| **Total excluding correlation of risk factors** | | **(55,140)** | **(5,144,617)** | **(9,751,332)** | **(48,010)** | **(3,837,987)** | **(7,343,214)** | **(47,372)** | **(3,530,567)** | **(6,635,233)** |
| **Total including correlation of risk factors** | | **(32,238)** | **(4,049,217)** | **(7,654,738)** | **(28,009)** | **(3,021,183)** | **(5,765,838)** | **(31,478)** | **(2,685,283)** | **(5,012,448)** |

(1) Amounts net of tax.

## Notes to the Consolidated Financial Statements

The sensitivity analysis of the Trading Portfolio, which represents exposures that may have a material impact on the Organization's results, is presented below. Note that results show the impact for each scenario on a static portfolio position. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. Moreover, as previously mentioned, we have an ongoing process of market risk management, which constantly looks for market dynamism to mitigate/minimize related risks according to the strategy determined by Senior Management. Therefore, in cases of deterioration indicators in a certain position, proactive measures are taken to minimize any potential negative impact, aimed at maximizing the risk/return ratio for the Organization.

### Sensitivity Analysis - Trading Portfolio

| | | R$ thousand | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Trading portfolio (1)** | | | | | | | | |
| | | **2012** | | | | | | **2011** | | |
| | | **September 30** | | | **June 30** | | | **September 30** | | |
| | | **1** | **2** | **3** | **1** | **2** | **3** | **1** | **2** | **3** |
| Interest rate in Reais | Exposure subject to variations in fixed interest rates and interest rate coupons | (3,947) | (759,846) | (1,485,438) | (1,786) | (366,463) | (707,358) | (679) | (179,733) | (342,539) |
| Price indexes | Exposure subject to variations in price index coupon rates | (2,505) | (242,361) | (461,637) | (1,870) | (186,281) | (360,669) | (1,792) | (226,537) | (439,604) |
| Exchange coupon | Exposure subject to variations in foreign currency coupon rates | (735) | (66,978) | (125,370) | (939) | (88,703) | (166,028) | (24) | (2,413) | (4,706) |
| Foreign currency | Exposure subject to exchange variations | (6,960) | (174,006) | (348,012) | (9,745) | (243,627) | (487,254) | (10,618) | (265,441) | (530,883) |
| Equities | Exposure subject to variation in stock prices | (1,039) | (25,980) | (51,961) | (2,137) | (53,423) | (106,846) | (1,718) | (42,946) | (85,892) |
| Sovereign/ Eurobonds and Treasuries | Exposure subject to variations in the interest rate of securities traded on the international market | (1,124) | (39,529) | (74,873) | (4,427) | (114,687) | (228,605) | (616) | (20,093) | (39,778) |
| Other | Exposure not classified in previous definitions | (26) | (658) | (1,317) | (89) | (2,251) | (4,502) | - | (1) | (3) |
| **Total excluding correlation of risk factors** | | **(16,336)** | **(1,309,358)** | **(2,548,608)** | **(20,993)** | **(1,055,435)** | **(2,061,262)** | **(15,447)** | **(737,164)** | **(1,443,405)** |
| **Total including correlation of risk factors** | | **(9,433)** | **(949,418)** | **(1,846,745)** | **(11,711)** | **(660,095)** | **(1,281,204)** | **(11,512)** | **(515,113)** | **(1,004,878)** |

(1) Amounts net of tax.

## *Notes to the Consolidated Financial Statements*

Sensitivity analyses were carried out based on scenarios prepared for the respective dates, always considering market data at the time and scenarios that would adversely affect our positions, according to the examples below:

**Scenario 1:** Based on market information (BM&FBovespa, Anbima, etc.), stresses were applied for 1 basis point on the interest rate and 1% variation on prices. For example, in the scenario applied to positions on September 28, 2012, the Real/Dollar exchange rate was R$2.05. The rate applied on the positions on September 28, 2012 was 7.51% p.a. for the 1-year fixed interest rate scenario;

**Scenario 2:** 25% stresses were determined based on market information. For instance, in the scenario applied to positions on September 28, 2012, the Real/Dollar exchange rate was R$2.53. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 28, 2012 was 9.38% p.a. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices; and

**Scenario 3:** 50% stresses were determined based on market information. For instance, in the scenario applied to positions on September 28, 2012, the Real/Dollar exchange rate was R$3.04. For the interest rate scenario, the 1-year fixed interest rate applied to positions on September 28, 2012 was 11.25% p.a. 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 not having sufficient financial resources to enable the Organization to meet its commitments due to the mismatch of payments and receipts, considering different currencies and settlement terms of their rights and obligations.

The Organization has a liquidity policy that not only defines the minimum levels that must be observed, taking into account stress scenarios, but also in which type of financial instruments the resources must remain invested, as well as the business strategy to be triggered in case of need.

The liquidity risk is managed by daily monitoring of the composition of available resources, compliance with the minimum level of liquidity and contingency plans for stress situations. Positions are controlled and monitored centrally.

