

BANK BRADESCO  
Form 6-K  
May 04, 2010

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

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**FORM 6-K**

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

**For the month of May, 2010**

**Commission File Number 1-15250**

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

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

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

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

Form 20-F  Form 40-F

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

Yes  No





## Highlights

The main figures obtained by Bradesco in the first quarter of 2010 are presented below:

1. Adjusted Net Income<sup>(1)</sup> in the first quarter of 2010 was R\$2.147 billion (an increase of 9.8% from R\$1.956 billion in the first quarter of 2009), corresponding to earnings per share of R\$2.27 accrued over twelve months and Return on Average Shareholders' Equity<sup>(2)</sup> of 22.2%.
2. Adjusted Net Income was composed of R\$1.444 billion from financial activities, which represented 67% of the total, and R\$703 million from insurance, private pension and savings bond operations, which accounted for 33% of the total.
3. Bradesco's market capitalization stood at R\$100.885 billion<sup>(3)</sup> on March 31, 2010, with the preferred shares gaining 60.5%<sup>(4)</sup> in the last twelve months.
4. Total Assets stood at R\$532.626 billion in March 2010, an increase of 10.5% from the balance in the first quarter of 2009. Return on average assets was 1.7% in the quarter.
5. The Total Loan Portfolio<sup>(5)</sup> stood at R\$235.238 billion in March 2010, up 10.4% from the first quarter of 2009. Operations with individuals totaled R\$86.012 billion (up 16.7%), while operations with companies totaled R\$149.226 billion (up 7.1%).
6. Total Assets under Management stood at R\$739.894 billion, an increase of 15.5% from March 2009.
7. Shareholders' Equity was R\$43.087 billion in March 2010, increasing by 22.0% from the ending balance in the same period a year earlier. The Capital Adequacy Ratio (Basel II) stood at 16.8% in March 2010, 14.3% of which under Tier I Capital.
8. In the first quarter of 2010, Interest on Shareholders' Equity and Dividends in the amount of R\$2.498 billion were paid and provisioned, of which R\$746 million was related to income generated in the period and R\$1.752 billion to income from fiscal year 2009.
9. The Efficiency Ratio<sup>(6)</sup> stood at 41.2% in March 2010 (42.5% in March 2009), increasing by 1.3 p.p. in the period.
10. Insurance Premiums written, Social Security Contributions and Savings Bonds Revenue reached a total of R\$7.196 billion in the first quarter of 2010. Technical provisions reached the high level of R\$77.685 billion, representing 31.8% of Brazil's insurance industry (period: January 2010). Bradesco's Insurance Group serves nearly 34 million clients, participants and insured individuals.
11. Investments in infrastructure, technology and telecommunications amounted to R\$765 million in the first quarter of 2010.
12. Taxes and contributions, including social security, paid or provisioned, amounted to R\$3.197 billion, of which R\$1.360 billion corresponding to taxes withheld and collected from third-parties and R\$1.837 billion calculated based on the activities of Bradesco Organization in the first quarter of 2010, equivalent to 85.6% of Adjusted Net Income.

13. Banco Bradesco has an extensive distribution network in Brazil, with 6,106 Branches, PABs mini-branches and PAAs (3,455 Branches, 1,200 PABs and 1,451 PAAs). Customers can also make use of the 1,564 PAEs, 30,909 ATMs in the Bradesco Dia&Noite (Day&Night) network, 21,501 Bradesco Expresso service points, 6,110 Banco Postal (Postal Bank) branches and 7,863 ATMs in the Banco24Horas (24HourBank) network.

14. In the first quarter of 2010, employee payroll plus charges and benefits totaled R\$1.795 billion. Social benefits provided to the 85,893 employees of the Bradesco Organization and their dependents amounted to R\$417.442 million, while investments in training and development programs totaled R\$11.469 million.

(1) According to the non-recurring events described on page 8 of the Report on Economic and Financial Analysis; (2) Excludes the asset valuation adjustments recorded under Shareholders' Equity; (3) or R\$112.189 billion, considering the total number of shares (less treasury shares) x closing quote of preferred shares on the last day of the period (most liquid share); (4) Considers reinvestment of dividends/interest on shareholders' equity; (5) Includes Sureties and Guarantees, advances of credit cards receivables and loan assignments (receivables-backed investment funds and mortgage-backed receivables); (6) In last twelve months.

15. Bradesco, helping to capitalize companies, intermediated through Banco Bradesco BBI S.A. issuances of primary and secondary shares, debentures, promissory notes, mortgage-backed securities and receivables-backed investment funds, which amounted to R\$6.980 billion in the period, representing 45.1% of the total volume of these issuances registered at the Securities and Exchange Commission of Brazil (CVM). Bradesco also registered strong volumes of project finance and structured operations, and was responsible for the origination, distribution and management of clients' assets, cash flows and financial inventories.

16. Main Awards and Recognitions in the period:

- Bradesco was the leading bank in the 7<sup>th</sup> edition of the survey Companies that Most Respect the Consumer (*Consumidor Moderno* magazine and Shopper Experience);
- Bradesco ranked 1<sup>st</sup> in the new quality ranking of companies with the best customer service in 2009 (*Exame* magazine, in partnership with the Brazilian Customer Relations Institute);
- Bradesco won, for the second consecutive year, the International Golden Peacock Global Award for Corporate Social Responsibility 2010, which is only awarded to companies that adopt the best corporate social responsibility practices;
- Bradesco was the only Brazilian bank included in the ten most valuable brands in the world among financial institutions, with the brand worth US\$13.3 billion (Global Banking 500 - Brand Finance/The Banker magazine);
- Bradesco won the International Technology Application of the Year - *Transpromo* award for the study case Application to Checking Account Statements (*Xplor International*);
- The Bradesco Brazil Bond Fund - Dividend Focus Fund was selected the best investment fund of the year in the category Brazilian fixed-income securities (MorningStar);
- Bradesco Corretora ranked first in an annual survey of institutions with the best stock recommendations for components of the Morgan Stanley Capital International index (MSCI) - *Emerging Markets Free Latin America* stock; and
- Bradesco was the best Brazilian company in the Canadian Corporate Knight ranking of the 100 most sustainable companies in the world.

17. Bradesco's sustainability actions are divided into three pillars: (i) Sustainable Finances, with a focus on banking inclusion, social and environmental variables for loan approvals and offering social and environmental products; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. The highlight in this area is Fundação Bradesco, which for 53 years has been developing a broad social and educational program that operates 40 schools across Brazil. In 2010, a R\$268.010 million budget will provide over 662 thousand services, of which 112 thousand were provided to students in its own schools. In addition, the over 50 thousand students enrolled in basic education also receive, at no charge, uniforms, school materials, food and medical and dental care. Over 550 thousand students will be served through the Virtual School, its e-learning portal, through the Digital Inclusion Centers (CIDs) and through programs conducted under strategic partnerships, like Educa+Ação.

**Main Information**

|   | 1Q10     | 4Q09     | 3Q09     | 2Q09     | 1Q09     | 4Q08     | 3Q08    | 2Q08    | Variation %<br>1Q10<br>x<br>4Q09 | 1Q10 x<br>1Q09 |
|---|----------|----------|----------|----------|----------|----------|---------|---------|----------------------------------|----------------|
| Statement of Income for the Period - R\$ million  |          |          |          |          |          |          |         |         |                                  |                |
| Net Income  | 2,103    | 2,181    | 1,811    | 2,297    | 1,723    | 1,605    | 1,910   | 2,002   | (3.6)                            | 22.1           |
| Adjusted Net Income   | 2,147    | 1,839    | 1,795    | 1,996    | 1,956    | 1,806    | 1,910   | 2,002   | 16.7                             | 9.8            |
| Total Financial Margin  | 7,689    | 7,492    | 7,587    | 7,560    | 7,115    | 5,924    | 5,674   | 5,959   | 2.6                              | 8.1            |
| Gross Loan Financial Margin   | 5,630    | 5,373    | 5,150    | 4,979    | 4,576    | 4,256    | 4,081   | 3,969   | 4.8                              | 23.0           |
| Net Loan Financial Margin   | 3,442    | 2,678    | 2,242    | 1,861    | 1,814    | 2,368    | 2,410   | 2,217   | 28.5                             | 89.7           |
| Expenses with Allowance for Loan Losses   | (2,188)  | (2,695)  | (2,908)  | (3,118)  | (2,762)  | (1,888)  | (1,671) | (1,752) | (18.8)                           | (20.8)         |
| Fee and Commission Income   | 3,124    | 3,125    | 2,857    | 2,911    | 2,723    | 2,698    | 2,698   | 2,657   | (0.0)                            | 14.7           |
| Administrative and Personnel Expenses   | (4,767)  | (4,827)  | (4,485)  | (4,141)  | (4,007)  | (4,230)  | (4,019) | (3,777) | (1.2)                            | 19.0           |
| Premiums from Insurance, Private Pension Plans Contribution and Income from Savings Bonds | 7,196    | 8,040    | 6,685    | 6,094    | 5,514    | 6,204    | 5,822   | 5,756   | (10.5)                           | 30.5           |
| Balance Sheet - R\$ million   |          |          |          |          |          |          |         |         |                                  |                |
| Total Assets  | 532,626  | 506,223  | 485,686  | 482,478  | 482,141  | 454,413  | 422,662 | 403,232 | 5.2                              | 10.5           |
| Securities  | 157,309  | 146,619  | 147,724  | 146,110  | 130,816  | 131,598  | 132,373 | 118,956 | 7.3                              | 20.3           |
| Loan Operations <sup>(1)</sup>  | 235,238  | 228,078  | 215,536  | 212,768  | 212,993  | 213,602  | 195,604 | 180,123 | 3.1                              | 10.4           |
| - Individuals   | 86,012   | 82,085   | 75,528   | 74,288   | 73,694   | 73,646   | 69,792  | 65,622  | 4.8                              | 16.7           |
| - Corporate   | 149,226  | 145,993  | 140,008  | 138,480  | 139,299  | 139,956  | 125,812 | 114,501 | 2.2                              | 7.1            |
| Allowance for Loan Losses (PLL)   | (15,836) | (16,313) | (14,953) | (13,871) | (11,424) | (10,263) | (9,136) | (8,652) | (2.9)                            | 38.6           |
| Total Deposits  | 170,722  | 171,073  | 167,987  | 167,512  | 169,104  | 164,493  | 139,170 | 122,752 | (0.2)                            | 1.0            |
| Technical Provisions  | 77,685   | 75,572   | 71,401   | 68,829   | 66,673   | 64,587   | 62,888  | 62,068  | 2.8                              | 16.5           |
| Shareholders' Equity  | 43,087   | 41,754   | 38,877   | 37,277   | 35,306   | 34,257   | 34,168  | 33,711  | 3.2                              | 22.0           |
| Funds Raised and Managed  | 739,894  | 702,065  | 674,788  | 647,574  | 640,876  | 597,615  | 570,320 | 550,582 | 5.4                              | 15.5           |
| Performance Indicators (%) on Adjusted Net Income (except when otherwise stated)          |          |          |          |          |          |          |         |         |                                  |                |

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|   |         |         |        |        |        |        |        |        |           |           |
|---|---------|---------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Adjusted Net Income per Share - R\$ <sup>(2)</sup>  | 2.27    | 2.22    | 2.24   | 2.27   | 2.27   | 2.25   | 2.27   | 2.25   | 2.3       | -         |
| Book Value per Share (Common and Preferred) - R\$   | 12.60   | 12.21   | 11.53  | 11.04  | 10.46  | 10.15  | 10.12  | 9.98   | 3.2       | 20.4      |
| Annualized Return on Average Shareholders' Equity <sup>(3)(4)</sup>                                     | 22.2    | 20.3    | 21.5   | 23.3   | 24.1   | 23.8   | 25.4   | 27.2   | 1.9 p.p   | (1.9) p.p |
| Annualized Return on Average Assets <sup>(4)</sup>  | 1.7     | 1.6     | 1.6    | 1.7    | 1.7    | 1.9    | 2.0    | 2.1    | 0.1 p.p   | 0.0 p.p   |
| Average Rate - (Adjusted Financial Margin / Total Average Assets - Repos - Permanent Assets) Annualized | 8.1     | 8.1     | 8.3    | 8.2    | 7.8    | 7.0    | 7.4    | 8.4    | 0.1 p.p   | 0.3 p.p   |
| Fixed Assets Ratio - Total Consolidated   | 19.8    | 18.6    | 15.4   | 15.1   | 14.1   | 13.5   | 17.6   | 16.2   | 1.2 p.p   | 5.7 p.p   |
| Combined Ratio - Insurance <sup>(5)</sup>   | 85.2    | 85.3    | 88.9   | 85.5   | 86.2   | 89.7   | 84.4   | 84.9   | (0.1) p.p | (1.0) p.p |
| Efficiency Ratio (ER) <sup>(2)</sup>  | 41.2    | 40.5    | 40.9   | 41.5   | 42.5   | 43.3   | 43.0   | 42.6   | 0.7 p.p   | (1.3) p.p |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(2)</sup>         | 66.0    | 66.5    | 66.4   | 67.3   | 67.2   | 68.4   | 70.4   | 72.7   | (0.5) p.p | (1.2) p.p |
| Market Capitalization - R\$ million <sup>(6)</sup>  | 100,885 | 103,192 | 98,751 | 81,301 | 65,154 | 65,354 | 88,777 | 95,608 | (2.2)     | 54.8      |
| Loan Portfolio Quality % <sup>(7)</sup>   |         |         |        |        |        |        |        |        | (0.5) p.p | 1.6 p.p   |
| PLL / Loan Portfolio  | 8.0     | 8.5     | 8.3    | 7.7    | 6.3    | 5.7    | 5.5    | 5.6    | (0.5) p.p | 1.6 p.p   |
| Non-Performing Loans (> 60 days <sup>(8)</sup> / Loan Portfolio)  | 5.3     | 5.7     | 5.9    | 5.6    | 5.2    | 4.4    | 4.0    | 4.1    | (0.5) p.p | 0.1 p.p   |
| Delinquency Ratio (> 90 days <sup>(8)</sup> / Loan Portfolio)   | 4.4     | 4.9     | 5.0    | 4.6    | 4.2    | 3.4    | 3.4    | 3.4    | (0.5) p.p | 0.3 p.p   |
| Coverage Ratio (> 90 days <sup>(8)</sup> )  | 180.8   | 174.6   | 166.5  | 169.1  | 152.4  | 165.6  | 163.6  | 165.9  | 6.2 p.p   | 28.4 p.p  |
| Coverage Ratio (> 60 days <sup>(8)</sup> )  | 151.3   | 148.6   | 139.4  | 137.9  | 122.3  | 130.7  | 135.7  | 136.6  | 2.7 p.p   | 29.0 p.p  |
| Operating Limits %  |         |         |        |        |        |        |        |        |           |           |
| Capital Adequacy Ratio - Total Consolidated <sup>(9)</sup>  | 16.8    | 17.8    | 17.7   | 17.0   | 16.0   | 16.1   | 15.6   | 12.9   | (1.0) p.p | 0.8 p.p   |
| - Tier I  | 14.3    | 14.8    | 14.3   | 14.3   | 13.2   | 12.9   | 12.5   | 10.1   |           | 1.1 p.p   |



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|              |       |       |       |       |       |       |       |       |              |              |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------------|
|              |       |       |       |       |       |       |       |       | (0.5)<br>p.p |              |
| - Tier II    | 2.6   | 3.1   | 3.5   | 2.8   | 2.9   | 3.3   | 3.3   | 2.9   | (0.5)<br>p.p | (0.3)<br>p.p |
| - Deductions | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.2) | (0.1) | 0.0<br>p.p   | 0.0 p.p      |

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## Main Information

|  | Mar10  | Dec09  | Sep09  | Jun09  | Mar09  | Dec08  | Sep08  | Jun08  | Variation %         |                     |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|---------------------|
|  |        |        |        |        |        |        |        |        | Mar10<br>x<br>Dec09 | Mar10<br>x<br>Mar09 |
| Structural Information - Units                       |        |        |        |        |        |        |        |        |                     |                     |
| Service Points                                       | 46,570 | 44,577 | 42,563 | 41,003 | 39,275 | 38,027 | 35,924 | 34,441 | 4.5                 | 18.6                |
| - Branches   | 3,455  | 3,454  | 3,419  | 3,406  | 3,375  | 3,359  | 3,235  | 3,193  | 0.0                 | 2.4                 |
| - Advanced Service Branch (PAAs) <sup>(10)</sup>     | 1,451  | 1,371  | 1,338  | 1,260  | 1,183  | 1,032  | 902    | 584    | 5.8                 | 22.7                |
| - Mini-Branches (PABs) <sup>(10)</sup>               | 1,200  | 1,190  | 1,194  | 1,192  | 1,184  | 1,183  | 1,185  | 1,181  | 0.8                 | 1.4                 |
| - Electronic Service Branch (PAEs) <sup>(10)</sup>   | 1,564  | 1,551  | 1,539  | 1,528  | 1,512  | 1,523  | 1,561  | 1,545  | 0.8                 | 3.4                 |
| - External ATM Network Terminals                     | 3,664  | 3,577  | 3,569  | 3,516  | 3,389  | 3,296  | 3,074  | 2,904  | 2.4                 | 8.1                 |
| - Banco24Horas ATM Network Terminals                 | 6,912  | 6,486  | 5,980  | 5,558  | 5,068  | 4,732  | 4,378  | 4,153  | 6.6                 | 36.4                |
| - Banco Postal (Postal Bank)                         | 6,110  | 6,067  | 6,038  | 6,011  | 5,959  | 5,946  | 5,924  | 5,882  | 0.7                 | 2.5                 |
| - Bradesco Expresso (Correspondent Banks)            | 21,501 | 20,200 | 18,722 | 17,699 | 16,710 | 16,061 | 14,562 | 13,413 | 6.4                 | 28.7                |
| - Bradesco Promotora de Vendas (Correspondent Banks) | 702    | 670    | 753    | 822    | 884    | 883    | 1,078  | 1,561  | 4.8                 | (20.6)              |
| - Credicerto Promotora de Vendas (Branches)          | -      | -      | -      | -      | -      | -      | 13     | 13     | -                   | -                   |
| - Branches/Subsidiaries Abroad                       | 11     | 11     | 11     | 11     | 11     | 12     | 12     | 12     | -                   | -                   |
| ATM terminals  | 38,772 | 37,957 | 37,178 | 36,430 | 35,443 | 34,524 | 32,942 | 31,993 | 2.1                 | 9.4                 |
| - Own  | 30,909 | 30,657 | 30,414 | 30,191 | 29,764 | 29,218 | 28,092 | 27,362 | 0.8                 | 3.8                 |
| - Banco24Horas                                       | 7,863  | 7,300  | 6,764  | 6,239  | 5,679  | 5,306  | 4,850  | 4,631  | 7.7                 | 38.5                |
| Credit and Debit Card <sup>(11)</sup> - in millions  | 135.6  | 132.9  | 88.4   | 86.3   | 85.2   | 83.2   | 81.6   | 79.3   | 2.0                 | 59.2                |
| Employees  | 85,893 | 85,548 | 85,027 | 85,871 | 86,650 | 86,622 | 85,577 | 84,224 | 0.4                 | (0.9)               |
| Employees and Interns                                | 9,605  | 9,589  | 9,606  | 9,439  | 9,292  | 9,077  | 8,971  | 8,704  | 0.2                 | 3.4                 |
| Foundations' Employees <sup>(12)</sup>               | 3,713  | 3,654  | 3,696  | 3,645  | 3,674  | 3,575  | 3,622  | 3,607  | 1.6                 | 1.1                 |
| Clients - in millions                                |        |        |        |        |        |        |        |        |                     |                     |
| Checking Accounts                                    | 21.2   | 20.9   | 20.7   | 20.4   | 20.2   | 20.1   | 20.0   | 19.8   | 1.4                 | 5.0                 |
| Savings Accounts <sup>(13)</sup>                     | 36.2   | 37.7   | 35.1   | 33.9   | 34.2   | 35.8   | 33.8   | 32.5   | (4.0)               | 5.8                 |
| Insurance Group                                      | 33.8   | 30.8   | 30.3   | 29.1   | 28.6   | 27.5   | 26.8   | 26.0   | 9.7                 | 18.2                |
| - Policyholders                                      | 29.2   | 26.3   | 25.8   | 24.6   | 24.1   | 23.0   | 22.4   | 21.7   | 11.0                | 21.2                |