## Notes to the Consolidated Financial Statements

### The statement of financial position by maturity is as follows:

R$ thousand

| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Maturity not stated | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current and long-term assets** | **451,600,669** | **125,206,858** | **59,482,887** | **204,005,340** | **-** | **840,295,754** |
| Funds available | 12,943,991 | - | - | - | - | 12,943,991 |
| Interbank investments | 74,981,478 | 48,906,496 | 2,004,831 | 879,572 | - | 126,772,377 |
| Securities and derivative financial instruments (1) (2) | 250,712,714 | 4,497,404 | 10,536,465 | 53,790,670 | - | 319,537,253 |
| Interbank and interdepartmental accounts | 55,726,707 | - | - | 549,063 | - | 56,275,770 |
| Loan and leasing | 25,271,603 | 60,043,914 | 40,925,606 | 116,322,175 | - | 242,563,298 |
| Other receivables and assets | 31,964,176 | 11,759,044 | 6,015,985 | 32,463,860 | - | 82,203,065 |
| **Permanent assets** | **333,356** | **1,487,779** | **1,260,747** | **9,039,123** | **3,871,224** | **15,992,229** |
| Investments | - | - | - | - | 1,907,178 | 1,907,178 |
| Premises and equipment and leased assets | 56,360 | 281,786 | 338,143 | 3,422,949 | 400,358 | 4,499,596 |
| Intangible assets | 276,996 | 1,205,993 | 922,604 | 5,616,174 | 1,563,688 | 9,585,455 |
| **Total on September 30, 2012** | **451,934,025** | **126,694,637** | **60,743,634** | **213,044,463** | **3,871,224** | **856,287,983** |
| **Total on June 30, 2012** | **484,367,299** | **92,394,486** | **53,524,409** | **196,378,235** | **3,855,999** | **830,520,428** |
| **Total on September 30, 2011** | **373,356,347** | **126,441,623** | **46,098,100** | **173,899,336** | **2,493,962** | **722,289,368** |
| | | | | | | |
| **Liabilities** | | | | | | |
| **Current and long-term liabilities** | **430,183,712** | **87,564,487** | **47,337,473** | **223,949,769** | **-** | **789,035,441** |
| Deposits (3) | 112,054,550 | 16,942,092 | 11,692,543 | 72,180,416 | - | 212,869,601 |
| Federal funds purchased and securities sold under agreements to repurchase (2) | 176,133,964 | 37,411,461 | 9,014,068 | 22,978,124 | - | 245,537,617 |
| Funds from issuance of securities | 1,434,426 | 13,208,215 | 13,722,106 | 25,445,465 | - | 53,810,212 |
| Interbank and interdepartmental accounts | 3,649,170 | - | - | - | - | 3,649,170 |
| Borrowing and onlending | 3,990,574 | 9,892,503 | 9,282,595 | 22,232,770 | - | 45,398,442 |
| Derivative financial instruments | 2,972,104 | 228,450 | 217,495 | 729,662 | - | 4,147,711 |
| Technical reserves for insurance, pension plans and capitalization bonds (3) | 88,790,165 | 3,050,901 | 1,338,662 | 24,627,726 | - | 117,807,454 |
| Other liabilities: | | | | | | |
| - Subordinated debts | 1,163,297 | 2,811,571 | 422,187 | 30,109,686 | - | 34,506,741 |
| - Other | 39,995,462 | 4,019,294 | 1,647,817 | 25,645,920 | - | 71,308,493 |
| **Deferred income** | **619,391** | **-** | **-** | **-** | **-** | **619,391** |
| **Non-controlling interests in subsidiaries** | **-** | **-** | **-** | **-** | **586,073** | **586,073** |
| **Shareholders' equity** | **-** | **-** | **-** | **-** | **66,047,078** | **66,047,078** |
| **Total on September 30, 2012** | **430,803,103** | **87,564,487** | **47,337,473** | **223,949,769** | **66,633,151** | **856,287,983** |
| **Total on June 30, 2012** | **414,354,804** | **69,393,150** | **51,927,161** | **230,338,330** | **64,506,983** | **830,520,428** |
| **Total on September 30, 2011** | **345,689,490** | **47,545,877** | **41,277,499** | **233,420,961** | **54,355,541** | **722,289,368** |
| **Net assets on September 30, 2012 YTD** | **21,130,922** | **60,261,072** | **73,667,233** | **62,761,927** | **-** | **-** |
| **Net assets on June 30, 2012 YTD** | **70,012,495** | **93,013,831** | **94,611,079** | **60,650,984** | **-** | **-** |
| **Net assets on September 30, 2011 YTD** | **27,666,857** | **106,562,603** | **111,383,204** | **51,861,579** | **-** | **-** |

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

## Notes to the Consolidated Financial Statements

**Operational Risk**

Operational risk is represented by losses from internal processes, personnel and inadequate systems or failures and external events. This definition includes legal risk, but excludes strategic and reputational risk.

Operational risk management is essential to generate added value. Risk is controlled centrally through identification, measurement, mitigation plans and monitoring, on a consolidated basis and for each of the Organization's companies.