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|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-------|-------|
| - Pension Plan Participants | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | 1.9 | -     | -     |
| - Savings Bonds Clients     | 2.6 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.4 | 4.0   | 4.0   |
| Bradesco Financiamentos     | 3.8 | 4.0 | 4.1 | 4.0 | 4.2 | 4.9 | 4.9 | 5.0 | (5.0) | (9.5) |

- (1) Includes sureties and guarantees, advances of credit card receivables and credit assignments (receivables-backed investment funds and mortgage-backed receivables);
- (2) In last twelve months;
- (3) Excludes the asset valuation adjustments recorded under Shareholders' Equity;
- (4) Adjusted Net Income in period;
- (5) Excluding additional provisions;
- (6) Number of shares (less treasury shares) multiplied by the closing price of the common and preferred shares on the period's last trading day;
- (7) Excludes Sureties and Guarantees, advanced payment of credit card receivables and loan assignments (mortgage-backed receivables and receivables-backed investment funds);
- (8) Credits overdue;
- (9) (i) As of the third quarter of 2008, calculated in accordance with the new Basel Capital Accord (BIS II). (ii) Excluding: (a) the additional provision that currently comprises the Reference Assets of Tier I Capital, due to CMN Resolution 3,825/09 revoking its use as of April 2010; and (b) the perpetual subordinated debt installment of US\$300 million, whose call option was approved by the Central Bank in April 2010 and will adversely impact Tier II, Bradesco's consolidated adjusted Capital Adequacy Ratio in March 2010 would be 15.7%;
- (10) PAB: Branch located on the premises of a company and with Bradesco employees; PAE: ATM located on the premises of a company; PAA: service point located in a municipality without a Bank branch;
- (11) Includes Prepaid, Private Label, Pague Fácil and Banco Ibi as of the fourth quarter of 2009;
- (12) Comprises Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports Association (ADC Bradesco); and
- (13) Number of accounts.

## Ratings

## Main Ratings

| Fitch Ratings                             |                       |                           |                  |                          |                  |                        |                          |                |       |
|---|-----------------------|---------------------------|------------------|--------------------------|------------------|------------------------|--------------------------|----------------|-------|
| International Scale                       |                       |                           |                  |                          |                  | Domestic Scale         |                          |                |       |
| Individual                                | Support               | Domestic Currency         |                  | Foreign Currency         |                  | Domestic               |                          |                |       |
| B/C                                       | 3                     | Long-Term<br>BBB +        | Short-Term<br>F2 | Long-Term<br>BBB         | Short-Term<br>F2 | Long-Term<br>AAA (bra) | Short-Term<br>F1 + (bra) |                |       |
| Moody's Investors Service                 |                       |                           |                  |                          |                  |                        |                          |                |       |
| Financial Strength                        | International Scale   |                           |                  |                          |                  |                        | Domestic Scale           |                |       |
| B -                                       | Foreign Currency Debt | Domestic Currency Deposit |                  | Foreign Currency Deposit |                  |                        | Domestic Currency        |                |       |
|   | Long-Term             | Long-Term                 | Short-Term       | Long-Term                | Short-Term       | Long-Term              | Short-Term               |                |       |
|   | Baa2                  | A1                        | P - 1            | Baa3                     | P-3              | Aaa.br                 | BR - 1                   |                |       |
| Standard & Poor's                         |                       |                           |                  |                          |                  | R&I Inc.               | Austin Rating            |                |       |
| International Scale - Counterparty Rating |                       |                           |                  | Domestic Scale           |                  | International Scale    | Corporate Governance     | Domestic Scale |       |
| Foreign Currency                          |                       | Domestic Currency         |                  | Counterparty Rating      |                  | Issuer Rating          | Long-Term Short-Term     |                |       |
| Long-Term                                 | Short-Term            | Long-Term                 | Short-Term       | Long-Term                | Short-Term       | BBB -                  | AA                       | AAA            | A - 1 |
| BBB                                       | A - 3                 | BBB                       | A - 3            | brAAA                    | brA - 1          |                        |                          |                |       |

## Book Net Income vs. Adjusted Net Income

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

|                                   | 1Q10         | 4Q09         | 1Q09         |
|-----------------------------------|--------------|--------------|--------------|
|                                   | R\$ million  |              |              |
| <b>Net Income - Book</b>          | <b>2,103</b> | <b>2,181</b> | <b>1,723</b> |
| <b>Non-Recurring Events</b>       | <b>44</b>    | <b>(342)</b> | <b>233</b>   |
| - Additional PLL                  | -            | -            | 177          |
| - Records of Tax Credits          | (242)        | -            | -            |
| - Provision for Tax Contingencies | 397          | -            | -            |
|                                   | 36           | 111          | 176          |

|   |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|
| <b>- Provision for Civil Contingencies -<br/>Economic Plans</b> |                            |                            |                            |
| - Law 11,941/09 (REFIS) <sup>(1)</sup>                          | -                          | (388)                      | -                          |
| - Other <sup>(2)</sup>  | -                          | (23)                       | -                          |
| - Tax Effects   | (147)                      | (42)                       | (120)                      |
| <b>Adjusted Net Income</b>                                      | <b>2,147</b>               | <b>1,839</b>               | <b>1,956</b>               |
| <b>ROAE %</b>   | <b>21.7%<sup>(*)</sup></b> | <b>21.4%<sup>(*)</sup></b> | <b>21.0%<sup>(*)</sup></b> |
| <b>ROAE (ADJUSTED) %</b>  | <b>22.2%<sup>(*)</sup></b> | <b>20.3%<sup>(*)</sup></b> | <b>24.1%<sup>(*)</sup></b> |

(\*) Annualized ROAE;

(1) Net effect from the payment of taxes under the amnesty program for settlement of tax debits through cash and installment payments under Law 11,941/09 (REFIS); and

(2) R\$60 million relative gain from the IPO of Laboratório Fleury obtained through our affiliate Integritas Participações, R\$64 million in expenses with impairment testing, R\$26 million in allowance for investment losses, and gross gain of R\$53 million from the partial divestment of Cetip.

## Summarized Analysis of Adjusted Income

To provide a better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Statement of Income for the analyses and comments contained in this Report on Economic and Financial Analysis, which is obtained from adjustments made to the Book Statement of Income, which is detailed at the end of this Press Release. We emphasize that the Adjusted Statement of Income will be the base used for the analysis and comments of chapters 1 and 2 of this report.

|   | R\$ million                  |              |                          |             |              |              |                          |             |
|---|------------------------------|--------------|--------------------------|-------------|--------------|--------------|--------------------------|-------------|
|   | Adjusted Statement of Income |              |                          |             |              |              |                          |             |
|   | 1Q10                         | 4Q09         | Variation<br>1Q10 x 4Q09 |             | 1Q10         | 1Q09         | Variation<br>1Q10 x 1Q09 |             |
|   |                              |              | Amount                   | %           |              |              | Amount                   | %           |
| <b>Financial Margin</b>   | <b>7,689</b>                 | <b>7,492</b> | <b>197</b>               | <b>2.6</b>  | <b>7,689</b> | <b>7,115</b> | <b>574</b>               | <b>8.1</b>  |
| - Interest  | 7,406                        | 7,144        | 262                      | 3.7         | 7,406        | 6,422        | 984                      | 15.3        |
| - Non-Interest  | 283                          | 348          | (65)                     | (18.7)      | 283          | 693          | (410)                    | (59.2)      |
| PLL   | (2,188)                      | (2,695)      | 507                      | (18.8)      | (2,188)      | (2,762)      | 574                      | (20.8)      |
| <b>Gross Income from Financial Intermediation</b>                             | <b>5,501</b>                 | <b>4,797</b> | <b>704</b>               | <b>14.7</b> | <b>5,501</b> | <b>4,353</b> | <b>1,148</b>             | <b>26.4</b> |
| Income from Insurance, Private Pension Plans and Savings Bonds Operations (*) | 583                          | 484          | 99                       | 20.5        | 583          | 537          | 46                       | 8.6         |
| Fee and Commission Income   | 3,124                        | 3,125        | (1)                      | -           | 3,124        | 2,723        | 401                      | 14.7        |
| Personnel Expenses  | (2,120)                      | (2,081)      | (39)                     | 1.9         | (2,120)      | (1,852)      | (268)                    | 14.5        |
| Other Administrative Expenses   | (2,647)                      | (2,746)      | 99                       | (3.6)       | (2,647)      | (2,155)      | (492)                    | 22.8        |
| Tax Expenses  | (749)                        | (694)        | (55)                     | 7.9         | (749)        | (587)        | (162)                    | 27.6        |
| Equity in the Earnings (Losses) of Unconsolidated Companies                   | 29                           | 82           | (53)                     | (64.6)      | 29           | 6            | 23                       | 383.3       |
| Other Operating Income/Expenses   | (550)                        | (539)        | (11)                     | 2.0         | (550)        | (412)        | (138)                    | 33.5        |
| <b>Operating Income</b>   | <b>3,171</b>                 | <b>2,428</b> | <b>743</b>               | <b>30.6</b> | <b>3,171</b> | <b>2,613</b> | <b>558</b>               | <b>21.4</b> |
| Non-Operating Income  | 4                            | (62)         | 66                       | -           | 4            | 72           | (68)                     | (94.4)      |
| Income Tax / Social Contribution  | (1,010)                      | (519)        | (491)                    | 94.6        | (1,010)      | (723)        | (287)                    | 39.7        |
| Minority Interest   | (18)                         | (8)          | (10)                     | 125.0       | (18)         | (6)          | (12)                     | 200.0       |
| <b>Adjusted Net Income</b>  | <b>2,147</b>                 | <b>1,839</b> | <b>308</b>               | <b>16.7</b> | <b>2,147</b> | <b>1,956</b> | <b>191</b>               | <b>9.8</b>  |

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



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

In the first quarter of 2010, Adjusted Net Income was R\$2,147 million, an increase of 16.7% or R\$308 million on the previous quarter. Compared with the same quarter of 2009, this increase was 9.8% or R\$191 million. This growth was mainly driven by the better economic environment as of the third quarter of 2009, with lower delinquency and recovery in loan growth.

Shareholders' Equity stood at R\$43,087 million on March 31, 2010, increasing 22.0% from the previous year. The Capital Adequacy Ratio reached 16.8%, 14.3% of which under Tier I Reference Assets.

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



## Efficiency Ratio

In March 2010, Bradesco's Efficiency Ratio\* stood at 41.2%, up 0.7 p.p. from the end of the previous quarter. The variation was basically due to other administrative and personnel expenses, which were impacted in part by the merger of Banco Ibi and lower non-interest financial margin offset primarily by the higher revenue.

Compared to the first quarter of 2009, the 1.3 p.p. improvement was mainly due to the higher revenue from financial margin and fee and commission income, and was offset by the recording of allowances for contingencies related to civil claims and by higher personnel and administrative expenses.

\* Efficiency Ratio (ER) in last twelve months =  $\frac{\text{Personnel Expenses} + \text{Employee Profit Sharing (PLR)} + \text{Administrative Expenses}}{\text{Financial Margin} + \text{Income from Insurance} + \text{Fee and Commission Income} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Expenses} + \text{Other Operating Income}}$ . If we considered the ratio between total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation) and revenue net of related taxes (not considering Claims Expenses from the Insurance Group), our Efficiency Ratio in the first quarter of 2010 would be 40.5%

## Financial Margin

The increase of R\$197 million between the first quarter of 2010 and the fourth quarter of 2009 was due to:

- the increase in income from interest-earning operations of R\$262 million, mainly due to the higher average volume of loan operations;

offset by:

- the R\$65 million reduction in non-interest income caused by the lower treasury/securities gains.

In the comparison between the first quarter of 2010 and the same period of 2009, financial margin improved by R\$574 million, or 8.1%, driven by the following factors:

- the R\$984 million increase in the result of interest-earning operations as a result of an increase in loans, due to the higher business volume and increased margins;

offset by:

- the decrease in non-interest income of R\$410 million, basically derived from lower treasury/securities gains.

### **Total Loan Portfolio**

In March 2010, Bradesco's loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed securities) totaled R\$235.2 billion. This expansion of 3.1% in the quarter was due to growth of 4.8% in the Individuals portfolio, 4.2% in the SME portfolio and 0.7% in the Large Corporate portfolio.

In the comparison between the 12-month periods, the portfolio expanded by 10.4%, composed of the following growth rates: Individuals 16.7%, SMEs 14.5% and Large Corporate 1.7%.

In the Individuals segment, the products registering the strongest growth in the last twelve months were: payroll-deductible loans, credit cards and vehicle loans. In the Corporate segment, growth was led by real estate financing -corporate plans, BNDES/Finame onlending operations and working capital loans.

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

In the first quarter of 2010, the balance of expenses with the allowance for loan losses fell for the third consecutive quarter, by 18.8% from the previous quarter, mainly due to the reduction in the allowance, which occurred despite the 3.1% expansion in the loan portfolio in the first quarter of 2010. Compared to the same period of 2009, expenses in the first quarter of 2010 decreased by 20.8%, demonstrating the growth, accompanied by quality, of Bradesco's loan portfolio.

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

The delinquency ratio for credits overdue more than 90 days decreased to 4.4% in the first quarter of 2010, benefitted by the better economic scenario and recovery in economic activity, which fueled growth in loan operations in the quarter.

Improvement was observed in all segments and we expect this trend to continue over the next few months, given the current economic scenario.

### **Coverage Ratio**

The balance of the Allowance for Loan Losses of R\$15.8 billion in March 2010 was composed of R\$12.8 billion in provisions required by the Central Bank of Brazil and R\$3.0 billion in additional provisions.

The graph below presents the evolution of the coverage ratio of the Allowance for Loan Losses for loans overdue more than 90 days. In March 2010, the ratio stood at 180.8%, the highest level in the data series and representing a very comfortable level of provisioning, especially when compared to a year earlier (152.4%).

**Adjusted Results of the Insurance, Private Pension and Savings Bond Operations**

Adjusted Net Income in the first quarter of 2010 was R\$703 million, for Return on Average Equity of 27.9% and growth of 16.8% from Adjusted Net Income in the fourth quarter of 2009 of R\$602 million.

Compared to the same quarter of 2009, Adjusted Net Income increased by 8.2%.

(1) Excludes additional provisions.

|   | R\$ million (except when otherwise indicated) |        |        |        |        |        |        |        |                               |                                  |
|---|---|--------|--------|--------|--------|--------|--------|--------|-------------------------------|----------------------------------|
|   | 1Q10  | 4Q09   | 3Q09   | 2Q09   | 1Q09   | 4Q08   | 3Q08   | 2Q08   | Variation %<br>1Q10 x<br>4Q09 | Variation %<br>1Q10<br>x<br>1Q09 |
| Adjusted Net Income   | 703   | 602    | 607    | 638    | 650    | 550    | 629    | 723    | 16.8                          | 8.2                              |
| Insurance Written Premiums,<br>Private Pension Plan<br>Contributions and Savings Bonds<br>Income (*)                        | 7,196   | 8,040  | 6,685  | 6,094  | 5,514  | 6,204  | 5,822  | 5,756  | (10.5)                        | 30.5                             |
| Technical Provisions  | 77,685  | 75,572 | 71,400 | 68,828 | 66,673 | 64,587 | 62,888 | 62,068 | 2.8                           | 16.5                             |
| Financial Assets  | 86,928  | 83,733 | 79,875 | 76,451 | 73,059 | 71,309 | 73,059 | 70,795 | 3.8                           | 19.0                             |
| Claims Ratio  | 73.3  | 74.3   | 77.2   | 73.3   | 73.7   | 78.0   | 72.4   | 73.1   | (1.3)                         | (0.5)                            |
| Combined Ratio  | 85.2  | 85.3   | 88.9   | 85.5   | 86.2   | 89.7   | 84.4   | 84.9   | (0.1)                         | (1.2)                            |
| Policyholders / Participants and<br>Clients (in thousands)  | 33,768  | 30,822 | 30,339 | 29,178 | 28,590 | 27,482 | 26,858 | 26,042 | 9.6                           | 18.1                             |
| Market Share from Premiums<br>from Insurance, Private<br>Pension Plan Contribution and<br>Income from Savings<br>Bonds (**) | 25.8  | 23.7   | 23.5   | 23.1   | 23.7   | 23.8   | 23.7   | 23.8   | 8.9                           | 8.9                              |

Note: For comparison purposes, we excluded the ratios of the first quarter of 2010 the build in Technical Provision for benefits to be granted Remission (Health), and did not consider in the calculation of combined ratios the effects of RN 206/09, which had an effect on health revenues;

(\*) Market Share Excludes the R\$345 million (health) impact of RN 206/09 (ANS), which as of January 2010 eliminated PPNG (SES), with revenue from premiums now accounted Pro-rata temporis. This accounting change did not affect Earned Premiums.