Among plans to mitigate operational risk, the most important is business continuity management, which consists of formal plans to be adopted during moments of crisis to guarantee the recovery and continuation of business as well as preventing loss.

**Capital Management**

The capital management process is performed to provide the conditions necessary to meet the Organization's strategic objectives, considering the economic and commercial environment in which it operates. This process is compatible with the nature of operations, complexity of service and products and extent of the Organization's exposure to risks.

Under Bacen regulations, financial institutions must permanently maintain capital (Reference Shareholders' Equity) consistent with the risks of their activities, represented by Required Reference Shareholders' Equity (PRE). The PRE calculation considers, at least, the sum of credit risk, market risk and operating risk.

Adjusting to Reference Shareholders' Equity is done daily and aims to ensure that the Organization has a solid capital base to support development of activities and cope with risk, either in normal or in extreme market conditions, as well as meeting capital regulatory requirements.

## Notes to the Consolidated Financial Statements

### The Capital Adequacy Ratio is shown below:

| Calculation basis - Capital Adequacy Ratio | | | | | | R$ thousand |
|---|---|---|---|---|---|---|
| | 2012 | | | | 2011 | |
| | September 30 | | June 30 | | September 30 | |
| | Financial | Economic-financial | Financial | Economic-financial | Financial | Economic-financial |
| **Shareholders' equity** | **66,047,078** | **66,047,078** | **63,920,088** | **63,920,088** | **53,742,101** | **53,742,101** |
| Reduction of deferred assets - CMN Resolution 3,444/07 | (130,667) | (218,299) | (139,872) | (223,833) | (182,700) | (259,744) |
| Decrease in gains/losses of mark-to-market adjustments in available for sale and derivatives - CMN Resolution 3,444/07 | (2,150,068) | (2,150,068) | (1,865,419) | (1,865,419) | 2,780,991 | 2,780,991 |
| Non-controlling interests/other | 186,345 | 586,073 | 187,211 | 586,895 | 181,619 | 613,440 |
| **Reference shareholders' equity - Tier I** | **63,952,688** | **64,264,784** | **62,102,008** | **62,417,731** | **56,522,011** | **56,876,788** |
| Total of gains/losses of adjustments to market value in available for sale and derivatives - CMN Resolution 3,444/07 | 2,150,068 | 2,150,068 | 1,865,419 | 1,865,419 | (2,780,991) | (2,780,991) |
| Subordinated debt/other | 24,842,348 | 24,842,348 | 26,025,344 | 26,025,344 | 14,844,275 | 14,844,275 |
| **Reference shareholders' equity - Tier II** | **26,992,416** | **26,992,416** | **27,890,763** | **27,890,763** | **12,063,284** | **12,063,284** |
| **Total reference shareholders' equity (Tier I + Tier II)** | **90,945,104** | **91,257,200** | **89,992,771** | **90,308,494** | **68,585,295** | **68,940,072** |
| Deduction of instruments for funding - CMN Resolution 3,444/07 | (108,080) | (108,080) | (107,052) | (107,052) | (99,269) | (134,078) |
| **Reference shareholders' equity (a)** | **90,837,024** | **91,149,120** | **89,885,719** | **90,201,442** | **68,486,026** | **68,805,994** |
| **Capital allocation (by risk)** | | | | | | |
| - Credit risk | 55,221,654 | 54,212,999 | 53,055,883 | 52,050,305 | 46,956,944 | 47,182,731 |
| - Market risk | 5,206,827 | 5,206,827 | 3,142,932 | 3,142,932 | 1,399,717 | 1,399,717 |
| - Operational risk | 2,543,272 | 3,431,636 | 2,543,458 | 3,312,555 | 2,004,420 | 2,810,237 |
| **Required reference shareholders' equity (b)** | **62,971,753** | **62,851,462** | **58,742,273** | **58,505,792** | **50,361,081** | **51,392,685** |
| **Margin (a-b)** | **27,865,271** | **28,297,658** | **31,143,446** | **31,695,650** | **18,124,945** | **17,413,309** |
| **Risk-weighted assets (c)** | **572,470,483** | **571,376,930** | **534,020,665** | **531,870,834** | **457,828,008** | **467,206,228** |
| **Capital adequacy ratio (a/c)** | **15.87%** | **15.95%** | **16.83%** | **16.96%** | **14.96%** | **14.73%** |

## Notes to the Consolidated Financial Statements

### b) Market value

The book value, net of loss provisions on the main financial instruments is shown below:

R$ thousand

| Portfolios | Unrealized gain/(loss) without tax effects | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | Market value | In income statement | | | In shareholders' equity | | |
| | 2012 | | 2012 | | 2011 | 2012 | | 2011 |
| | September 30 | | September 30 | June 30 | September 30 | September 30 | June 30 | September 30 |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 319,537,253 | 322,021,950 | 8,887,562 | 8,140,573 | 2,594,692 | 2,484,697 | 2,221,338 | 4,403,399 |
| - Adjustment of available-for-sale securities (Note 8 cII) | | | 6,402,865 | 5,919,235 | (1,808,707) | - | - | - |
| - Adjustment of held-to-maturity securities (Note 8d item 6) | | | 2,484,697 | 2,221,338 | 4,403,399 | 2,484,697 | 2,221,338 | 4,403,399 |
| Loan and leasing (Notes 2, 3g and 10) (1) | 284,366,604 | 285,860,897 | 1,494,293 | 1,536,523 | (431,366) | 1,494,293 | 1,536,523 | (431,366) |
| Investments (Notes 3j and 13) (2) | 1,907,178 | 13,759,383 | 11,852,205 | 12,710,628 | 7,801,406 | 11,852,205 | 12,710,628 | 7,801,406 |
| Treasury shares (Note 23d) | 197,301 | 226,234 | - | - | - | 28,933 | 12,764 | (2,293) |
| Time deposits (Notes 3n and 16a) | 113,379,223 | 113,183,829 | 195,394 | 177,450 | 195,630 | 195,394 | 177,450 | 195,630 |
| Funds from issuance of securities (Note 16c) | 53,810,212 | 54,033,360 | (223,148) | (263,296) | (186,038) | (223,148) | (263,296) | (186,038) |
| Borrowing and onlending (Notes 17a and 17b) | 45,398,442 | 45,316,881 | 81,561 | 90,355 | 486,445 | 81,561 | 90,355 | 486,445 |
| Subordinated debts (Note 19) | 34,506,741 | 35,698,220 | (1,191,479) | (848,547) | (1,404,075) | (1,191,479) | (848,547) | (1,404,075) |
| **Unrealized gains excluding tax** | | | **21,096,388** | **21,543,686** | **9,056,694** | **14,722,456** | **15,637,215** | **10,863,108** |

(1) Includes advances on foreign exchange contracts, leases and other receivables with lending characteristics; and
(2) Essentially includes the surplus of interest in subsidiaries and affiliates (Cielo, Odontoprev, Serasa and Fleury) and other investments (BM&FBovespa).

## *Notes to the Consolidated Financial Statements*

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

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price at the end of the reporting period. If no quoted market price is available, estimate amounts are based on the dealer quotations, pricing models, quotation models or quotations for instruments with similar characteristics;

- Fixed rate loans were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are consistent with the market at the end of the reporting period; and

- Time deposits, funds from issuance of securities, borrowing and onlending were calculated by discounting the difference between the cash flows under the contract terms and the prevailing market rates at the end of the reporting period.

### 33) EMPLOYEE BENEFITS

Bradesco and its subsidiaries sponsor a unrestricted benefit pension plan (PGBL) for employees and directors which is a private defined contribution pension plan that allows financial resources to be accumulated by participants throughout their careers by means of employee and employer contributions and being invested in an Exclusive Investment Fund (FIE).

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

Contributions made by employees and directors of Bradesco and its subsidiaries are for the equivalent of at least 4% of their salary, except for participants who chose to migrate from the defined benefit plan to a defined contribution plan (PGBL) in 2001, whose contributions to the PGBL were maintained at the levels that prevailed for the defined benefit plan when they migrated, always respecting the 4% minimum.

Actuarial obligations of the defined contribution plan (PGBL) are fully covered by the plan assets of the corresponding FIE.

Besides the aforementioned plan (PGBL), participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the plan. For participants of the defined benefit plan, whether they migrated to the PGBL plan or not, for retirees and pensioners, the present value of the actuarial plan obligation is fully covered by the plan assets.

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

Banco Bradesco BBI S.A. (formally Banco BEM S.A.) sponsor both defined benefit and defined contribution retirement plans, through Caixa de Assistência e Aposentadoria dos Funcionários do BEM (Capof).

Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (Alvorada CCFI) (merging company of Banco BEC S.A.) sponsors a defined benefit plan through Caixa de Previdência Privada do BEC - Cabec.

Pension plan assets are invested under the applicable legislation (government securities and private securities, listed company shares and real estate properties).

## *Notes to the Consolidated Financial Statements*

Bradesco's foreign branches and subsidiaries provide their employees and directors with a pension plan in accordance with standards set locally by the authorities so accumulating funds throughout the participant's career.

Expenses relating to contributions made in the nine-month period ended September 30, 2012 totaled R$409,748 thousand (R$334,789 thousand on September 30, 2012) and R$146,488 thousand in the third quarter of 2012 (R$146,186 thousand in the second quarter of 2012).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and management other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training, whose expenses, including the aforementioned contributions, amounted to R$1,939,771 thousand in the nine-month period ended September 30, 2012 (R$1,693,744 thousand on September 30, 2011) and R$674,728 thousand in the third quarter of 2012 (R$657,227 thousand in the second quarter of 2012).