(\*\*) Data as of January 2010, November 2009, August 2009, May 2009, January 2009, November 2008, July 2008 and May 2008.

In the first quarter of 2010, revenue from the Insurance Group (insurance premiums written, private pension contributions and savings bonds income) decreased by 10.5% from the previous quarter, basically reflecting the seasonality of the fourth quarter of 2009, which historically records stronger growth than the other quarters, mainly

due to the high concentration of private pension plan contributions.

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The 30.5% increase in production in the first quarter of 2010 compared with the same quarter a year earlier was mainly driven by growth in the products Life, PGBL and VGBL (38.6%), Auto (38.8%) and Savings Bonds (27.4%).

Adjusted Net Income in the first quarter of 2010 grew by 16.8% from the previous quarter, mainly due to the net result of: (i) the improvement of 1.0 percentage point in the claims ratio, despite the severe rain events in São Paulo state during the period; and (ii) the increase in personnel expenses as a result of the collective bargaining agreement, with the base date of January. Note that Adjusted Net Income in the fourth quarter of 2009 was impacted by: (i) expenses with the creation of a provision for insufficient contribution (PIC); and (ii) a technical provision for administrative expenses (PDA) due to the decrease in the interest rate used to calculate these reserves from 4.3% p.a. to 4% p.a.

Adjusted Net Income in the first quarter of 2010 increased by 8.2% from the first quarter of 2009, due to: (i) the revenue growth of 30.5%; (ii) the slight drop in claims, despite the intense rain events in São Paulo state; (iii) the improvement in the financial result; and offset by: (iv) the increase in administrative expenses due to the collective bargaining agreement.

In January 2010, Net Income from Bradesco's Insurance Group accounted for 40% of net income in Brazil's entire insurance industry and 53% of the net income from insurance companies associated with banks (Source: Insurance Superintendence - Susep).

Meanwhile, the Insurance Group's technical provisions represented 31.8% of the insurance industry in January 2010, according to Susep and the National Supplementary Health Agency (ANS).

In terms of solvency, Grupo Bradesco de Seguros e Previdência complies with the Susep rules that took effect on January 1, 2008, and also with international standards (Solvency II). The financial leverage ratio stood at 2.7 times Shareholders' Equity.

## Fee and Commission Income

In the first quarter of 2010, Fee and Commission Income totaled R\$3,124 million, remaining practically stable in relation to the previous quarter. An important factor was the increase in the credit card line, basically reflecting the impacts from the merger of Banco Ibi as of November 2009, which offset the decrease in revenue from credit and underwriting transactions in the period.

In comparison with the same quarter of 2009, the 14.7% increase was driven by the strong performance of credit card operations, the higher income from underwriting operations and the higher income from fund management due to the expansion in business volume and the client base, which grew some 5% from the previous twelve months.

## Personnel Expenses

In the first quarter of 2010, the R\$39 million increase from the previous quarter was composed of variations in the following components:

- structural - R\$10 million, essentially related to the higher expenses with salaries and compulsory social charges resulting from the collective bargaining agreement for insurance workers in January 2010, the change in the Occupational Accident Insurance (SAT) rate and the merger of Banco Ibi and Odontoprev, which were offset by the higher concentration of vacations in the first quarter; and
- non-structural R\$29 million, basically related to the higher expenses with the provision for employee profit sharing.

In the comparison with the same quarter last year, the R\$268 million increase reflects:

- the R\$147 million increase in structural expenses related primarily to the higher expenses with salaries, social charges and benefits, which were mainly impacted by the wage increase (6% under the 2009 collective bargaining agreement) and the merger of Banco Ibi; and
- the R\$121 million increase in "non-structural expenses", which was basically due to higher expenses with the provision for employee profit sharing and higher provisions for labor claims.

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

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



### **Administrative Expenses**

Administrative Expenses fell 3.6% from the fourth quarter of 2009, mainly explained by the lower advertising and marketing expenses due to seasonality, which was partially offset by higher expenses with outsourced services.

In comparison with the first quarter of 2009, the 22.8% increase basically reflects the expansion in the Customer Service Network, the higher business volume, the expansion in the client base and the impact of the Banco Ibi merger.

### **Tax Expenses**

Tax expenses in the first quarter of 2010 increased by R\$55 million from the prior quarter, basically due to the growth in taxable revenue, especially financial margin.

In comparison with the same period of the previous year, the increase of 27.6% or R\$162 million was primarily driven by the higher expenses with PIS/Cofins taxes due to the higher taxable revenue from financial margin and fee and commission income in the period.

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

In the first quarter of 2010, other operating expenses, net of other operating income, increased by R\$11 million on the previous quarter, primarily due to: (i) higher expenses with the provision for civil contingencies; (ii) higher expenses with goodwill amortization; and offset by (iii) lower expenses with sundry losses.

Compared with the same quarter of 2009, the R\$138 million increase in other operating expenses net of other operating income basically reflects: (i) higher expenses with provisions for civil contingencies; (ii) higher expenses with goodwill amortization; and (iii) higher expenses with sundry losses.

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

The R\$491 million contraction in the first quarter of 2010 from the previous quarter is basically explained by the increase in taxable income.

In comparison with the first quarter of 2009, income tax and social contribution rose by 39.7%, due to the higher operating income in the first quarter of 2010.

Tax credits from prior periods, which resulted from the increase in the CSLL tax rate to 15%, are recorded in the book financial statements up to the limit of corresponding consolidated tax liabilities. The balance of unused tax credits is R\$736 million. Further details can be found in Note 34 to the Financial Statements.

### **Unrealized Gains**

Unrealized gains totaled R\$10,911 million in the first quarter of 2010, up R\$788 million from the previous quarter. The variation was mainly represented by: (i) gains on investments, in particularly from our remaining interest in Cielo; and (ii) the increase in unrealized gains in the held-to-maturity securities portfolio.

## Economic Scenario

The recovery in the world economy continues to advance, despite the more pessimistic predictions. The performance of the U.S. economy, in particular, has been quite surprising, and, combined with robust growth in the developing world, has led to recovery in production, trade and employment levels worldwide. Asia and Latin America continue to lead the recovery among emerging markets, led by China and Brazil. Meanwhile, Europe, through Germany and France, is showing signs of recovery, while more fiscally vulnerable countries, like Greece, Portugal, Spain, Ireland and the United Kingdom, will have to make important adjustments to their economies to address the high public-sector deficits, which should lead to slower growth in the region in the medium term. However, fiscal imbalances will remain on the radar for several quarters, however, these issue should not prevent the slow (albeit consistent and sustainable) recovery in the world economy.

Brazil remains a highlight in the global economy, demonstrating an unmatched capacity to respond to the crisis, and is now benefitting from internal growth dynamics, with the economic recovery expanding to include all sectors, even those not directly benefitted by government incentives. This dynamic is rooted in the strong job market and income growth, which has led to strong growth in investment in the industrial sector and one of the highest diffusion rates in recent history. The 31.4% increase in capital goods production since the onset of the recovery in March last year shows the extent to which Brazilian companies are preparing for this strong cycle of demand growth. Despite the growth in investment, capacity utilization has increased rapidly, generating increased inflationary pressures in the industrial sector and for consumers.

In view of these indicators and the prospects for the favorable scenario remaining in place, we have revised our forecast for Brazil GDP growth in 2010 to 6.4%. Annual inflation in 2010, which should reach 8.0% for the IGP-M reading and 5.5% for the IPCA reading, is expected to lead the Central Bank to concentrate its hikes in the Selic basic interest rate somewhat more than in our previous forecast, with a cumulative hike of 2.25 p.p. in three meetings and continuing the tightening cycle into 2011, taking the Selic rate to 12.25%. In spite of the higher interest rates, the outlook for growth in employment and income levels, as well as for output in the industrial, agricultural and services sectors, remains extremely favorable.

**Main Economic Indicators**

| <b>Main Indicators (%)</b>                        | <b>1Q10</b>  | <b>4Q09</b>  | <b>3Q09</b>  | <b>2Q09</b>  | <b>1Q09</b>  | <b>4Q08</b>  | <b>3Q08</b>  | <b>2Q08</b>  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interbank Deposit Certificate (CDI)               | 2.02         | 2.12         | 2.18         | 2.37         | 2.89         | 3.32         | 3.21         | 2.74         |
| Ibovespa  | 2.60         | 11.49        | 19.53        | 25.75        | 8.99         | (24.20)      | (23.80)      | 6.64         |
| USD Commercial Rate                               | 2.29         | (2.08)       | (8.89)       | (15.70)      | (0.93)       | 22.08        | 20.25        | (8.99)       |
| General Price Index - Market (IGP-M)              | 2.77         | (0.11)       | (0.37)       | (0.32)       | (0.92)       | 1.23         | 1.54         | 4.34         |
| CPI (IPCA IBGE)                                   | 2.06         | 1.06         | 0.63         | 1.32         | 1.23         | 1.09         | 1.07         | 2.09         |
| Federal Government Long-Term Interest Rate (TJLP) | 1.48         | 1.48         | 1.48         | 1.54         | 1.54         | 1.54         | 1.54         | 1.54         |
| Reference Interest Rate (TR)                      | 0.08         | 0.05         | 0.12         | 0.16         | 0.37         | 0.63         | 0.55         | 0.28         |
| Savings Accounts                                  | 1.59         | 1.56         | 1.63         | 1.67         | 1.89         | 2.15         | 2.06         | 1.80         |
| Business Days (number)                            | 61           | 63           | 65           | 61           | 61           | 65           | 66           | 62           |
| Indicators (Closing Rate)                         | <b>Mar10</b> | <b>Dec09</b> | <b>Sep09</b> | <b>Jun09</b> | <b>Mar09</b> | <b>Dec08</b> | <b>Sep08</b> | <b>Jun08</b> |
| USD Commercial Selling Rate (R\$)                 | 1.7810       | 1.7412       | 1.7781       | 1.9516       | 2.3152       | 2.3370       | 1.9143       | 1.5919       |
| Euro (R\$)  | 2.4076       | 2.5073       | 2.6011       | 2.7399       | 3.0783       | 3.2382       | 2.6931       | 2.5063       |
| Country Risk (points)                             | 185          | 192          | 234          | 284          | 425          | 428          | 331          | 228          |
| Selic Basic Interest Rate (Copom) (% p.a.)        | 8.75         | 8.75         | 8.75         | 9.25         | 11.25        | 13.75        | 13.75        | 12.25        |
| BM&F Fixed Rate 1 year (% p.a.)                   | 10.85        | 10.46        | 9.65         | 9.23         | 9.79         | 12.17        | 14.43        | 14.45        |

**Projections through 2012**

| <b>%</b>                               | <b>2010</b> | <b>2011</b> | <b>2012</b> |
|--|-------------|-------------|-------------|
| USD - Commercial Rate (year-end) - R\$ | 1.90        | 1.95        | 2.00        |
| Extended Consumer Price Index (IPCA)   | 5.50        | 4.70        | 4.50        |
| General Price Index - Market (IGP-M)   | 8.00        | 4.85        | 4.50        |
| Selic (year-end)                       | 11.00       | 12.25       | 10.75       |

Gross  
Domestic  
Product  
(GDP)

6.40

4.30

4.40

22

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**Guidance****Bradesco's Outlook for 2010**

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

|   |                  |
|---|------------------|
| <b>Loan Portfolio</b>                   | <b>21 to 25%</b> |
| Individuals                             | 16 to 20%        |
| Corporate                               | 25 to 29%        |
| SMEs                                    | 28 to 32%        |
| Large Corporates                        | 22 to 26%        |
| <b>Products</b>                         |                  |
| Vehicles                                | 10 to 14%        |
| Cards                                   | 9 to 13%         |
| Real Estate Financing (origination)     | R\$6.5 bi        |
| Payroll Deductible Loans                | 32 to 36%        |
| <b>Financial Margin<sup>(1)</sup></b>   | <b>14 to 18%</b> |
| <b>Fee and Commission Income</b>        | <b>7 to 11%</b>  |
| <b>Operating Expenses<sup>(2)</sup></b> | <b>9 to 13%</b>  |
| <b>Insurance Premiums</b>               | <b>10 to 12%</b> |

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

(2) Administrative and Personnel Expenses.

**Statement of Income Book vs. Managerial vs. Adjusted****Analytical Breakdown of Statement of Book vs. Managerial Income vs. Adjusted****First quarter of 2010**

|   | R\$ million                    |                   |           |             |              |             |          |                  |                                |                           |                              |                              |
|---|--------------------------------|-------------------|-----------|-------------|--------------|-------------|----------|------------------|--------------------------------|---------------------------|------------------------------|------------------------------|
|   | 1Q10                           |                   |           |             |              |             |          |                  |                                |                           |                              | Adjusted Statement of Income |
|   | Accounting Statement of Income | Reclassifications |           |             |              |             |          | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |                              |
|   | (1)                            | (2)               | (3)       | (4)         | (5)          | (6)         | (7)      |                  |                                |                           |                              |                              |
| <b>Financial Margin</b>   | <b>8,002</b>                   | <b>(105)</b>      | <b>35</b> | <b>(60)</b> | <b>(240)</b> | <b>-</b>    | <b>-</b> | <b>-</b>         | <b>57</b>                      | <b>7,689</b>              | <b>-</b>                     | <b>7,689</b>                 |
| PLL   | (2,159)                        | -                 | -         | -           | 70           | (99)        | -        | -                | -                              | (2,188)                   | -                            | (2,188)                      |
| <b>Gross Income from Financial Intermediation</b>                             | <b>5,843</b>                   | <b>(105)</b>      | <b>35</b> | <b>(60)</b> | <b>(170)</b> | <b>(99)</b> | <b>-</b> | <b>-</b>         | <b>57</b>                      | <b>5,501</b>              | <b>-</b>                     | <b>5,501</b>                 |
| Income from Insurance, Private Pension Plans and Savings Bonds Operations (*) | 583                            | -                 | -         | -           | -            | -           | -        | -                | -                              | 583                       | -                            | 583                          |
| Fee and Commission Income   | 3,080                          | -                 | -         | -           | -            | -           | 44       | -                | -                              | 3,124                     | -                            | 3,124                        |
| Personnel Expenses  | (2,120)                        | -                 | -         | -           | -            | -           | -        | -                | -                              | (2,120)                   | -                            | (2,120)                      |
| Other Administrative Expenses   | (2,564)                        | -                 | -         | -           | -            | -           | (83)     | -                | -                              | (2,647)                   | -                            | (2,647)                      |
| Tax Expenses  | (743)                          | -                 | -         | -           | -            | -           | -        | -                | (6)                            | (749)                     | -                            | (749)                        |
| Equity in the Earnings (Losses) of Unconsolidated Companies                   | 29                             | -                 | -         | -           | -            | -           | -        | -                | -                              | 29                        | -                            | 29                           |
| Other Operating Income/Expenses   | (1,322)                        | 105               | (35)      | 60          | 170          | (44)        | 83       | -                | -                              | (983)                     | 433                          | (550)                        |
| <b>Operating Income</b>   | <b>2,786</b>                   | <b>-</b>          | <b>-</b>  | <b>-</b>    | <b>-</b>     | <b>(99)</b> | <b>-</b> | <b>-</b>         | <b>51</b>                      | <b>2,738</b>              | <b>433</b>                   | <b>3,171</b>                 |
| Non-Operating Income  | (95)                           | -                 | -         | -           | -            | 99          | -        | -                | -                              | 4                         | -                            | 4                            |
| Income Tax / Social   | (588)                          | -                 | -         | -           | -            | -           | -        | -                | (51)                           | (639)                     | (389)                        | (1,028)                      |



Contribution and  
Minority Interest

|                   |              |   |   |   |   |   |   |   |   |              |           |              |
|-------------------|--------------|---|---|---|---|---|---|---|---|--------------|-----------|--------------|
| <b>Net Income</b> | <b>2,103</b> | - | - | - | - | - | - | - | - | <b>2,103</b> | <b>44</b> | <b>2,147</b> |
|-------------------|--------------|---|---|---|---|---|---|---|---|--------------|-----------|--------------|

- (1) Commission Expenses on the placement of loans and financing were reclassified from the item Other Operating Expenses to the item Financial Margin ;
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item Other Operating Revenues/Expenses to the item Financial Margin ;
- (3) Interest Income/Expenses from the Financial Segment were reclassified from the item Other Operating Revenues/Expenses to the item Financial Margin ;
- (4) Revenue from Loan Recovery classified under the item Financial Margin ; Expenses with Discounts Granted classified under the item Other Operating Revenues/Expenses and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PDD Expenses - Allowance for Loan Losses ;
- (5) Losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income , were reclassified to the item PDD Expenses - Allowance for Loan Losses ;
- (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item Other Operating Revenues/Expenses were reclassified to the item Fee and Commission Income ;
- (7) Credit Card Operations Interchange Expenses classified under the item Other Operating Revenues/Expenses were reclassified to the item Other Administrative Expenses ;
- (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
- (9) For more information see page 8 of this chapter.
- (\*) Result of Insurance, Private Pension and Savings Bonds Operations = Insurance, Private Pension and Savings Bond Retained Premiums Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds Retained Claims Drawings and Redemption of Savings Bonds Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.