### 34) INCOME TAX AND SOCIAL CONTRIBUTION

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

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Income before income tax and social contribution** | **4,254,891** | **2,898,213** | **11,749,742** | **10,953,283** |
| Total income tax and social contribution at rates of 25% and 15%, respectively (1) | (1,701,956) | (1,159,285) | (4,699,897) | (4,381,313) |
| **Effect on the tax calculation:** | | | | |
| Equity in the earnings (losses) of unconsolidated companies | 17,836 | 7,444 | 41,347 | 36,293 |
| Non-deductible expenses, net of non-taxable income | (150,893) | (101,732) | (371,007) | (270,598) |
| Interest on shareholders' equity (2) | 314,775 | 308,432 | 985,551 | 880,432 |
| Other amounts (3) | 148,017 | 895,945 | 836,205 | 1,197,917 |
| **Income tax and social contribution for the period** | **(1,372,221)** | **(49,196)** | **(3,207,801)** | **(2,537,269)** |

(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) Includes paid and payable interest on shareholders' equity; and
(3) Essentially includes the exchange variation on investments made abroad and bringing the effective social contribution rate to the 40% rate.

## *Notes to the Consolidated Financial Statements*

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

| | R$ thousand | | | |
|---|---|---|---|---|
| | 2012 | | | 2011 |
| | 3rd Quarter | 2nd Quarter | September 30 YTD | September 30 YTD |
| **Current taxes:** | | | | |
| **Income tax and social contribution payable** | **(1,841,419)** | **(1,883,074)** | **(6,294,774)** | **(6,185,463)** |
| **Deferred taxes:** | | | | |
| Amount recorded/realized in the period on temporary additions | 574,874 | 1,798,374 | 3,259,001 | 3,962,088 |
| **Use of opening balances of:** | | | | |
| Social contribution loss | (48,073) | 34,075 | (90,592) | (114,814) |
| Income tax loss | (11,149) | (8,003) | (116,802) | (261,526) |
| **Recording/utilization in the period on:** | | | | |
| Social contribution loss | (35,378) | 22,979 | 12,322 | 21,098 |
| Income tax loss | (11,076) | (13,547) | 23,044 | 41,348 |
| **Total deferred taxes** | **469,198** | **1,833,878** | **3,086,973** | **3,648,194** |
| **Income tax and social contribution for the period** | **(1,372,221)** | **(49,196)** | **(3,207,801)** | **(2,537,269)** |

### c) Origin of deductible tax from deferred income tax and social contribution

| | R$ thousand | | | | | |
|---|---|---|---|---|---|---|
| | Balance on 12.31.2011 | Amount recorded | Amount realized | Balance on 9.30.2012 | Balance on 6.30.2012 | Balance on 9.30.2011 |
| Allowance for loan losses | 10,983,555 | 4,698,997 | 3,171,915 | 12,510,637 | 12,382,967 | 11,347,415 |
| Civil provisions | 1,284,877 | 263,229 | 147,557 | 1,400,549 | 1,351,121 | 1,238,166 |
| Tax provisions | 4,087,345 | 673,775 | 67,503 | 4,693,617 | 4,500,571 | 3,878,966 |
| Labor provisions | 915,778 | 277,819 | 221,396 | 972,201 | 959,945 | 892,908 |
| Provision for devaluation of securities and investments | 406,068 | 12,090 | 2,876 | 415,282 | 414,735 | 105,077 |
| Provision for devaluation of foreclosed assets | 93,539 | 91,376 | 65,177 | 119,738 | 104,501 | 96,324 |
| Adjustment to market value of trading securities | 16,195 | 111 | 3,694 | 12,612 | 14,857 | 20,398 |
| Amortization of goodwill | 411,617 | 1,367 | 59,178 | 353,806 | 372,692 | 768,601 |
| Provision for interest on shareholders' equity (1) | - | 593,297 | - | 593,297 | 317,680 | 630,756 |
| Other | 1,191,621 | 849,542 | 463,306 | 1,577,857 | 1,655,653 | 1,317,345 |
| **Total deductible tax on temporary differences** | **19,390,595** | **7,461,603** | **4,202,602** | **22,649,596** | **22,074,722** | **20,295,956** |
| Income tax and social contribution losses in Brazil and abroad | 513,396 | 35,366 | 207,394 | 341,368 | 447,044 | 425,559 |
| **Subtotal (2)** | **19,903,991** | **7,496,969** | **4,409,996** | **22,990,964** | **22,521,766** | **20,721,515** |
| Adjustment to fair value of available-for-sale securities (2) | 841,421 | 226,354 | 668,961 | 398,814 | 443,244 | 793,056 |
| Social contribution - Provisional Measure 2,158-35/01 (3) | 144,643 | - | 3,801 | 140,842 | 140,842 | 144,643 |
| **Total deductible tax (Note 11b)** | **20,890,055** | **7,723,323** | **5,082,758** | **23,530,620** | **23,105,852** | **21,659,214** |
| **Deferred tax liabilities (Note 34f)** | **4,824,991** | **3,708,147** | **1,256,968** | **7,276,170** | **7,532,884** | **5,147,014** |
| **Tax credits net of deferred tax liabilities** | **16,065,064** | **4,015,176** | **3,825,790** | **16,254,450** | **15,572,968** | **16,512,200** |
| **- Percentage of net deductible tax on reference shareholders' equity (Note 32a)** | **22.5%** | | | **17.8%** | **17.3%** | **24.0%** |
| **- Percentage of net tax credits over total assets** | **2.1%** | | | **1.9%** | **1.9%** | **2.3%** |

(1) Deductible tax on interest on shareholders' equity is recorded up to the authorized tax limit;

(2) Deductible tax from companies in the financial and insurance sectors were recorded considering the increase in the social contribution rate, established by Law 11,727/08 (Note 3h); and

(3) The amount of R$31,072 thousand is expected to be realized by the end of the year, which will be accounted when it will be effectively used (item d).

## *Notes to the Consolidated Financial Statements*

**d) Expected realization of deductible tax on temporary differences, income tax and social contribution losses and deductible social contribution - Provisional Measure 2,158-35**

| | R$ thousand | | | | |
|---|---|---|---|---|---|
| | Temporary differences | | Income tax and social contribution losses | | Total |
| | Income tax | Social contribution | Income tax | Social contribution | |
| 2012 | 2,097,216 | 1,199,673 | 15,218 | 7,171 | **3,319,278** |
| 2013 | 4,563,430 | 2,678,567 | 35,573 | 26,038 | **7,303,608** |
| 2014 | 4,735,169 | 2,805,777 | 36,263 | 19,997 | **7,597,206** |
| 2015 | 1,528,085 | 880,880 | 40,582 | 31,211 | **2,480,758** |
| 2016 | 1,249,967 | 654,126 | 47,817 | 81,122 | **2,033,032** |
| 2017 (nine months) | 159,710 | 96,996 | 292 | 84 | **257,082** |
| **Total** | **14,333,577** | **8,316,019** | **175,745** | **165,623** | **22,990,964** |

| | R$ thousand | | | | | |
|---|---|---|---|---|---|---|
| | Deductible social contribution - Provisional Measure 2,158-35 | | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
| **Total** | 31,072 | 2,505 | 4,188 | 47,374 | 55,703 | **140,842** |

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

The present value of deductible taxes, calculated based on the average funding rate, net of tax effects, amounts to R$22,080,701 thousand (R$21,544,937 thousand on June 30, 2012 and R$19,642,629 thousand on September 30, 2011), of which R$21,633,221 thousand (R$20,999,136 thousand on June 30, 2012 and R$19,105,710 thousand on September 30, 2011) refers to temporary differences, R$316,968 thousand (R$416,172 thousand on June 30, 2012 and R$396,253 thousand on September 30, 2011) to income tax and social contribution losses and R$130,512 thousand (R$129,629 thousand on June 30, 2012 and R$140,666 thousand on September 30, 2011) of deductible social contribution, pursuant to Provisional Measure 2,158-35.

**e) Unrecognized deductible tax**

Deductible tax of R$1,466,070 thousand (R$1,478,186 thousand on June 30, 2012 and R$2,555 thousand on September 30, 2011) has not been recorded in the financial statements, and will be recorded when they meet with regulatory demands and/or present the probable prospects to be realized according to studies and analyses prepared by the Management and in accordance with Bacen regulations. The balance as at September 30, 2012 includes R$1,464,111 thousand (R$1,476,229 thousand on June 30, 2012), which refers to unrecorded deductible tax from the acquisition of Banco BERJ, which was consolidated from November 2011.

**f) Deferred tax liabilities**

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Mark-to-market adjustment of derivative financial instruments | 3,299,822 | 3,312,670 | 555,675 |
| Difference in depreciation | 2,648,338 | 2,925,560 | 3,591,787 |
| Judicial deposit and others | 1,328,010 | 1,294,654 | 999,552 |
| **Total** | **7,276,170** | **7,532,884** | **5,147,014** |

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

## *Notes to the Consolidated Financial Statements*

### 35) OTHER INFORMATION

a) The Organization manages investment funds and portfolios with net assets of R$404,442,213 thousand as at September 30, 2012 (R$383,588,580 thousand on June 30, 2012 and R$319,451,263 thousand on September 30, 2011).

b) Consortia funds

| | R$ thousand | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Monthly estimate of funds receivable from consortium members | 284,353 | 274,134 | 263,790 |
| Contributions payable by the group | 14,863,508 | 14,367,536 | 14,575,983 |
| Consortium members - assets to be included | 13,287,433 | 12,846,148 | 13,120,384 |
| Credits available to consortium members | 3,195,231 | 3,326,158 | 2,922,425 |

| | In units | | |
|---|---|---|---|
| | 2012 | | 2011 |
| | September 30 | June 30 | September 30 |
| Number of groups managed | 2,772 | 2,735 | 2,651 |
| Number of active consortium members | 706,752 | 676,087 | 548,097 |
| Number of assets to be included | 189,141 | 187,526 | 140,113 |

c) In the third quarter of 2012, Bacen amended and redefined the regulations relating to compulsory deposits on funds repayable on demand and in installments with the purpose of making flexible the collection of compulsory deposits and reducing financial intermediation costs, as well as stimulating the motorcycles sale. It showed the following effects:

| Description | Previous regulation | Current regulation |
|---|---|---|
| Collection of compulsory deposits on funds repayable in installments | Bacen will remunerate the lesser of the following amounts:<br>I - liabilities minus deductions of up to 64%;<br>II - liabilities limited by the percentage of:<br>- 64% from June 22, 2012 to February 20, 2014;<br>- 73% from February 21, 2014 to April 24, 2014;<br>- 82% from April 25, 2014 to June 19, 2014; and<br>- 100% as from June 20, 2014. | Bacen now remunerates the lesser of the following amounts:<br>I - liabilities minus deductions of up to 50%;<br>II - liabilities limited by the percentage of:<br>- 64% from June 22, 2012 to October 25, 2012;<br>- 50% from October 26, 2014 to February 20, 2014;<br>- 64% from February 21, 2014 to April 24, 2014;<br>- 73% from April 25, 2014 to June 19, 2014;<br>- 82% from June 20, 2014 to August 21, 2014; and<br>- 100% as of August 20, 2014. |
| Operations eligible for deduction in compulsory deposits on funds for vehicles financing | Balance of loan operations for financing and leasing of automobiles and light commercial vehicles. | Balance of loan operations for financing and leasing of motorcycles. |
| Additional rate on demand funds | - 6% | - reduced to 0%. |
| Collectible amount criteria | Collectible amount must be daily adjusted based on the checks, the credit documents and the billing slips due on the immediate day after the collection or payment and that demand transfer between bank reserve accounts of financial institutions. | This criterion was revoked. |

d) As part of the convergence process with international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) issued certain accounting pronouncements, their interpretations and orientations, which are applicable to financial institutions only after approval by CMN.

The accounting standards which have been approved by CMN include the following:

## *Notes to the Consolidated Financial Statements*

- Resolution 3,566/08 - Impairment of Assets (CPC 01);
- Resolution 3,604/08 - Statement of Cash Flows (CPC 03);
- Resolution 3,750/09 - Related Party Disclosures (CPC 05);
- Resolution 3,823/09 - Provisions, Contingent Liabilities and Contingent Assets (CPC 25);
- Resolution 3,973/11 - Subsequent Events (CPC 24);
- Resolution 3,989/11 - Share-based Payment (CPC 10);
- Resolution 4,007/11 - Accounting Policies, Changes in Accounting Estimates and Errors (CPC 23); and
- Resolution 4,144/12 - Basic Conceptual Pronouncement (R1).

Presently, it is not possible to estimate when the CMN will approve the other CPC pronouncements or if they will be used prospectively or retrospectively

CMN Resolution 3,786/09 and Bacen Circular Letters 3,472/09 and 3,516/10 establishes that financial institutions and other entities authorized by Bacen to operate, which are publicly-held companies or which are required to establish an Audit Committee shall, as from December 31, 2010, annually prepare and publish their consolidated financial statements in up to 90 days from the reference date December 31, prepared under the International Financial Reporting Standards (IFRS), in compliance with standards issued by the International Accounting Standards Board (IASB).
As required by CMN Resolution, on March 30, 2012, Bradesco published its consolidated financial statements on its website for December 31, 2011 and 2010, in accordance with IFRS standards. According to Management, reconciliations between net income and shareholders' equity as of September 30, 2012 are consistent with those reconciliations as of December 31, 2011.

## *Management Bodies*

Reference Date: October 9, 2012

**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
Milton Matsumoto
Ricardo Espírito Santo Silva Salgado

**Board of Executive Officers**

**Executive Officers**

**Chief Executive Officer**
Luiz Carlos Trabuco Cappi

**Executive Vice-Presidents**
Julio de Siqueira Carvalho de Araujo
Domingos Figueiredo de Abreu
José Alcides Munhoz
Aurélio Conrado Boni
Sérgio Alexandre Figueiredo Clemente
Marco Antonio Rossi

**Managing Directors**
Candido Leonelli
Maurício Machado de Minas
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

**Deputy Directors**
Altair Antônio de Souza
André Marcelo da Silva Prado
Denise Pauli Pavarina
Luiz Fernando Peres
Moacir Nachbar Junior
Octávio de Lazari Júnior

**Department Directors**
Adineu Santesso
Amilton Nieto
André Bernardino da Cruz Filho
Antonio Carlos Melhado
Antonio de Jesus Mendes
Antonio José da Barbara
Arnaldo Nissental
Aurélio Guido Pagani
Cassiano Ricardo Scarpelli
Clayton Camacho
Diaulas Morize Vieira Marcondes Junior
Douglas Tevis Francisco
Edilson Wiggers
Eurico Ramos Fabri
Fernando Antônio Tenório