## Fourth quarter of 2009

|   | R\$ mill                             |              |            |              |              |              |      |      |                        |                                      |                              |                                |
|---|--------------------------------------|--------------|------------|--------------|--------------|--------------|------|------|------------------------|--------------------------------------|------------------------------|--------------------------------|
|   | Accounting<br>Statement<br>of Income | 4Q09         |            |              |              |              |      |      | Fiscal<br>Hedge<br>(8) | Managerial<br>Statement<br>of Income | Non-Recurring<br>Effects (9) | Adjust<br>Statement<br>of Inco |
| (1)   |                                      | (2)          | (3)        | (4)          | (5)          | (6)          | (7)  |      |                        |                                      |                              |                                |
| <b>Financial Margin</b>   | <b>8,098</b>                         | <b>(116)</b> | <b>119</b> | <b>(155)</b> | <b>(372)</b> | -            | -    | -    | <b>(106)</b>           | <b>7,468</b>                         | <b>24</b>                    | <b>7,4</b>                     |
| PLL   | (2,730)                              | -            | -          | -            | 159          | (124)        | -    | -    | -                      | (2,695)                              | -                            | (2,6                           |
| <b>Gross Income from Financial Intermediation</b>                             | <b>5,368</b>                         | <b>(116)</b> | <b>119</b> | <b>(155)</b> | <b>(213)</b> | <b>(124)</b> | -    | -    | <b>(106)</b>           | <b>4,773</b>                         | <b>24</b>                    | <b>4,7</b>                     |
| Income from Insurance, Private Pension Plans and Savings Bonds Operations (*) | 484                                  | -            | -          | -            | -            | -            | -    | -    | -                      | 484                                  | -                            | 4                              |
| Fee and Commission Income   | 3,094                                | -            | -          | -            | -            | -            | 31   | -    | -                      | 3,125                                | -                            | 3,1                            |
| Personnel Expenses  | (2,081)                              | -            | -          | -            | -            | -            | -    | -    | -                      | (2,081)                              | -                            | (2,0                           |
| Other Administrative Expenses   | (2,674)                              | -            | -          | -            | -            | -            | -    | (72) | -                      | (2,746)                              | -                            | (2,7                           |
| Tax Expenses  | (708)                                | -            | -          | -            | -            | -            | -    | -    | 14                     | (694)                                | -                            | (6                             |
| Equity in the Earnings (Losses) of Unconsolidated Companies                   | 142                                  | -            | -          | -            | -            | -            | -    | -    | -                      | 142                                  | (60)                         |                                |
| Other Operating Income/Expenses   | (734)                                | 116          | (119)      | 155          | 213          | -            | (31) | 72   | -                      | (328)                                | (211)                        | (5                             |
| <b>Operating Income</b>   | <b>2,891</b>                         | -            | -          | -            | -            | <b>(124)</b> | -    | -    | <b>(92)</b>            | <b>2,675</b>                         | <b>(247)</b>                 | <b>2,4</b>                     |
| Non-Operating Income  | (133)                                | -            | -          | -            | -            | 124          | -    | -    | -                      | (9)                                  | (53)                         | (                              |
| Income Tax / Social Contribution and Minority Interest                        | (577)                                | -            | -          | -            | -            | -            | -    | -    | 92                     | (485)                                | (42)                         | (5                             |
| <b>Net Income</b>   | <b>2,181</b>                         | -            | -          | -            | -            | -            | -    | -    | -                      | <b>2,181</b>                         | <b>(342)</b>                 | <b>1,8</b>                     |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item Other Operating

Expenses to the item Financial Margin ;

(2) Interest Income/Expenses from the insurance segment were reclassified from the item Other Operating Revenues/Expenses to the item Financial Margin ;

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

(4) Revenue from Loan Recovery classified under the item Financial Margin ; Expenses with Discounts Granted classified under the item Other Operating Revenues/Expenses and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin were reclassified to the item PDD Expenses - Allowance for Loan Losses ;

(5) Losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income , were reclassified to the item PDD Expenses - Allowance for Loan Losses ;

(6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item Other Operating Revenues/Expenses were reclassified to the item Fee and Commission Income ;

(7) Credit Card Operations Interchange Expenses classified under the item Other Operating Revenues/Expenses were reclassified to the item Other Administrative Expenses ;

(8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

(9) For more information see page 8 of this chapter.

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

## First quarter of 2009

|   | R\$ million                          |              |           |              |              |          |          |          |                        |                                      |                              |                                    |
|---|--------------------------------------|--------------|-----------|--------------|--------------|----------|----------|----------|------------------------|--------------------------------------|------------------------------|------------------------------------|
|   | Accounting<br>Statement<br>of Income | 1Q09         |           |              |              |          |          |          | Fiscal<br>Hedge<br>(8) | Managerial<br>Statement<br>of Income | Non-Recurring<br>Effects (9) | Adjusted<br>Statement<br>of Income |
| (1)   |                                      | (2)          | (3)       | (4)          | (5)          | (6)      | (7)      |          |                        |                                      |                              |                                    |
| <b>Financial Margin</b>   | <b>7,752</b>                         | <b>(124)</b> | <b>25</b> | <b>(195)</b> | <b>(252)</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(91)</b>            | <b>7,115</b>                         | <b>-</b>                     | <b>7,115</b>                       |
| PLL   | (2,920)                              | -            | -         | -            | (19)         | -        | -        | -        | -                      | (2,939)                              | 177                          | (2,762)                            |
| <b>Gross Income from Financial Intermediation</b>                             | <b>4,832</b>                         | <b>(124)</b> | <b>25</b> | <b>(195)</b> | <b>(271)</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(91)</b>            | <b>4,176</b>                         | <b>177</b>                   | <b>4,353</b>                       |
| Income from Insurance, Private Pension Plans and Savings Bonds Operations (*) | 537                                  | -            | -         | -            | -            | -        | -        | -        | -                      | 537                                  | -                            | 537                                |
| Fee and Commission Income   | 2,750                                | -            | -         | -            | -            | (61)     | 34       | -        | -                      | 2,723                                | -                            | 2,723                              |
| Personnel Expenses  | (1,852)                              | -            | -         | -            | -            | -        | -        | -        | -                      | (1,852)                              | -                            | (1,852)                            |
| Other Administrative Expenses   | (2,158)                              | -            | -         | -            | -            | 61       | -        | (58)     | -                      | (2,155)                              | -                            | (2,155)                            |
| Tax Expenses  | (597)                                | -            | -         | -            | -            | -        | -        | -        | 10                     | (587)                                | -                            | (587)                              |
| Equity in the Earnings (Losses) of Unconsolidated Companies                   | 6                                    | -            | -         | -            | -            | -        | -        | -        | -                      | 6                                    | -                            | 6                                  |
| Other Operating Income/Expenses   | (1,066)                              | 124          | (25)      | 195          | 160          | -        | (34)     | 58       | -                      | (588)                                | 176                          | (412)                              |
| <b>Operating Income</b>   | <b>2,452</b>                         | <b>-</b>     | <b>-</b>  | <b>-</b>     | <b>(111)</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>(81)</b>            | <b>2,260</b>                         | <b>353</b>                   | <b>2,613</b>                       |
| Non-Operating Income  | (39)                                 | -            | -         | -            | 111          | -        | -        | -        | -                      | 72                                   | -                            | 72                                 |
| Income Tax / Social Contribution and Minority Interest                        | (690)                                | -            | -         | -            | -            | -        | -        | -        | 81                     | (609)                                | (120)                        | (729)                              |
| <b>Net Income</b>   | <b>1,723</b>                         | <b>-</b>     | <b>-</b>  | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>               | <b>1,723</b>                         | <b>233</b>                   | <b>1,956</b>                       |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item Other Operating

Expenses to the item Financial Margin ;

(2) Interest Income/Expenses from the insurance segment were reclassified from the item Other Operating Revenues/Expenses to the item Financial Margin ;

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

(4) Revenue from Loan Recovery classified under the item Financial Margin ; Expenses with Discounts Granted classified under the item Other Operating Revenues/Expenses and Expenses with Write-offs of Leasing Operations classified under the item Financial Margin ; and losses from the Sale of Foreclosed Assets BNDU classified under the item Non-Operating Income , were reclassified to the item PDD Expenses - Allowance for Loan Losses ;

(5) Outsourced services expenses classified under item Other Administrative Expenses were reclassified to item Fee and Commission Income

(6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item Other Operating Revenues/Expenses were reclassified to the item Fee and Commission Income ;

(7) Credit Card Operations Interchange Expenses classified under the item Other Operating Revenues/Expenses were reclassified to the item Other Administrative Expenses ;

(8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

(9) For more information see page 8 of this chapter.

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



## Consolidated Balance Sheet and Adjusted Statement of Income

## Balance Sheet

|  |                |                |                |                |                |                |                | R\$<br>million |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Mar10          | Dec09          | Sep09          | Jun09          | Mar09          | Dec08          | Sep08          | Jun08          |
| <b>Assets</b>  |                |                |                |                |                |                |                |                |
| <b>Current and Long-Term Assets</b>  | <b>522,709</b> | <b>496,028</b> | <b>477,458</b> | <b>474,301</b> | <b>474,124</b> | <b>446,802</b> | <b>416,161</b> | <b>397,746</b> |
| Funds Available  | 8,705          | 6,947          | 8,571          | 9,001          | 7,533          | 9,295          | 7,259          | 5,134          |
| Interbank Investments  | 97,165         | 110,797        | 97,487         | 89,636         | 93,342         | 74,191         | 57,351         | 73,692         |
| Securities and Derivative Financial Instruments                            | 157,309        | 146,619        | 147,724        | 146,110        | 130,816        | 131,598        | 132,373        | 118,956        |
| Interbank and Interdepartmental Accounts                                   | 36,674         | 18,723         | 17,718         | 16,620         | 15,691         | 13,804         | 27,081         | 26,163         |
| Loan and Leasing Operations  | 181,490        | 172,974        | 163,699        | 160,174        | 160,975        | 160,500        | 153,335        | 140,324        |
| Allow ance for Loan Losses (PLL)   | (15,836)       | (16,313)       | (14,953)       | (13,871)       | (11,424)       | (10,263)       | (9,136)        | (8,652)        |
| Other Receivables and Assets   | 57,202         | 56,281         | 57,212         | 66,631         | 77,191         | 67,677         | 47,898         | 42,129         |
| <b>Permanent Assets</b>  | <b>9,917</b>   | <b>10,195</b>  | <b>8,228</b>   | <b>8,177</b>   | <b>8,017</b>   | <b>7,611</b>   | <b>6,501</b>   | <b>5,486</b>   |
| Investments  | 1,537          | 1,549          | 1,392          | 1,359          | 1,400          | 1,048          | 823            | 784            |
| Premises and Leased Assets   | 3,244          | 3,418          | 3,272          | 3,300          | 3,286          | 3,250          | 2,309          | 2,198          |
| Intangible Assets  | 5,136          | 5,228          | 3,564          | 3,518          | 3,331          | 3,313          | 3,369          | 2,504          |
| <b>Total</b>   | <b>532,626</b> | <b>506,223</b> | <b>485,686</b> | <b>482,478</b> | <b>482,141</b> | <b>454,413</b> | <b>422,662</b> | <b>403,232</b> |
| <b>Liabilities</b>   |                |                |                |                |                |                |                |                |
| <b>Current and Long-Term Liabilities</b>                                   | <b>488,431</b> | <b>463,350</b> | <b>446,152</b> | <b>444,574</b> | <b>446,225</b> | <b>419,561</b> | <b>387,640</b> | <b>369,151</b> |
| Deposits   | 170,722        | 171,073        | 167,987        | 167,512        | 169,104        | 164,493        | 139,170        | 122,752        |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 128,172        | 113,273        | 102,604        | 99,710         | 91,659         | 79,977         | 87,464         | 98,278         |
| Funds from Issuance of Securities  | 8,550          | 7,482          | 7,111          | 7,694          | 9,280          | 9,011          | 6,535          | 5,455          |
| Interbank and Interdepartmental Accounts                                   | 2,063          | 2,950          | 2,257          | 1,904          | 2,287          | 2,914          | 2,538          | 2,458          |
| Borrow ing and Onlending   | 30,208         | 27,328         | 27,025         | 29,081         | 30,420         | 31,947         | 31,979         | 24,736         |
| Derivative Financial Instruments   | 2,469          | 531            | 1,669          | 2,599          | 2,294          | 2,042          | 2,326          | 1,598          |
| Provisions for Insurance, Private Pension Plans and Savings Bonds          | 77,685         | 75,572         | 71,401         | 68,829         | 66,673         | 64,587         | 62,888         | 62,068         |
| Other Liabilities  | 68,562         | 65,141         | 66,098         | 67,245         | 74,508         | 64,590         | 54,740         | 51,806         |
| <b>Deferred Income</b>   | <b>292</b>     | <b>321</b>     | <b>297</b>     | <b>272</b>     | <b>273</b>     | <b>274</b>     | <b>227</b>     | <b>208</b>     |
| <b>Minority Interest in Subsidiaries</b>                                   | <b>816</b>     | <b>798</b>     | <b>360</b>     | <b>355</b>     | <b>337</b>     | <b>321</b>     | <b>627</b>     | <b>162</b>     |

|                             |                |                |                |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Shareholders' Equity</b> | <b>43,087</b>  | <b>41,754</b>  | <b>38,877</b>  | <b>37,277</b>  | <b>35,306</b>  | <b>34,257</b>  | <b>34,168</b>  | <b>33,711</b>  |
| <b>Total</b>                | <b>532,626</b> | <b>506,223</b> | <b>485,686</b> | <b>482,478</b> | <b>482,141</b> | <b>454,413</b> | <b>422,662</b> | <b>403,232</b> |



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

|   | 1Q10         | 4Q09         | 3Q09         | 2Q09         | 1Q09         | 4Q08         | 3Q08         | 2Q08                   |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------------|
|   |              |              |              |              |              |              |              | <b>R\$<br/>million</b> |
| <b>Financial Margin</b>                                     | <b>7,689</b> | <b>7,492</b> | <b>7,587</b> | <b>7,560</b> | <b>7,115</b> | <b>5,924</b> | <b>5,674</b> | <b>5,959</b>           |
| Interest  | 7,406        | 7,144        | 6,891        | 6,771        | 6,422        | 5,944        | 5,815        | 5,632                  |
| Non-Interest  | 283          | 348          | 696          | 789          | 693          | (20)         | (141)        | 327                    |
| PLL   | (2,188)      | (2,695)      | (2,908)      | (3,118)      | (2,762)      | (1,888)      | (1,671)      | (1,752)                |
| <b>Gross Income from Financial Intermediation</b>           | <b>5,501</b> | <b>4,797</b> | <b>4,679</b> | <b>4,442</b> | <b>4,353</b> | <b>4,036</b> | <b>4,003</b> | <b>4,207</b>           |
| Income from Insurance, Private Pension Plans and Savings    | 583          | 484          | 433          | 529          | 537          | 544          | 629          | 567                    |
| Bonds Operations (*)  |              |              |              |              |              |              |              |                        |
| Fee and Commission Income                                   | 3,124        | 3,125        | 2,857        | 2,911        | 2,723        | 2,698        | 2,698        | 2,657                  |
| Personnel Expenses  | (2,120)      | (2,081)      | (2,126)      | (1,908)      | (1,852)      | (1,932)      | (1,889)      | (1,775)                |
| Other Administrative Expenses                               | (2,647)      | (2,746)      | (2,359)      | (2,233)      | (2,155)      | (2,298)      | (2,130)      | (2,002)                |
| Tax Expenses  | (749)        | (694)        | (639)        | (615)        | (587)        | (498)        | (540)        | (573)                  |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 29           | 82           | 39           | 13           | 6            | 47           | 23           | 33                     |
| Other Operating Revenues and Expenses                       | (550)        | (539)        | (539)        | (459)        | (412)        | (259)        | (223)        | (417)                  |
| - Other Operating Revenues                                  | 265          | 279          | 209          | 311          | 198          | 212          | 318          | 124                    |
| - Other Operating Expenses                                  | (815)        | (818)        | (748)        | (770)        | (610)        | (471)        | (541)        | (541)                  |
| <b>Operating Income</b>                                     | <b>3,171</b> | <b>2,428</b> | <b>2,345</b> | <b>2,680</b> | <b>2,613</b> | <b>2,338</b> | <b>2,571</b> | <b>2,697</b>           |

|  |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Non-Operating<br>Income                  | 4            | (62)         | 63           | 37           | 72           | 96           | 45           | 58           |
| Income Tax and<br>Social<br>Contribution | (1,010)      | (519)        | (607)        | (717)        | (723)        | (611)        | (696)        | (750)        |
| Minority Interest                        | (18)         | (8)          | (6)          | (4)          | (6)          | (17)         | (10)         | (3)          |
| <b>Adjusted Net<br/>Income</b>           | <b>2,147</b> | <b>1,839</b> | <b>1,795</b> | <b>1,996</b> | <b>1,956</b> | <b>1,806</b> | <b>1,910</b> | <b>2,002</b> |

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

**Financial Margin Interest and Non-Interest**

**Financial Margin Breakdown**

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

|                                   | R\$ million      |              |              |            |            |
|-----------------------------------|------------------|--------------|--------------|------------|------------|
|                                   | Financial Margin |              |              |            | Variation  |
|                                   | 1Q10             | 4Q09         | 1Q09         | Quarter    |            |
| Interest - due to volume          |                  |              |              | 269        | 656        |
| Interest - due to spread          |                  |              |              | (7)        | 328        |
| - Financial Margin - Interest     | 7,406            | 7,144        | 6,422        | 262        | 984        |
| - Financial Margin - Non-Interest | 283              | 348          | 693          | (65)       | (410)      |
| <b>Financial Margin</b>           | <b>7,689</b>     | <b>7,492</b> | <b>7,115</b> | <b>197</b> | <b>574</b> |
| <b>Average Margin Rate (*)</b>    | <b>8.1%</b>      | <b>8.1%</b>  | <b>7.8%</b>  |            |            |

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

Financial margin was R\$7,689 million in the first quarter of 2010, 2.6% or R\$197 million higher than in the previous quarter. Note that this increase comes from interest financial margin, which was positively impacted by the higher average volume of transactions, which contributed R\$269 million, and partially offset by the lower average spread of R\$7 million in the period.

In relation to the first quarter of 2009, financial margin grew by 8.1% or R\$574 million. This variation was impacted by the R\$984 million increase in interest financial margin, R\$359 million of which refer to the merger of Banco Ibi, offset by the non-interest financial margin drop of R\$410 million, as a result of lower gains from Securities/Other .