**Department Directors (continued)**
Fernando Roncolato Pinho
Frederico William Wolf
Glaucimar Peticov
Guilherme Muller Leal
João Albino Winkelmann
João Carlos Gomes da Silva
Joel Antonio Scalabrini
Jorge Pohlmann Nasser
José Luis Elias
José Luiz Rodrigues Bueno
José Ramos Rocha Neto
Júlio Alves Marques
Laércio Carlos de Araújo Filho
Layette Lamartine Azevedo Júnior
Lúcio Rideki Takahama
Luiz Alves dos Santos
Luiz Carlos Brandão Cavalcanti Junior
Marcos Aparecido Galende
Marcos Bader
Marcos Daré
Marlene Morán Millan
Nobuo Yamazaki
Octavio Manoel Rodrigues de Barros
Paulo Aparecido dos Santos
Paulo Faustino da Costa
Roberto Sobral Hollander
Rogério Pedro Câmara
Waldemar Ruggiero Júnior
Walkiria Schirrmeister Marquetti

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Cláudio Borges Cassemiro
João Sabino
Osmar Roncolato Pinho
Paulo Manuel Taveira de Oliveira Ferreira
Roberto de Jesus Paris
Vinicius José de Almeida Albernaz

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Almir Rocha
Antonio Gualberto Diniz
Antonio Piovesan
Carlos Alberto Alástico
Delvair Fidêncio de Lima
Francisco Aquilino Pontes Gadelha
Francisco Assis da Silveira Junior
Geraldo Dias Pacheco
João Alexandre Silva
José Sergio Bordin
Leandro José Diniz
Luis Carlos Furquim Vermieiro
Mauricio Gomes Maciel
Volnei Wulff
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Mário da Silveira Teixeira Júnior
Luiz Carlos Trabuco Cappi
Carlos Alberto Rodrigues Guilherme
Milton Matsumoto
Sérgio Nonato Rodrigues

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Osvaldo Watanabe

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Milton Matsumoto
Domingos Figueiredo de Abreu
Marco Antonio Rossi
Alexandre da Silva Glüher
Clayton Camacho
Frederico William Wolf
Roberto Sobral Hollander
Rogério Pedro Câmara

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Domingos Figueiredo de Abreu
Marco Antonio Rossi
Alexandre da Silva Glüher
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Marco Antonio Rossi
Alexandre da Silva Glüher
André Rodrigues Cano
Josué Augusto Pancini
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Frederico William Wolf
Glaucimar Peticov
José Luiz Rodrigues Bueno
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Domingos Figueiredo de Abreu
José Alcides Munhoz
Aurélio Conrado Boni
Sérgio Alexandre Figueiredo Clemente
Marco Antonio Rossi
Alexandre da Silva Glüher
Alfredo Antônio Lima de Menezes
Luiz Carlos Angelotti
Antonio de Jesus Mendes
Roberto Sobral Hollander

**Fiscal Council**
**Sitting Members**
Domingos Aparecido Maia - Coordinator
Nelson Lopes de Oliveira
Ricardo Abecassis Espírito Santo Silva
**Deputy Members**
João Batistela Biazon
Jorge Tadeu Pinto de Figueiredo
Renaud Roberto Teixeira

**General Accounting Department**
Marcos Aparecido Galende
Accountant-CRC 1SP201309/O-6

**Ombudsman Department**
Júlio Alves Marques - Ombudsman

## *Report on the Review of the Interim Consolidated Financial Information*

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

**Introduction**

We have reviewed the consolidated statement of financial position of Banco Bradesco S.A. ("Bradesco") as of September 30, 2012 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three and nine month periods then ended, as well as the summary of significant accounting policies and other explanatory notes ("the consolidated interim financial statements").

**Management's Responsibility for the interim consolidated financial information**

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Brazilian Central Bank (Bacen). Our responsibility is to express a conclusion on these interim consolidated financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in score than an audit conducted in accordance with auditing standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

**Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the interim consolidated financial information above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank.

**Other matters**

**Interim consolidated statements of value added**

We also reviewed the interim consolidated statements of value added for the three and nine month periods ended September 30, 2012, which were prepared under Bradesco's Management responsibility and presented as supplemental information. These aforementioned statements were subject to the same review procedures described above and based on our review, we are not aware of any facts that would lead us to believe they were not prepared, in all material respects, in relation to the other interim consolidated financial information taken as a whole.

Osasco, October 19, 2012

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

Cláudio Rogélio Sertório
Accountant CRC 1SP212059/O-0

## *Fiscal Council's Report*

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory duties, having examined the Management Report and the Financial Statements related to the third quarter of 2012, and the technical feasibility study of taxable income generation, brought at present value, which has the purpose of recording the Deferred Tax Assets pursuant to the CVM Rule 371/02, CMN Resolution 3,059/02, and Bacen Circular Letter 3,171/02, and in view of the unqualified report prepared by KPMG Auditores Independentes, are of the opinion that the aforementioned documents, based on the accounting practices adopted in Brazil, applicable to entities that the Brazilian Central Bank authorizes to operate, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, São Paulo, October 19, 2012.

Domingos Aparecido Maia

Nelson Lopes de Oliveira

Ricardo Abecassis E. Santo Silva

For further information, please contact:

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