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

| R\$ million                         |  |
|-------------------------------------|--|
| Interest Financial Margin Breakdown |  |
|                                     |  |

|                         | 1Q10         | 4Q09         | 1Q09         | Variation  |            |
|-------------------------|--------------|--------------|--------------|------------|------------|
|                         |              |              |              | Quarter    | 12M        |
| Loans                   | 5,630        | 5,373        | 4,576        | 257        | 1,054      |
| Funding                 | 593          | 603          | 749          | (10)       | (156)      |
| Insurance               | 744          | 697          | 578          | 47         | 166        |
| Securities/Other        | 439          | 471          | 519          | (32)       | (80)       |
| <b>Financial Margin</b> | <b>7,406</b> | <b>7,144</b> | <b>6,422</b> | <b>262</b> | <b>984</b> |

The performance of the interest financial margin was driven by the growth of loan operations, and its business strategy focused on individuals and small to medium sized companies.

In the comparison between quarters, interest financial margin grew by 3.7%, or R\$262 million, posting R\$7,406 million in the first quarter of 2010 and R\$7,144 million in the previous quarter. This growth was led by the loans line, details of which can be found in the item Loan Financial Margin Interest.

In the first quarter of 2010, interest financial margin grew by 15.3% or R\$984 million, compared with the first quarter of 2009. The line that most contributed to this growth was loans, with highlights to the merger of Banco Ibi, which contributed R\$ 359 million. Such effect was partially offset by the decrease in the funding and Securities/Other lines, whose spreads were lower due to the decrease in interest rates.

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

The annualized interest financial margin rate in relation to total average assets was 7.8% in the first quarter of 2010, the same result as in the previous quarter. In relation to the first quarter of 2009, the 0.8 p.p. positive variation reflects: (i) higher average volume of operations with individuals with higher spreads; (ii) better funding conditions, given the decrease in funding costs and (iii) the merger of Banco Ibi.

**Interest Financial Margin Annualized Average Rates**

|                         | R\$ million (except %) |                 |              |              |                 |              |
|-------------------------|------------------------|-----------------|--------------|--------------|-----------------|--------------|
|                         | 1Q10                   |                 |              | 4Q09         |                 |              |
|                         | Interest               | Average Balance | Average Rate | Interest     | Average Balance | Average Rate |
| Loans                   | 5,630                  | 194,704         | 12.08%       | 5,373        | 187,247         | 11.98%       |
| Funding                 | 593                    | 221,851         | 1.07%        | 603          | 216,792         | 1.12%        |
| Insurance               | 744                    | 76,591          | 3.94%        | 697          | 73,767          | 3.83%        |
| Securities/Other        | 439                    | 110,367         | 1.60%        | 471          | 107,364         | 1.77%        |
| <b>Financial Margin</b> | <b>7,406</b>           | <b>-</b>        | <b>-</b>     | <b>7,144</b> | <b>-</b>        | <b>-</b>     |

|                         | 1Q10         |                 |              | 1Q09         |                                |              |
|-------------------------|--------------|-----------------|--------------|--------------|--------------------------------|--------------|
|                         | Interest     | Average Balance | Average Rate | Interest     | Average Balance <sup>(1)</sup> | Average Rate |
| Loans                   | 5,630        | 194,704         | 12.08%       | 4,576        | 178,106                        | 10.68%       |
| Funding                 | 593          | 221,851         | 1.07%        | 749          | 210,085                        | 1.43%        |
| Insurance               | 744          | 76,591          | 3.94%        | 578          | 66,035                         | 3.55%        |
| Securities/Other        | 439          | 110,367         | 1.60%        | 519          | 99,693                         | 2.10%        |
| <b>Financial Margin</b> | <b>7,406</b> | <b>-</b>        | <b>-</b>     | <b>6,422</b> | <b>-</b>                       | <b>-</b>     |

(1) To improve comparability, we included card operations (cash and credit purchase from merchants) from prior periods.

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

|                                 | <b>Financial Margin - Loan</b> |             |             |                              | <b>R\$ million</b> |
|---------------------------------|--------------------------------|-------------|-------------|------------------------------|--------------------|
|                                 | <b>1Q10</b>                    | <b>4Q09</b> | <b>1Q09</b> | <b>Variation<br/>Quarter</b> | <b>12M</b>         |
| Interest -<br>due to<br>volume  |                                |             |             | 216                          | 480                |
| Interest -<br>due to<br>spread  |                                |             |             | 41                           | 574                |
| Interest<br>Financial<br>Margin | 5,630                          | 5,373       | 4,576       | 257                          | 1,054              |
| Revenues                        | 9,210                          | 8,888       | 8,733       | 322                          | 477                |
| Expenses                        | (3,580)                        | (3,515)     | (4,157)     | (65)                         | 577                |

Interest" financial margin from loan operations in the first quarter of 2010 performed better than both the fourth quarter and the first quarter of 2009. The increase was influenced by the return of favorable macroeconomic and loan scenarios, a drop in interest rates and the extension of financing and loan terms, all of which favored household consumption and business investments.

In the first quarter of 2010, interest financial margin from loan operations was R\$5,630 million, a growth of 4.8%, or R\$257 million, in relation to the fourth quarter of 2009. This variation was positively impacted by R\$216 million from higher average business volume, growth led by the following products: payroll-deductible loans, vehicle financing (CDC), BNDES/Finame onlending and working capital.

In relation to the first quarter of 2009, financial margin grew by 23.0%, or R\$1,054 million. This variation was positively impacted by a R\$480 million expansion in average transaction volume, due principally to the merger of Banco Ibi and by R\$574 million, due to the increase in average spread, resulting from the reduction of funding costs and an increase in the average volume of operations with higher margins.

As for the good performance of the credit portfolio, upon comparing the first quarter of 2010 to the same period last year, we can highlight the following products in the individual segment: payroll-deductible loans, credit cards, supported by the merger of Banco Ibi operations and vehicle financing (CDC). In the corporate segment, the following products stood out: mortgages corporate plans, BNDES/Finame onlending and working capital.

**Loan Financial Margin - Interest**

**Loan Financial Margin    Net Margin**

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

The PLL curve shows delinquency costs, which are represented by the Allowance for Loan Losses (PLL) expenses plus discounts granted in negotiations and net of loan recoveries, the result of the sale of foreclosed assets and other items.

The net margin curve presents the result of loan interest income, net of losses, which in the first quarter of 2010 recorded growth on the previous quarter of 28.5%, which was due to lower delinquency costs and the higher average volume of business.

**Loan Financial Margin - Interest****Total Loan Portfolio**

Loan operations (including sureties, guarantees, advances of credit card receivables and assignments of receivables-backed investment funds and mortgage-backed receivables) ended the first quarter of 2010 at R\$235.2 billion, an increase of 10.4% in the last twelve months and 3.1% on the previous quarter.

Strong growth of R\$7.2 billion stood out during the quarter, keeping in mind that first quarters are historically marked by a reduction in the level of economic activity.

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

A breakdown of loan products for Individuals is presented below:

| Individuals                | R\$ million   |               |               | Variation % |             |
|----------------------------|---------------|---------------|---------------|-------------|-------------|
|                            | Mar10         | Dec09         | Mar09         | Quarter     | 12M         |
| Vehicles -                 |               |               |               |             |             |
| CDC                        | 20,609        | 18,711        | 19,540        | 10.1        | 5.5         |
| Leasing                    | 11,329        | 12,323        | 12,575        | (8.1)       | (9.9)       |
| Credit Card <sup>(1)</sup> | 14,195        | 14,564        | 8,986         | (2.5)       | 58.0        |
| Personal Loan              | 9,342         | 8,903         | 8,179         | 4.9         | 14.2        |
| Payroll                    |               |               |               |             |             |
| Deductible                 |               |               |               |             |             |
| Loan <sup>(2)</sup>        | 11,491        | 9,450         | 6,978         | 21.6        | 64.7        |
| Rural Loan                 | 4,785         | 4,866         | 4,063         | (1.7)       | 17.8        |
| BNDES/Finame               |               |               |               |             |             |
| Onlending                  | 3,439         | 2,879         | 2,876         | 19.4        | 19.6        |
| Real Estate                |               |               |               |             |             |
| Financing <sup>(3)</sup>   | 3,189         | 3,031         | 2,622         | 5.2         | 21.6        |
| Overdraft                  |               |               |               |             |             |
| Facilities                 | 2,635         | 2,267         | 2,413         | 16.2        | 9.2         |
| Sureties and               |               |               |               |             |             |
| Guarantees                 | 551           | 412           | 387           | 33.9        | 42.5        |
| Other <sup>(4)</sup>       | 4,448         | 4,680         | 5,075         | (5.0)       | (12.4)      |
| <b>Total</b>               | <b>86,012</b> | <b>82,085</b> | <b>73,694</b> | <b>4.8</b>  | <b>16.7</b> |

(1) In March 2010, includes R\$3.7 billion related to the merger of Banco Ibi and in December 2009 R\$3.3 billion.



(2) In March 2010, includes loan assignments (receivables-backed investment funds) of R\$360 million, R\$351 million in December 2009 and R\$381 million in March 2009;

(2) In March 2010, includes loan assignments (mortgage-backed receivables) of R\$354 million, R\$378 million in December 2009 and R\$354 million in March 2009; and

(3) In March 2010, includes loan assignments (receivables-backed investment funds) related to acquisitions of goods of R\$18 million, R\$24 million in December 2009 and R\$41 million in March 2009.

The individuals segment, which recorded growth of 16.7% in the last twelve months, was led by our payroll-deductible loans, vehicle/CDC financing, and credit cards. In the first quarter of 2010, this segment grew by 4.8%, when compared to the previous quarter, and the products that most contributed to this growth were: payroll-deductible loans and vehicle financing (CDC).

**Loan Financial Margin - Interest**

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

| Corporate  | R\$ million    |                |                | Variation % |            |
|--|----------------|----------------|----------------|-------------|------------|
|  | Mar10          | Dec09          | Mar09          | Quarter     | 12M        |
| Working Capital  | 29,526         | 27,676         | 25,795         | 6.7         | 14.5       |
| Export Financing                                       | 8,016          | 8,750          | 13,922         | (8.4)       | (42.4)     |
| BNDES/Finame Onlending                                 | 16,762         | 15,361         | 13,639         | 9.1         | 22.9       |
| Operations Abroad                                      | 14,017         | 13,128         | 11,410         | 6.8         | 22.8       |
| Overdraft Account                                      | 8,226          | 8,369          | 9,134          | (1.7)       | (9.9)      |
| Leasing  | 8,642          | 8,896          | 9,013          | (2.9)       | (4.1)      |
| Credit Card  | 7,738          | 7,314          | 6,674          | 5.8         | 15.9       |
| Rural Loan   | 4,144          | 4,122          | 3,661          | 0.5         | 13.2       |
| Vehicles - CDC   | 3,062          | 2,949          | 3,099          | 3.8         | (1.2)      |
| Real Estate Financing - Corporate Plans <sup>(1)</sup> | 5,119          | 4,745          | 3,554          | 7.9         | 44.0       |
| Sureties and Guarantees <sup>(2)</sup>                 | 34,162         | 34,256         | 30,325         | (0.3)       | 12.7       |
| Other  | 9,812          | 10,427         | 9,073          | (5.9)       | 8.1        |
| <b>Total</b>   | <b>149,226</b> | <b>145,993</b> | <b>139,299</b> | <b>2.2</b>  | <b>7.1</b> |

(1) Includes loan assignments (mortgage-backed receivables) of R\$388 million in March 2010, R\$393 million in December 2009 and R\$303 million in March 2009; and

(2) Around 90% of surety and guarantees from corporate clients are carried out with large corporations.

The corporate segment grew by 7.1% in the last twelve months and 2.2% in the quarter. The main highlights for both periods were real estate financing – corporate plans, BNDES/Finame onlending and working capital.

**Loan Portfolio – Consumer Financing**

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

Consumer financing amounted to R\$68.2 billion, for growth of 4.5% in the quarter and 18.2% in the last twelve months. Growth was led by vehicle financing (CDC/Leasing) and payroll-deductible loans, which together amounted to R\$43.4 billion, accounting for 63.6% of the total consumer financing balance and, given the guarantees and characteristics, providing the portfolio with an adequate level of credit risk.

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

|                  | R\$ million   |               |               | Variation %  |               |
|------------------|---------------|---------------|---------------|--------------|---------------|
|                  | Mar10         | Dec09         | Mar09         | Quarter      | 12M           |
| <b>CDC</b>       |               |               |               |              |               |
| <b>Portfolio</b> | <b>23,671</b> | <b>21,660</b> | <b>22,639</b> | <b>9.3</b>   | <b>4.6</b>    |
| Individuals      | 20,609        | 18,711        | 19,540        | 10.1         | 5.5           |
| Corporate        | 3,062         | 2,949         | 3,099         | 3.8          | (1.2)         |
| <b>Leasing</b>   |               |               |               |              |               |
| <b>Portfolio</b> | <b>17,291</b> | <b>18,522</b> | <b>18,746</b> | <b>(6.6)</b> | <b>(7.8)</b>  |
| Individuals      | 11,329        | 12,323        | 12,575        | (8.1)        | (9.9)         |
| Corporate        | 5,962         | 6,199         | 6,171         | (3.8)        | (3.4)         |
| <b>Finame</b>    |               |               |               |              |               |
| <b>Portfolio</b> | <b>3,590</b>  | <b>3,984</b>  | <b>4,085</b>  | <b>(9.9)</b> | <b>(12.1)</b> |
| Individuals      | 108           | 117           | 78            | (7.7)        | 38.5          |
| Corporate        | 3,482         | 3,867         | 4,007         | (10.0)       | (13.1)        |
| <b>Total</b>     | <b>44,552</b> | <b>44,166</b> | <b>45,470</b> | <b>0.9</b>   | <b>(2.0)</b>  |
| Individuals      | 32,046        | 31,151        | 32,193        | 2.9          | (0.5)         |
| Corporate        | 12,506        | 13,015        | 13,277        | (3.9)        | (5.8)         |

Vehicle financing operations totaled R\$44.6 billion in March 2010, for an increase of 0.9% on the previous quarter and a decrease of 2.0% in relation to the first quarter of 2009. Of the total Vehicle Portfolio, nearly 53.1% refers to CDC, 38.8% to Leasing and 8.1% to Finame. Individuals represented 71.9% of the portfolio, and Corporate Clients the remaining 28.1%.

**Loan Portfolio - By Type**

The table below presents all operations with credit risk (including sureties and guarantees, advances on credit card receivables, loan assignments, and other operations with some type of credit risk), which increased by 4.2% in the quarter and 10.5% in the last twelve months.

|                                  | R\$ million |        |        |
|----------------------------------|-------------|--------|--------|
|                                  | Mar10       | Dec09  | Mar09  |
| Loans and Discounted Securities  | 92,366      | 86,808 | 77,599 |
| Financings                       | 56,537      | 52,730 | 51,011 |
| Rural and Agribusiness Financing | 12,338      | 11,968 | 10,703 |
| Leasing Operations               | 20,249      | 21,468 | 21,662 |

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|  |                |                |                |
|--|----------------|----------------|----------------|
| Advances on Exchange Contracts   | 5,126          | 5,603          | 10,220         |
| Other Loans  | 11,491         | 12,412         | 8,853          |
| <b>Total Loan Operations <sup>(1)</sup></b>                            | <b>198,107</b> | <b>190,989</b> | <b>180,048</b> |
| Sureties and Guarantees Provided<br>(Clearing Accounts) <sup>(2)</sup> | 34,714         | 34,668         | 30,712         |
| Other <sup>(3)</sup>   | 1,298          | 1,277          | 1,154          |
| <b>Total Exposures - Loan Operations</b>                               | <b>234,119</b> | <b>226,934</b> | <b>211,914</b> |
| Loan Assignments (FIDC / CRI)  | 1,119          | 1,144          | 1,079          |
| <b>Total</b>   | <b>235,238</b> | <b>228,078</b> | <b>212,993</b> |
| Other Operations with Credit Risk <sup>(4)</sup>                       | 22,828         | 19,646         | 20,566         |
| <b>Total Operations with Credit Risk</b>                               | <b>258,066</b> | <b>247,724</b> | <b>233,559</b> |

(1) Concept determined by the Central Bank of Brazil;

(2) Operations in which Banco Bradesco S/A Grand Cayman branch was the beneficiary were not considered, and for comparison purposes the previous periods were adjusted;

(3) Refers to advances of credit card receivables; and

(4) Includes operations involving interbank deposit certificates, debentures, commercial paper, international treasury, swaps, forward currency contracts and investments in receivables-backed investment funds and mortgage-backed receivables.

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

The distribution of the loan portfolio by sector of economic activity did not change significantly, as shown in the table below:

| Activity Sector   |                |              |                |              | R\$ million    |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
|   | Mar10          | %            | Dec09          | %            | Mar09          | %            |
| <b>Public Sector</b>  | <b>1,546</b>   | <b>0.8</b>   | <b>1,621</b>   | <b>0.8</b>   | <b>1,562</b>   | <b>0.9</b>   |
| <b>Private Sector</b>   | <b>196,561</b> | <b>99.2</b>  | <b>189,368</b> | <b>99.2</b>  | <b>178,486</b> | <b>99.1</b>  |
| <b>Corporate</b>  | <b>111,832</b> | <b>56.4</b>  | <b>108,447</b> | <b>56.8</b>  | <b>105,979</b> | <b>58.9</b>  |
| Industry  | 39,351         | 19.9         | 39,285         | 20.6         | 40,871         | 22.7         |
| Commerce  | 27,004         | 13.6         | 26,436         | 13.8         | 24,040         | 13.4         |
| Financial Intermediaries  | 788            | 0.4          | 821            | 0.4          | 1,105          | 0.6          |
| Services  | 42,104         | 21.3         | 39,250         | 20.6         | 37,268         | 20.7         |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | 2,585          | 1.3          | 2,654          | 1.4          | 2,697          | 1.5          |
| <b>Individuals</b>  | <b>84,729</b>  | <b>42.8</b>  | <b>80,922</b>  | <b>42.4</b>  | <b>72,506</b>  | <b>40.3</b>  |
| <b>Total</b>  | <b>198,107</b> | <b>100.0</b> | <b>190,989</b> | <b>100.0</b> | <b>180,048</b> | <b>100.0</b> |

(\* ) Concept determined by the Central Bank of Brazil.

**Changes in the Loan Portfolio\***

The R\$31.6 billion in assets from new loan contracts more than offset the volume of operations that were settled or transferred to losses in the period, enabling growth of R\$18.1 billion in the loan portfolio in the last twelve months. This fact demonstrates Bradesco's excellent capacity to expand and diversify its customer base, thereby avoiding portfolio concentration.

\* Concept determined by the Central Bank of Brazil.

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

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

| <b>Changes in the Loan Portfolio by Rating between March 2009 and 2010</b> |                                  |              |  |              |  |              |
|--|----------------------------------|--------------|--|--------------|--|--------------|
| <b>Rating</b>  | <b>Total Loans in March 2010</b> |              | <b>New Borrowers between April 2009 and March 2010</b> |              | <b>Remaining Borrowers in March 2009</b> |              |
|  | <b>R\$ million</b>               | <b>%</b>     | <b>R\$ million</b>                                     | <b>%</b>     | <b>R\$ million</b>                       | <b>%</b>     |
| AA - C   | 180,984                          | 91.4         | 28,996   | 91.7         | 151,988                                  | 91.3         |
| D  | 3,961                            | 2.0          | 555  | 1.7          | 3,406                                    | 2.0          |
| E - H  | 13,162                           | 6.6          | 2,073  | 6.6          | 11,089                                   | 6.7          |
| <b>Total</b>   | <b>198,107</b>                   | <b>100.0</b> | <b>31,624</b>  | <b>100.0</b> | <b>166,483</b>                           | <b>100.0</b> |

**Loan Portfolio by Client Portfolio**

The table below presents a breakdown of the loan portfolio by client profile, with growth in the balance of the Individuals and Micro, Small and Mid-Sized Companies portfolios, both in the quarter and in the last twelve months.

The Large Corporations portfolio, on the other hand, was negatively affected primarily by the appreciation of the Brazilian real during the last twelve months, as detailed in the Loan Portfolio By Currency item.

| <b>Type of Client</b>               | <b>R\$ million</b> |                |                | <b>Variation %</b> |             |
|-------------------------------------|--------------------|----------------|----------------|--------------------|-------------|
|                                     | <b>Mar10</b>       | <b>Dec09</b>   | <b>Mar09</b>   | <b>Quarter</b>     | <b>12M</b>  |
| Large Corporates                    | 50,343             | 49,695         | 52,662         | 1.3                | (4.4)       |
| SMEs                                | 63,034             | 60,372         | 54,879         | 4.4                | 14.9        |
| Individuals                         | 84,729             | 80,922         | 72,507         | 4.7                | 16.9        |
| <b>Total Loan Operations</b><br>(1) | <b>198,107</b>     | <b>190,989</b> | <b>180,048</b> | <b>3.7</b>         | <b>10.0</b> |

(1) Concept determined by the Central Bank of Brazil.

**Loan Portfolio By Client Portfolio and Rating (%)**

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The increase in the share of loans rated between AA C compared with the previous quarter reflects an improvement of the loan portfolio, as a result not only of the quality of our credit policy and processes, but also of the improvement in the economic scenario and favorable outlook in the period, as compared to the previous quarter, when the rating profile of clients was still impacted by the effects of the global financial crisis.

| Type of Client   | By Rating   |            |            |             |            |            |             |            |            |
|------------------|-------------|------------|------------|-------------|------------|------------|-------------|------------|------------|
|                  | Mar10       |            |            | Dec09       |            |            | Mar09       |            |            |
|                  | AA-C        | D          | E-H        | AA-C        | D          | E-H        | AA-C        | D          | E-H        |
| Large Corporates | 97.1        | 1.2        | 1.6        | 97.0        | 1.1        | 1.9        | 98.0        | 1.0        | 1.0        |
| SMEs             | 90.8        | 2.5        | 6.7        | 90.2        | 2.6        | 7.1        | 92.0        | 2.6        | 5.4        |
| Individuals      | 88.3        | 2.1        | 9.6        | 87.4        | 2.0        | 10.6       | 88.8        | 2.2        | 9.0        |
| <b>Total</b>     | <b>91.4</b> | <b>2.0</b> | <b>6.6</b> | <b>90.8</b> | <b>2.0</b> | <b>7.2</b> | <b>92.5</b> | <b>2.0</b> | <b>5.6</b> |



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

The table below shows the growth in the shares of individual business segments in Bradesco's total loan portfolio. We highlight, in the quarter and in the last twelve months, the growth in the Retail/Postal and Prime segments.

The Banco Ibi operations, which were incorporated in the fourth quarter of 2009, boosted growth (50.2%) in the Bradesco Promotora de Vendas and Other segment in the last twelve months. Not considering Banco Ibi operations, growth in this segment would be 15.0% in the period.

| Business Segments                         | R\$ million    |              |                |              |                |              | Variation % |             |
|---|----------------|--------------|----------------|--------------|----------------|--------------|-------------|-------------|
|   | Mar10          | %            | Dec09          | %            | Mar09          | %            | Quarter     | 12M         |
| Retail / Postal                           | 63,594         | 32.1         | 60,190         | 31.5         | 53,657         | 29.8         | 5.7         | 18.5        |
| Corporate                                 | 59,566         | 30.1         | 56,249         | 29.4         | 59,529         | 33.1         | 5.9         | 0.1         |
| Bradesco<br>Financiamentos                | 27,885         | 14.1         | 28,558         | 15.0         | 28,132         | 15.6         | (2.4)       | (0.9)       |
| Middle Market                             | 24,664         | 12.4         | 23,889         | 12.5         | 22,832         | 12.7         | 3.2         | 8.0         |
| Bradesco Promotora<br>de Vendas and Other | 15,982         | 8.1          | 16,004         | 8.4          | 10,637         | 5.9          | (0.1)       | 50.2        |
| Prime                                     | 6,416          | 3.2          | 6,098          | 3.2          | 5,261          | 2.9          | 5.2         | 22.0        |
| <b>Total</b>                              | <b>198,107</b> | <b>100.0</b> | <b>190,989</b> | <b>100.0</b> | <b>180,048</b> | <b>100.0</b> | <b>3.7</b>  | <b>10.0</b> |

**Loan Portfolio By Currency**

Despite the increase in volume of foreign currency operations, these transactions' share remained steady in the last twelve months.

The balance of foreign currency-indexed and/or denominated loans and onlending operations (excluding ACCs) totaled US\$8.8 billion in March 2010, which represented a growth - in terms of U.S. dollars - by 47.0% in the last twelve months and 4.1% in the quarter (and in terms of Brazilian reais by 13.1% and 6.5%, respectively). Foreign currency operations totaled R\$15.7 billion (R\$14.8 billion in December 2009 and R\$13.9 billion in March 2009).

In March 2010, total loan operations with domestic currency stood at R\$182.4 billion (R\$176.2 billion in December 2009 and R\$166.1 billion in March 2009), representing an increase of 9.8% in the last twelve months.

**Loan Portfolio - By Debtor**

In the first quarter of 2010, the credit exposure levels of the 100 largest debtors were less concentrated upon comparison with the previous quarter.

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**Loan Financial Margin - Interest**

**Loan Portfolio By Flow of Maturities**

The flow of maturities of performing loan operations and/or installments coming due presented an extended profile, mainly thanks to CDC/vehicle leasing and real estate financing operations which have inherently longer terms, but also have lower risk, due to the characteristics and guarantees typically involved.

## **Loan Financial Margin - Interest**

### **Loan Portfolio Delinquency over 90 days**

As expected, the delinquency ratio for operations over 90 days declined in the first quarter of 2010, benefited by improved economic indicators in the period, driven by the recovery in economic activity, which allowed for improvement in loan operations. Bradesco ended the quarter with delinquency of 4.4%, likely to drop in the coming months.

The graph below presents the slight decrease in delinquency for operations overdue from 61 to 90 days compared to the same quarter in the year before, yet in the quarterly comparison this indicator remains steady.

**Loan Financial Margin - Interest**

Analysis of delinquency by client type shows that operations overdue from 61 to 90 days slightly decreased for Individuals and remained steady for Corporate clients.

## **Loan Financial Margin - Interest**

### **PLL vs. Delinquency vs. Losses**

The total volume of Allowance for Loan Losses (PLL) was R\$15.8 billion, corresponding to 8.0% of the total portfolio. The total allowance is composed of generic provisions (classification by client and/or operation), specific provisions (non-performing) and excess provisions (internal policies and criteria).

Improvement in rating levels, in addition to a decrease in delinquency, resulted in lower requirements for the allowance for doubtful accounts in the same period.

It is important to highlight the adequacy of provisioning criteria adopted, which can be proved by analyzing the historical data for the recorded allowances for loan losses and the effective losses in the subsequent 12-month period. For instance, in March 2009, for an existing provision of 6.3% of the portfolio, the loss in the subsequent twelve months was 4.9%, which means the existing provision covered the loss by a 30% margin.

**Loan Financial Margin - Interest**

Analysis in terms of net recovery of losses shows a significant increase in the coverage margin. For instance, in March 2009, for an existing provision of 6.3% of portfolio, the net loss in the subsequent twelve months was 3.8%, i.e., the existing provision covered the loss by a margin of more than 65%.

**Loan Financial Margin - Interest**

**Allowance for Loan Losses**

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

Delinquency of over 60 days (non performing loans) presented the same tendency to decrease as delinquency of more than 90 days. Moreover, additional comfort stemmed from higher Operating Coverage Ratios in March 2010, both for Non Performing Loans (151.3%) and delinquency over 90 days (180.8%).

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



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

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

|  | <b>R\$ million (except %)</b> |              |              |
|--|-------------------------------|--------------|--------------|
|  | <b>Mar10</b>                  | <b>Dec09</b> | <b>Mar09</b> |
| Total Loan Operations  | 198,107                       | 190,989      | 180,048      |
| - Individuals  | 84,729                        | 80,922       | 72,507       |
| - Corporate  | 113,378                       | 110,067      | 107,541      |
| Existing Provision   | 15,836                        | 16,313       | 11,424       |
| - Specific   | 8,230                         | 8,886        | 6,794        |
| - Generic  | 4,601                         | 4,424        | 2,941        |
| - Excess   | 3,005                         | 3,003        | 1,689        |
| Specific Provision / Existing Provision (%)                    | 52.0                          | 54.5         | 59.5         |
| Existing Provision / Loan Operations (%)                       | 8.0                           | 8.5          | 6.3          |
| AA - C Rated Loan Operations / Loan Operations (%)             | 91.4                          | 90.8         | 92.4         |
| D Rated Operations under Risk Management / Loan Operations (%) | 2.0                           | 2.0          | 2.0          |
| E - H Rated Loan Operations / Loan Operations (%)              | 6.6                           | 7.2          | 5.6          |
| D Rated Loan Operations  | 3,961                         | 3,777        | 3,521        |
| Existing Provision for D Rated Operations                      | 1,046                         | 996          | 923          |
| D Rated Provision / Loan Operations (%)                        | 26.4                          | 26.4         | 26.2         |
| D - H Rated Non-Performing Loans                               | 11,651                        | 12,299       | 10,342       |
| Existing Provision/D - H Rated Non-Performing Loans (%)        | 135.9                         | 132.6        | 110.5        |
| E - H Rated Loan Operations                                    | 13,161                        | 13,845       | 10,040       |
| Existing Provision for E - H Rated Loan Operations             | 11,622                        | 12,226       | 8,595        |
| E - H Rated Provision / Loan Operations (%)                    | 88.3                          | 88.3         | 85.6         |
| E - H Rated Non-Performing Loans                               | 9,742                         | 10,501       | 8,397        |
| Existing Provision/E - H Rated Non-Performing Loan (%)         | 162.6                         | 155.3        | 136.1        |
| Non-Performing Loans (*)                                       | 10,465                        | 10,978       | 9,339        |
| Non-Performing Loans (*) / Loan Operations (%)                 | 5.3                           | 5.7          | 5.2          |
| Existing Provision / Non-Performing Loans (%)                  | 151.3                         | 148.6        | 122.3        |

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|  |       |       |       |
|--|-------|-------|-------|
| Loan Operations Overdue for Over 90 days                 | 8,760 | 9,344 | 7,498 |
| Existing Provision / Operations Overdue for Over 90 days | 180.8 | 174.6 | 152.4 |

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

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

|                                  | <b>Financial Margin - Funding</b> |             |             |                              | <b>R\$ million</b> |
|----------------------------------|-----------------------------------|-------------|-------------|------------------------------|--------------------|
|                                  | <b>1Q10</b>                       | <b>4Q09</b> | <b>1Q09</b> | <b>Variation<br/>Quarter</b> | <b>12M</b>         |
| Interest - due to volume         |                                   |             |             | 14                           | 31                 |
| Interest - due to spread         |                                   |             |             | (24)                         | (187)              |
| <b>Interest Financial Margin</b> | <b>593</b>                        | <b>603</b>  | <b>749</b>  | <b>(10)</b>                  | <b>(156)</b>       |

In the first quarter of 2010, the interest funding financial margin was R\$593 million, compared with R\$603 million in the previous quarter. The decrease of 1.7%, or R\$10 million, was due to a reduction in the average spread of R\$24 million, which was partially offset by an increase in average business volume of R\$14 million.

In the first quarter of 2010 in relation to the first quarter of 2009, financial margin fell by 20.8% (or R\$156 million). This variation was negatively impacted by R\$187 million from spreads due to lower market interest rates (Selic). However, this effect was partially offset by the implementation of new funding strategies, which led to expansion in the average volume of demand and savings deposits.

**Funding Financial Margin - Interest****Loans vs. Funding**

To analyze loan operations in relation to funding, it is first necessary to deduct, from the total clients' funding, the amount committed to compulsory deposits at the Central Bank and the amount of available funds held at units in the customer service network, and to add the funds from domestic and offshore lines that provide the institution's funding to meet loan and financing needs.

Bradesco presents low reliance on interbank deposits and foreign credit lines, given its effective capacity to obtain funding from clients. This efficiency is the result of its extensive network, broad product portfolio and market's confidence in the Bradesco brand.

Note that the percentage of funds used increased in both annual and quarterly comparisons. This shows that Bradesco was basically able to meet the funding needs of its loan operations through funding operations with its clients.

| Funding x Investments  | R\$ million    |                |                | Variation %    |                |
|--|----------------|----------------|----------------|----------------|----------------|
|  | Mar10          | Dec09          | Mar09          | Quarter        | 12M            |
| Demand Deposits + Investment Account                                       | 32,585         | 35,663         | 25,882         | (8.6)          | 25.9           |
| Sundry Floating  | 3,715          | 1,522          | 2,991          | 144.1          | 24.2           |
| Savings Deposits   | 45,195         | 44,162         | 37,392         | 2.3            | 20.9           |
| Time Deposits + Debentures <sup>(1)</sup>                                  | 134,122        | 128,198        | 138,606        | 4.6            | (3.2)          |
| Other  | 10,851         | 10,089         | 7,051          | 7.6            | 53.9           |
| <b>Clients Funds</b>   | <b>226,468</b> | <b>219,634</b> | <b>211,922</b> | <b>3.1</b>     | <b>6.9</b>     |
| (-) Compulsory Deposits / Funds Available <sup>(2)</sup>                   | (46,064)       | (38,203)       | (33,866)       | 20.6           | 36.0           |
| <b>Clients Funds Net of Compulsory Deposits</b>                            | <b>180,404</b> | <b>181,431</b> | <b>178,056</b> | <b>(0.6)</b>   | <b>1.3</b>     |
| Onlending  | 20,646         | 18,812         | 17,124         | 9.7            | 20.6           |
| Foreign Credit Lines   | 14,272         | 9,271          | 11,087         | 53.9           | 28.7           |
| Funding Abroad   | 15,383         | 13,081         | 16,566         | 17.6           | (7.1)          |
| <b>Total Funding (A)</b>   | <b>230,705</b> | <b>222,595</b> | <b>222,833</b> | <b>3.6</b>     | <b>3.5</b>     |
| Loan Portfolio/Leasing/Cards (Other Loans)/Acquired CDI (B) <sup>(3)</sup> | 199,605        | 191,970        | 184,837        | 4.0            | 8.0            |
| <b>B/A (%)</b>   | <b>86.5</b>    | <b>86.2</b>    | <b>82.9</b>    | <b>0.3 p.p</b> | <b>3.6 p.p</b> |

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

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

(3) Amount related to cards operations (cash and installment purchases from merchants) and amounts related to interbank deposits calculated towards compulsory deposits.

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

The following table presents the changes in the main funding sources:

|                                      | R\$ million    |                |                | Variation % |            |
|--------------------------------------|----------------|----------------|----------------|-------------|------------|
|                                      | Mar10          | Dec09          | Mar09          | Quarter     | 12M        |
| Demand Deposits + Investment Account | 32,584         | 35,663         | 25,882         | (8.6)       | 25.9       |
| Savings Deposits                     | 45,195         | 44,162         | 37,392         | 2.3         | 20.9       |
| Time Deposits                        | 92,577         | 90,496         | 105,424        | 2.3         | (12.2)     |
| Debentures (*)                       | 40,790         | 36,962         | 31,651         | 10.4        | 28.9       |
| Borrowing and Onlending              | 30,208         | 27,328         | 30,420         | 10.5        | (0.7)      |
| Funds from Issuance of Securities    | 8,550          | 7,482          | 9,280          | 14.3        | (7.9)      |
| Subordinated Debts                   | 23,541         | 23,104         | 20,274         | 1.9         | 16.1       |
| <b>Total</b>                         | <b>273,445</b> | <b>265,197</b> | <b>260,323</b> | <b>3.1</b>  | <b>5.0</b> |

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

**Demand Deposits and Investment Account**

The 8.6% or R \$3,079 million reduction during the quarter was due to decreased funding volume, caused by the seasonality of the fourth quarter of 2009 and marketability caused by the 13<sup>th</sup> salary.

The 25.9%, or R\$6,702 million increase from March 2009 to March 2010 reflects the funds related to the acceleration in economic activity, which led to improvements in funding.

**Savings Deposits**

The variation in the quarter is basically due to the higher inflows and the remuneration of deposits (TR + 0.5% p.m.), which reached 1.6% in the first quarter of 2010, representing growth of 2.3%. We believe savings accounts will remain a good investment alternative, especially for smaller-scale savers, enabling the continued increase in deposits.

Compared with the same quarter in the year before, the growth in deposits is mainly the result of increased funding that exceeded redemptions and the remuneration of balances (TR + 0.5% p.m.), which reached a 20.9% growth.



## **Funding Financial Margin - Interest**

### **Time Deposits**

In the first quarter of 2010, time deposits grew 2.3% (or R\$2,081 million) over the previous quarter.

The variation in comparison to the previous quarter is due mainly to an upturn in the global economic scenario, thus providing greater liquidity and generating alternatives for other funding sources.

### **Debentures**

The positive variation of 10.4% in the first quarter of 2010 basically reflects the placement of these securities, which are used to back purchase and sale commitments.

### **Borrowings and Onlending**

The 10.5%, or R\$2,880 million increase in the quarter is mainly due to the following: (i) the R\$1,809 million increase in the volume of funds from borrowings and onlending in the country, especially through Finame operations; and (ii) the positive variation of the foreign exchange rate of 2.3% in the first quarter of 2010, which impacted borrowings and onlendings denominated and/or indexed in foreign currency, whose balance was R\$8,005 million in December 2009 and R\$9,077 million in March 2010.

The slight reduction in the first quarter of 2010 in comparison with the first quarter of 2009 was basically due to: (i) the 23.1% negative exchange rate variation, which directly impacted borrowings and onlendings denominated and/or indexed in foreign currency, whose balance was R\$12,680 million in March 2009 and R\$9,077 million in March 2010; which was partially offset by (ii) the

R\$3,391 million increase in the volume of funds from borrowings and onlending in the country, especially through Finame and BNDES operations, whose balance was R\$17,740 million in March 2009 and R\$21,131 million in March 2010.



### **Funding Financial Margin - Interest**

#### **Funds from Security Issuances**

The 14.3% increase, or R\$1,068 million, in the quarter was basically due to (i) the issuance of securities in the external market in March 2010, which provided greater funding of approximately R\$1,335 million; (ii) new operations with Mortgage Letters in the amount of R\$97 million; and (iii) the positive exchange rate variation of 2.3%; which was offset by (iv) the lower volume in Agribusiness Mortgage Letters in the amount of R\$123 million.

In the comparison between the first quarter of 2010 and the first quarter of 2009, the reduction of 7.9% or R\$730 million was mainly due to: (i) the reduction in volume of operations with MT100 securities of R\$947 million; (ii) the reduction in funds from Debentures of R\$775 million, stemmed from repurchase by third parties; (iii) the reduction in operations with Agribusiness Mortgage Letters of R\$171 million; which were offset by (iv) the issue of securities in the external market amounting to R\$1,082 million.

#### **Subordinated Debt**

In March 2010, Bradesco's Subordinated Debt totaled R\$23,541 million (R\$3,854 million abroad and R\$19,687 million in Brazil). In the 12-month period, Bradesco issued R\$2,803 million in Subordinated Debts in Brazil and Abroad, R\$2,616 million of which eligible for Level II of the Capital Adequacy Ratio (Basel II) with maturity in 2015 and 2019, respectively.

Note that only R\$9,816 million of the total subordinated debt is used for calculating the Capital Adequacy Ratio (Basel II), given the maturity of each subordinated debt operation.

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

|                           | <b>Financial Margin - Securities / Other</b> |             |             |                              | <b>R\$ million</b> |
|---------------------------|--|-------------|-------------|------------------------------|--------------------|
|                           | <b>1Q10</b>                                  | <b>4Q09</b> | <b>1Q09</b> | <b>Variation<br/>Quarter</b> | <b>12M</b>         |
| Interest - due to volume  |  |             |             | 12                           | 42                 |
| Interest - due to spread  |  |             |             | (44)                         | (122)              |
| Interest Financial Margin | 439  | 471         | 519         | (32)                         | (80)               |
| Revenues                  | 3,750  | 3,641       | 4,423       | 109                          | (673)              |
| Expenses                  | (3,311)                                      | (3,170)     | (3,904)     | (141)                        | 593                |

In relation to the fourth quarter of 2009, interest financial margin from Securities/Other decreased by 6.8% or R\$32 million in the first quarter of 2010, due to the average spread reduction of R\$44 million, partially offset by the increase in average business volume in the amount of R\$12 million.

In the first quarter of 2010, interest financial margin was down R\$80 million or 15.4% in relation to the same period in the previous year, represented by the average spread drop in the amount of R\$122 million, offset by the increase in average business volume in the amount of R\$42 million.

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

|                           | <b>Financial Margin - Insurances</b> |             |             |                              | <b>R\$ million</b> |
|---------------------------|--------------------------------------|-------------|-------------|------------------------------|--------------------|
|                           | <b>1Q10</b>                          | <b>4Q09</b> | <b>1Q09</b> | <b>Variation<br/>Quarter</b> | <b>12M</b>         |
| Interest - due to volume  |                                      |             |             | 27                           | 103                |
| Interest - due to spread  |                                      |             |             | 20                           | 63                 |
| Interest Financial Margin | 744                                  | 697         | 578         | 47                           | 166                |
| Revenues                  | 2,276                                | 1,914       | 1,952       | 362                          | 324                |
| Expenses                  | (1,532)                              | (1,217)     | (1,374)     | (315)                        | (158)              |

The interest financial margin of insurance operations increased by R\$47 million, or 6.7%, in relation to the fourth quarter of 2009, due to the average business volume growth of R\$27 million and the R\$20 million increase of average spread.

In relation to the first quarter of 2009, interest financial margin of insurance operations increased by R\$166 million or 28.7% which was impacted by the growth of average business volume of R\$103 million and the R\$63 million increase of average spread, which was due to higher profitability of assets indexed to IPCA and to an improved performance of multimarket funds in the first quarter of 2010.

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

|                  | Non-Interest Financial Margin |            |            |                      | R\$ million  |
|------------------|-------------------------------|------------|------------|----------------------|--------------|
|                  | 1Q10                          | 4Q09       | 1Q09       | Variation<br>Quarter | 12M          |
| Loans            | -                             | -          | (64)       | -                    | 64           |
| Funding          | (63)                          | (62)       | (60)       | (1)                  | (3)          |
| Insurance        | 69                            | 143        | 59         | (74)                 | 10           |
| Securities/Other | 277                           | 267        | 758        | 10                   | (481)        |
| <b>Total</b>     | <b>283</b>                    | <b>348</b> | <b>693</b> | <b>(65)</b>          | <b>(410)</b> |

In the first quarter of 2010, the non-interest financial margin dropped by R\$65 million in relation to the previous quarter. In the first quarter of 2010 this item decreased by R\$410 million from the same period in the previous year. The variations in non-interest financial margin were basically due to:

- Loans, represented by commissions for placing financing and loans. Expenses were lower due to a change in the accounting policy as of the second quarter of 2008, with financing commissions incorporated under the balances of financing/leasing operations;
- Funding, represented by expenses with the Credit Guarantee Fund (*Fundo Garantidor de Crédito* -FGC). The increase in the periods compared was mainly due to expansion in the client base.
- Insurance, represented by gains from equity investments and variations between the periods are associated with market conditions, which provided better/worse opportunities for realizing gains; and
- Securities/Other, the increase of R\$10 million in the first quarter of 2010 on the previous quarter arises from higher treasury/securities gains. When compared to the first quarter of 2009, the R\$481 million drop was led by the recovery of financial markets in the quarter, which caused a positive variation in mark-to-market adjustments of credit derivatives (Credit Default Swaps - CDSs) linked to Brazilian government bonds issued abroad and securities pegged to IPCA inflation rates.

**Insurance, Private Pensions and Savings Bonds**

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

**Balance Sheet**

|   | Mar10         | Dec09         | R\$<br>million<br>Mar09 |
|---|---------------|---------------|-------------------------|
| <b>Assets</b>   |               |               |                         |
| <b>Current and Long-Term Assets</b>                                       | <b>92,552</b> | <b>89,991</b> | <b>79,154</b>           |
| Securities  | 86,928        | 83,733        | 73,059                  |
| Insurance Premiums Receivable   | 1,337         | 1,638         | 1,345                   |
| Other Loans   | 4,287         | 4,620         | 4,750                   |
| <b>Permanent Assets</b>   | <b>2,116</b>  | <b>2,117</b>  | <b>1,581</b>            |
| <b>Total</b>  | <b>94,668</b> | <b>92,108</b> | <b>80,735</b>           |
| <b>Liabilities</b>  |               |               |                         |
| <b>Current and Long-Term Liabilities</b>                                  | <b>83,494</b> | <b>80,384</b> | <b>71,209</b>           |
| Tax, Civil and Labor Contingencies  | 1,590         | 1,518         | 1,928                   |
| Payables on Insurance, Private Pension Plans and Savings Bonds Operations | 296           | 302           | 308                     |
| Other Liabilities   | 3,923         | 2,992         | 2,300                   |
| Insurance Technical Provisions  | 6,972         | 6,856         | 6,549                   |
| Technical Provisions for Life and Private Pension Plans                   | 67,572        | 65,692        | 57,384                  |
| Technical Provisions for Savings Bonds                                    | 3,141         | 3,024         | 2,740                   |
| <b>Minority Interest</b>  | <b>613</b>    | <b>597</b>    | <b>142</b>              |
| <b>Shareholders' Equity</b>   | <b>10,561</b> | <b>11,127</b> | <b>9,384</b>            |
| <b>Total</b>  | <b>94,668</b> | <b>92,108</b> | <b>80,735</b>           |

**Adjusted Consolidated Statement of Income**

|  | 1Q10  | 4Q09  | R\$ million<br>1Q09 |
|--|-------|-------|---------------------|
| Insurance Written Premium, Pension Plan Contributions and Savings Bonds Income (*)   | 7,196 | 8,040 | 5,514               |
| Premiums Earned from Insurance, Private Pension Plans Contribution and Savings Bonds | 3,672 | 3,719 | 3,182               |

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|   |              |            |            |
|---|--------------|------------|------------|
| Reduction of PIC/PDA Interest Rate            | -            | (180)      | -          |
| Interest Income of the Operation              | 791          | 712        | 622        |
| Sundry Operating Revenues                     | 261          | 197        | 241        |
| Retained Claims                               | (2,267)      | (2,197)    | (1,982)    |
| Savings Bonds Draw ing and Redemptions        | (451)        | (522)      | (364)      |
| Selling Expenses                              | (372)        | (335)      | (299)      |
| General and Administrative Expenses           | (402)        | (368)      | (308)      |
| Other (Operating Income/Expenses)             | (17)         | (86)       | (46)       |
| Tax Expenses                                  | (85)         | (80)       | (72)       |
| <b>Operating Income</b>                       | <b>1,130</b> | <b>860</b> | <b>974</b> |
| Equity Result                                 | 55           | 99         | 46         |
| Non-Operating Income                          | (7)          | (16)       | 12         |
| Taxes and Contributions and Minority Interest | (475)        | (341)      | (382)      |
| <b>Adjusted Net Income</b>                    | <b>703</b>   | <b>602</b> | <b>650</b> |

(\*) We did not consider the effect of RN 206/09 (ANS) in the total of R\$345 million (health), which, as of January 2010, excluded PPNG

(SES) and the accounting of premiums Pro-rata temporis. This change in accounting did not affect Earned Premiums.

**Insurance, Private Pensions and Savings Bonds****Adjusted Income Distribution of Grupo Bradesco de Seguros e Previdência**

|                                | 1Q10       | 4Q09       | 3Q09       | 2Q09       | 1Q09       | 4Q08       | 3Q08       | 2Q08       | R\$<br>million |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|----------------|
| Life and Private Pension Plans | 409        | 394        | 347        | 366        | 357        | 383        | 392        | 385        |                |
| Health                         | 148        | 129        | 89         | 107        | 137        | 113        | 115        | 115        |                |
| Savings Bonds                  | 65         | 44         | 65         | 58         | 50         | 55         | 64         | 76         |                |
| Basic Lines and Other          | 81         | 35         | 106        | 107        | 106        | (1)        | 58         | 147        |                |
| <b>Total</b>                   | <b>703</b> | <b>602</b> | <b>607</b> | <b>638</b> | <b>650</b> | <b>550</b> | <b>629</b> | <b>723</b> |                |

**Performance Ratios**

|  | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 | 2Q08 | % |
|--|------|------|------|------|------|------|------|------|---|
| Claims Ratio <sup>(1)</sup>                  | 73.3 | 74.3 | 77.2 | 73.3 | 73.7 | 78.0 | 72.4 | 73.1 |   |
| Selling Ratio <sup>(2)</sup>                 | 10.6 | 9.6  | 9.9  | 9.9  | 9.5  | 10.1 | 10.3 | 10.7 |   |
| Administrative Expenses Ratio <sup>(3)</sup> | 5.6  | 4.6  | 5.4  | 5.4  | 5.6  | 6.0  | 5.9  | 5.1  |   |
| Combined Ratio <sup>(*) (4)</sup>            | 85.2 | 85.3 | 88.9 | 85.5 | 86.2 | 89.7 | 84.4 | 84.9 |   |

(\*) Excludes additional provisions.

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earning Premiums;

(3) Administrative Expenses/Net Premiums Written; and

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

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

(\* ) We did not consider the effect of RN 206/09 (ANS) in the total of R\$345 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This change in accounting did not affect Earned Premiums.

In the first quarter of 2010, premiums written, pension plan contributions and savings bonds income increased by 30.5% on the same quarter of the previous year.

According to Susep and ANS, in the insurance, private pension plans and savings bonds segment, Bradesco Seguros e Previdência collected R\$2.5 billion up to January 2010, maintaining its leadership position in the ranking, with market share of 25.8%. In the same period, the insurance industry collected R\$9.5 billion.



**Insurance, Private Pensions and Savings Bonds**

**Retained Claims by Insurance Line**

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

**Insurance Selling Expenses by Insurance Line**

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

**Efficiency Ratio**

General and Administrative Expenses / Revenue

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## **Insurance, Private Pensions and Savings Bonds**

### **Insurance Technical Provisions**

Insurance Group technical provisions accounted for 31.8% of the insurance market in January 2010, according to Susep and ANS data.

Obs. 1: According to RN 206/09, as of January 2010, provisions for unearned premiums (PPNG) were excluded.  
Obs. 2: According to Susep 379/08, as of January 2009, technical provisions for reinsurance were recorded under assets.

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**Bradesco Vida e Previdência**

|   | R\$ million (except when otherwise indicated) |        |        |        |        |        |        |        |
|---|---|--------|--------|--------|--------|--------|--------|--------|
|   | 1Q10  | 4Q09   | 3Q09   | 2Q09   | 1Q09   | 4Q08   | 3Q08   | 2Q08   |
| Adjusted Net Income                                   | 409   | 394    | 347    | 366    | 357    | 383    | 392    | 385    |
| Income from Premiums and Contribution Revenue*        | 3,910   | 4,933  | 3,697  | 3,304  | 2,822  | 3,517  | 3,117  | 3,224  |
| - Income from Private Pension Plans and VGBL          | 3,291   | 4,295  | 3,100  | 2,758  | 2,294  | 2,964  | 2,599  | 2,732  |
| - Income from Life/Accidents Insurance Premiums       | 619   | 638    | 597    | 546    | 528    | 553    | 518    | 492    |
| Technical Provisions                                  | 67,572  | 65,692 | 61,918 | 59,533 | 57,384 | 56,052 | 54,530 | 53,881 |
| Investment Portfolio                                  | 70,920  | 68,780 | 64,646 | 61,736 | 59,063 | 57,357 | 56,564 | 56,145 |
| Claims Ratio  | 45.1  | 50.9   | 48.1   | 43.9   | 43.7   | 48.4   | 48.4   | 36.2   |
| Selling Ratio   | 18.8  | 14.4   | 16.5   | 17.1   | 14.9   | 17.5   | 16.9   | 16.2   |
| Combined Ratio  | 73.9  | 70.6   | 74.4   | 69.4   | 68.6   | 71.9   | 69.9   | 66.8   |
| Participants / Policyholders (in thousands)           | 21,326  | 21,389 | 21,206 | 20,231 | 19,838 | 18,918 | 18,553 | 17,984 |
| Premiums and Contributions Revenue Market Share (%)** | 36.3  | 31.1   | 31.1   | 30.4   | 34.2   | 34.5   | 35.3   | 35.7   |
| Life/AP Market Share - Insurance Premiums (%)**       | 18.6  | 16.5   | 16.0   | 16.1   | 17.4   | 16.7   | 16.6   | 16.1   |

\*Life/VGBL/Traditional

\*\*Data for January 2010, November 2009, August 2009, May 2009, January 2009, November 2008, July 2008 and May 2008.

Due to its solid structure, policy of product innovation and the consumer reliance, Bradesco Vida e Previdência maintained its leadership, holding market share of 36.3% in terms of income from pension plans and VGBL.

Bradesco Vida e Previdência is also a leader in VGBL plans, with a 38.6% share, and in Private Pension plans, with 27.1% (source: Fenaprevi -data as of January 2010).

The 3.8% increase in the adjusted net income of first quarter of 2010 versus the previous quarter was due to the 5.8 percentage point reduction in the life line's claims ratio, combined with increased general and administrative expenses, which were impacted by a collective agreement in January. It is worth noting that, despite the period's sound financial performance, the fourth quarter of 2009 was impacted by expenses related to the recording of the provision for contribution insufficiency (PIC) and the technical provision for administrative expenses (PDA), due to the interest rate reduction used in the calculation of these reserves, from 4.3% p.a. to 4.0% p.a.

Adjusted net income in the first quarter of 2010 was 14.6% higher than the figure of the same period of the previous year, due to (i) an impressive revenue growth of 38.6%; (ii) a drop in the recording of PIC and PDA technical provisions; (iii) improved interest income, partially offset by: (iv) the slight increase in claims ratios in the Life/AP

lines; and (v) increased sales costs.

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### **Bradesco Vida e Previdência**

The technical provisions of Bradesco Vida e Previdência in March 2010 totaled R\$67.6 billion, of which R\$64.6 billion was from private pension and VGBL and R\$3 billion from life, personal accident and other lines, representing growth of 17.8% in relation to March 2009.

The investment portfolio of Bradesco Vida e Previdência stood at R\$70.9 billion in March 2010.

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

In March 2010, the number of Bradesco Vida e Previdência clients grew by 7.5% compared to March 2009, surpassing the mark of 2 million private pension and VGBL plans participants and of 19.3 million personal accident and life insurance policyholders. This strong growth was

fueled by the strength of the Bradesco Brand and adequate selling and management policies.

**Bradesco Saúde Consolidated\***

|                                     | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  | 3Q08  | 2Q08  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)            | 148   | 129   | 89    | 107   | 137   | 113   | 115   | 115   |
| Net Premiums Written (R\$ million)* | 1,705 | 1,622 | 1,573 | 1,484 | 1,419 | 1,410 | 1,389 | 1,327 |
| Technical Provisions (R\$ million)  | 3,405 | 3,555 | 3,479 | 3,447 | 3,429 | 3,416 | 3,385 | 3,332 |
| Claims Ratio                        | 83.0  | 85.7  | 89.2  | 86.0  | 83.6  | 89.4  | 82.9  | 85.4  |
| Selling Ratio                       | 4.5   | 4.1   | 3.9   | 4.0   | 3.8   | 3.7   | 3.5   | 3.5   |
| Combined Ratio                      | 96.8  | 96.8  | 99.4  | 98.2  | 94.5  | 99.5  | 95.7  | 99.0  |
| Policyholders (in thousands)        | 7,075 | 4,310 | 4,193 | 4,063 | 3,929 | 3,826 | 3,696 | 3,484 |
| Written Premiums Market Share (%)** | 48.2  | 48.5  | 47.9  | 47.0  | 46.8  | 46.0  | 42.5  | 43.5  |

(\*) We did not consider the effect of RN 206/09 (ANS) in the total of R\$345 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This change in accounting did not affect Earned Premiums.

Obs.: for comparison purposes, we have excluded build in Technical Provisions for benefits to be granted - Remission, from the first quarter of 2010 ratios, amounting to R\$149 million (health insurance).

\*\* Data as of January 2010, November 2009, August 2009, May 2009, January 2009, November 2008, July 2008 and May 2008.

Adjusted net Income in the first quarter of 2010 was 15% higher than in the previous quarter. This increase is the result of: (i) 5.1% revenue growth; (ii) a 2.7 percentage points drop in claims ratios (iii) improved interest income, and partially offset by (iv) build in Technical Provision for benefits to be Granted Remission, individual segment.

The adjusted net income of the first quarter of 2010, in comparison with the same period in the previous year, was impacted by: (i) a 20.2% profit increase; (ii) interest income improvement; (iii) a slight decrease in claims ratios, by 0.6 percentage points; and offset by (iv) build in Technical Provision for benefits to be granted Remission, individual segment.

In March 2010, Bradesco Saúde maintained its strong market position in the corporate segment (source: ANS). Brazilian companies are increasingly convinced that health and dental insurance are the best alternatives for meeting their medical and hospital needs.

Over 37.5 thousand companies in Brazil have Bradesco Saúde insurance. Of the 100 largest companies in Brazil in terms of revenue, 41 are Bradesco Saúde and Bradesco Dental clients. Considering Mediservice, this figure increases to

46 (Source: *Exame* magazine - Melhores e Maiores ranking, July 2009).

**Number of Policyholders of Bradesco Saúde - Consolidated**

Bradesco Saúde - Consolidated has over 7 million clients. The high share of corporate policies in the overall portfolio (91.9% in March 2010) shows the high level of specialization and customization in the corporate segment, which is a major advantage in today's supplementary health insurance market.

Mediservice S.A. became part of Grupo Bradesco de Seguros e Previdência as of February 22, 2008. With a portfolio of almost 247 thousand customers, Mediservice has healthcare and dental plans for corporate clients in post-payment basis.

**Bradesco Capitalização**

|  | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  | 3Q08  | 2Q08  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)                                   | 65    | 44    | 65    | 58    | 50    | 55    | 64    | 76    |
| Revenues from Savings Bonds (R\$ million)                  | 526   | 575   | 520   | 483   | 413   | 477   | 443   | 408   |
| Technical Provisions (R\$ million)                         | 3,141 | 3,024 | 2,865 | 2,785 | 2,740 | 2,706 | 2,668 | 2,592 |
| Clients (in thousands)                                     | 2,553 | 2,531 | 2,507 | 2,525 | 2,543 | 2,546 | 2,492 | 2,397 |
| Market Share from Premiums and Contributions Revenues (%)* | 19.6  | 19.7  | 19.2  | 18.8  | 19.3  | 18.9  | 18.9  | 18.3  |

\* Data as of January 2010, November 2009, August 2009, May 2009, January 2009, November 2008, July 2008 and May 2008.

Impressive adjusted net income growth in the first quarter of 2010 versus the adjusted net income in the previous quarter is due to: (i) increased interest income; (ii) a fall in savings bond redemptions - which are historically larger in the last quarter of the year; and offset by: (iii) the effect of the collective bargaining agreement in January on personnel expenses.

Adjusted net Income in the first quarter of 2010 was 30% expressively higher than in the first quarter of 2009, due primarily to: (i) the 27.9% growth in revenue; and (ii) the improvement in financial income.



## Bradesco Capitalização

Bradesco Capitalização ended the first quarter of 2010 as a leader in the savings bond industry, due to its policy of transparency and adjusting its products based on the potential demand from consumers.

To offer savings bonds that are ideally suited to the profile and budget of clients, various products were developed that vary in accordance with the payment conditions (lump-sum or monthly), contribution term, frequency of drawings and premium amounts. This phase was mainly characterized by a closer relationship with the public by consolidating the Pé Quente Bradesco family of products.

A highlight was the performance of social and environmental products, in which part of the amount collected is transferred to social responsibility projects, while also enabling the client to start a financial reserve. Bradesco Capitalização currently has partnership agreements with the following social and environmental institutions: *Fundação SOS Mata Atlântica*, which contributes to the development of reforestation projects; *Instituto Ayrton Senna*, whose main differential is the transfer of a percentage of the amount collected to social projects; Brazilian Cancer Control Institute, which contributes to the development of projects for the prevention, early diagnosis and treatment of cancer in Brazil; and *Fundação Amazonas Sustentável*, through which part of the amount collected is used to develop environmental preservation and sustainable development programs and projects.

The portfolio is composed of 16.1 million active bonds. Out of this total, 33.3% are represented by Traditional Bonds sold in the Branch Network and *Bradesco Dia&Noite* channels, posting a 6.1% growth compared to March 2009. The remaining 66.7% of the portfolio is represented by Incentive bonds (loan assignments from drawings), for instance: partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE. Since the objective of this type of savings plan is to add value to the partner company's product or to foster the compliance of its clients, maturity and grace periods are reduced and have low unitary sale value.

Bradesco Capitalização S.A. maintains a quality management system and holds the latest version of the NBR ISO 9001:2008 certification for Management of Bradesco Savings Bonds. This certification, which is granted by *Fundação Vanzolini*, attests to the quality of its internal processes and confirms the principle that underpins Bradesco Savings Bonds: good products, services and continuous growth.

**Bradesco Auto/RE**

|  | 1Q10  | 4Q09  | 3Q09  | 2Q09  | 1Q09  | 4Q08  | 3Q08  | 2Q08  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Income (R\$ million)   | 22    | 43    | 33    | 40    | 32    | (11)  | 35    | 39    |
| Net Premiums Written (R\$ million)                                     | 935   | 855   | 812   | 754   | 718   | 739   | 791   | 711   |
| Technical Provisions (R\$ million) <sup>(1)</sup>                      | 3,402 | 3,162 | 2,998 | 2,940 | 3,000 | 2,315 | 2,203 | 2,158 |
| Claims Ratio <sup>(2)</sup>  | 70.7  | 70.2  | 72.3  | 65.3  | 72.7  | 75.7  | 68.7  | 71.0  |
| Selling Ratio  | 17.7  | 16.6  | 17.5  | 16.9  | 17.3  | 17.5  | 18.8  | 20.2  |
| Combined Ratio <sup>(2)</sup>  | 104.3 | 107.8 | 106.4 | 99.9  | 106.2 | 111.6 | 104.6 | 105.9 |
| Policyholders (in thousands)   | 2,814 | 2,592 | 2,433 | 2,359 | 2,280 | 2,192 | 2,117 | 2,177 |
| Market Share from Premiums and Contributions Revenues (%) <sup>*</sup> | 11.2  | 10.2  | 10.2  | 10.1  | 9.8   | 10.6  | 10.8  | 10.7  |

\* Data as of January 2010, November 2009, August 2009, May 2009, January 2009, November 2008, July 2008 and May 2008.

Insurance premiums in the Auto/RE line held a market share of 11.2% (market data in January 2010).

Adjusted net Income in the first quarter of 2010 decreased by R\$21 million when compared to the previous quarter, despite the 9.4% growth in sales and maintenance of the fourth quarter of 2009 claims ratio levels, already taking into consideration the severe impact of rain affecting the state of São Paulo in the period. This reduction was due to the following factors: (i) the financial result was impacted by the R\$1 billion capital decrease; (ii) equity lower than the previous quarter; and (iii) a slight increase in selling expenses.

When compared to the same period of the previous year, the 31.3% reduction in the adjusted net income, despite the 30.2% substantial increase in revenues and the 2.0 percentage point drop in claims ratio is due to: (i) the capital decrease amounting to R\$1 billion, which impacted financial income; and (ii) the 0.4 percentage point increase in selling costs.

Grupo Bradesco de Seguros e Previdência maintained its leadership position among major insurers of Brazil's Basic Lines Insurance market, with market share of 5.5% in January 2010.

In segments related to Property Insurance, Bradesco Auto/RE has been renewing the insurance programs of its main clients through partnerships with brokers specialized in the segment and creating a closer relationship with Bradesco Corporate and Bradesco Empresas. The excellent performance of the oil industry and rebound in the construction industry have also contributed to the growth of Bradesco Auto/RE in this segment.

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

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

Despite strong competition in the Auto/RCF line, the insurer has increased its client base. This is mainly due to the improvement of current products and the creation of new products targeting specific publics. These include Bradesco Seguro Exclusivo Cliente Bradesco, which is exclusively for Banco Bradesco accountholders and Auto Mulher, which targets women.

Grupo Bradesco de Seguros e Previdência held a market share in the Auto/RCF market in January 2010 of 16.0%.

**Bradesco Auto/RE**

**Number of Policyholders in Auto/RE**

In the mass insurance segment of Basic Lines, where products target individuals, self-employed professionals and SMEs, the launch of new products and the continuous improvement of methods and systems have contributed to growth in the client base. This increase can be observed mainly in residential insurance, such as Bradesco Seguro Residencial and Bradesco Seguro Auto + Residencial. The new product Bradesco Seguro Residencial Preferencial, which targets preferred clients of Banco Bradesco, also stood out.

**Fee and Commission Income**

A breakdown of the variations in fee and commission income for the respective periods is presented below:

| Fee and Commission Income      | 1Q10         | 4Q09         | 1Q09         | R\$ million       |            |
|--------------------------------|--------------|--------------|--------------|-------------------|------------|
|                                |              |              |              | Variation Quarter | 12M        |
| Card Income                    | 972          | 953          | 834          | 19                | 138        |
| Checking Account               | 542          | 543          | 487          | (1)               | 55         |
| Fund Management                | 429          | 430          | 369          | (1)               | 60         |
| Loan Operations                | 390          | 405          | 366          | (15)              | 24         |
| Collection                     | 257          | 259          | 236          | (2)               | 21         |
| Custody and Brokerage Services | 114          | 116          | 89           | (2)               | 25         |
| Consortium Management          | 97           | 95           | 80           | 2                 | 17         |
| Payment                        | 69           | 66           | 63           | 3                 | 6          |
| Underwriting                   | 75           | 105          | 22           | (30)              | 53         |
| Other                          | 179          | 153          | 177          | 26                | 2          |
| <b>Total</b>                   | <b>3,124</b> | <b>3,125</b> | <b>2,723</b> | <b>(1)</b>        | <b>401</b> |

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

## **Fee and Commission Income**

### **Card Income**

In the first quarter of 2010, the R\$19 million increase on the previous quarter was partially due to the inclusion of Banco Ibi figures.

In the first quarter of 2010, Card Fee Income was R\$972 million, up 16.5% or R\$138 million in comparison with the previous year. This performance results mainly from the increase in purchases and services income, plus a 59.3% increase in the cards base, which grew from 85,185 thousand in March 2009 to 135,661 thousand in March 2010, due to organic growth and the Banco Ibi merger. Services income for 2010 includes the partial divestment of interest in the acquirer Cielo, in July 2009, from 39.3% to 26.6%.

During the same period, credit card revenue grew by 41.5%, reaching R\$16,678 million, and the number of transactions grew by 36.5%, from 158,070 thousand to 215,747 thousand.

## **Fee and Commission Income**

### **Checking Account**

In the first quarter of 2010, revenues from checking account services reached R\$542 million, practically stable compared to the previous quarter.

Despite the suspension on the renewal fee in the third quarter of 2009, checking account service revenue increased by 11.3%, or R\$55 million, in the first quarter of 2010, in comparison with the first quarter of 2009, due mainly to a net increase of 998 thousand new checking accounts (912 thousand individual and 86 thousand corporate checking accounts).

### **Loan Operations**

In the first quarter of 2010, the decrease of 3.7%, or R\$15 million, was mainly impacted by the lower volume of contracted financing operations, due to the seasonality of the fourth quarter of 2009.

The increase of R\$24 million in the first quarter of 2010 versus the same period in the previous year is mainly due to: (i) the growth in income from guarantees, which raised 28.4%, basically deriving from the 13.0% increase in Sureties and Guarantees operations; (ii) and by an increase in contracted operations during the period.

## Fee and Commission Income

### Asset Management

In the first quarter of 2010, the asset management income remained almost steady in comparison with the previous quarter, even with less business days (2 days).

The R\$60 million increase between the first quarter of 2009 and the first quarter of 2010 was mainly due to the growth in assets under Bradesco management of 28.7%. The highlight was income from equity investment funds, which grew by 91.2%, followed by growth in third party funds of 76.8%.

| Shareholders' Equity    | R\$ million    |                |                | Variation % |             |
|-------------------------|----------------|----------------|----------------|-------------|-------------|
|                         | Mar10          | Dec09          | Mar09          | Quarter     | 12M         |
| Investment Funds        | 232,854        | 225,011        | 180,467        | 3.5         | 29.0        |
| Managed Portfolios      | 17,960         | 16,142         | 16,131         | 11.3        | 11.3        |
| Third-Party Fund Quotas | 7,749          | 6,547          | 4,377          | 18.4        | 77.0        |
| <b>Total</b>            | <b>258,563</b> | <b>247,700</b> | <b>200,975</b> | <b>4.4</b>  | <b>28.7</b> |

| Asset Distribution      | R\$ million    |                |                | Variation % |             |
|-------------------------|----------------|----------------|----------------|-------------|-------------|
|                         | Mar10          | Dec09          | Mar09          | Quarter     | 12M         |
| Investment Funds        |                |                |                |             |             |
| Fixed Income            | 207,081        | 201,012        | 166,984        | 3.0         | 24.0        |
| Investment Funds        |                |                |                |             |             |
| Variable Income         | 25,773         | 23,999         | 13,483         | 7.4         | 91.2        |
| Investment Funds        |                |                |                |             |             |
| Third-Party Funds       | 6,433          | 5,641          | 3,639          | 14.0        | 76.8        |
| <b>Total</b>            | <b>239,287</b> | <b>230,652</b> | <b>184,106</b> | <b>3.7</b>  | <b>30.0</b> |
| Managed Portfolios      |                |                |                |             |             |
| Fixed Income            | 9,102          | 8,590          | 9,321          | 6.0         | (2.3)       |
| Managed Portfolios      |                |                |                |             |             |
| Variable Income         | 8,858          | 7,552          | 6,810          | 17.3        | 30.1        |
| Managed Portfolios      |                |                |                |             |             |
| Third-Party Funds       | 1,316          | 906            | 738            | 45.3        | 78.3        |
| <b>Total</b>            | <b>19,276</b>  | <b>17,048</b>  | <b>16,869</b>  | <b>13.1</b> | <b>14.3</b> |
| Total Fixed Income      | 216,183        | 209,602        | 176,305        | 3.1         | 22.6        |
| Total Variable Income   | 34,631         | 31,551         | 20,293         | 9.8         | 70.7        |
| Total Third-Party Funds | 7,749          | 6,547          | 4,377          | 18.4        | 77.0        |



|                      |                |                |                |            |             |
|----------------------|----------------|----------------|----------------|------------|-------------|
| <b>Overall Total</b> | <b>258,563</b> | <b>247,700</b> | <b>200,975</b> | <b>4.4</b> | <b>28.7</b> |
|----------------------|----------------|----------------|----------------|------------|-------------|

## **Fee and Commission Income**

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

In the first quarter of 2010, revenues from Payments and Collections were practically stable compared with the previous quarter.

The R\$27 million increase in Payment and Collection Revenue in the first quarter of 2010 is mainly related to the increase in the number of documents processed, from 302.8 million on March 31, 2009 to 344.9 million on March 31, 2010.

### **Consortium Management**

The 4.3% higher sales of active quotas in the first quarter of 2010 fueled income growth of 2.1% on the previous quarter at Bradesco Consórcios, which remained the leader in all segments (real estate, auto, trucks, tractors and agricultural implements) in which it operates.

In the first quarter of 2010, the 21.3% higher income in relation to the first quarter of 2009 mainly reflects the increase in active quotas, from 350,744 on March 31, 2009 to 412,507 on March 31, 2010.

## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the first quarter of 2010, income from custody and brokerage services remained practically steady in comparison with the first quarter of 2009, mainly explained by the maintenance in trading volume on the BM&FBovespa in the periods.

In comparison with the first quarter of 2009, the 28.1% growth in income mainly reflects the recovery of volumes traded on the BM&FBovespa.

### **Underwriting**

The R\$30 million variation in the first quarter of 2010 versus the previous quarter refers to the increased volume of business in capital markets in the fourth quarter of 2009.

The R\$53 million increase in the first quarter of 2010 versus the first quarter of 2009 mainly refers to increased business volume, explained by an improved capital market scenario in 2010. It is worth pointing out that fluctuations in this revenue are impacted by the volatile behavior of capital markets.

**Administrative and Personnel Expenses**

| Administrative and Personnel Expenses              | 1Q10         | 4Q09         | 1Q09         | R\$ million          |            |
|--|--------------|--------------|--------------|----------------------|------------|
|  |              |              |              | Variation<br>Quarter | 12M        |
| <b>Administrative Expenses</b>                     |              |              |              |                      |            |
| Third-Party Services                               | 724          | 702          | 523          | 22                   | 201        |
| Communication                                      | 334          | 328          | 293          | 6                    | 41         |
| Data Processing                                    | 191          | 212          | 182          | (21)                 | 9          |
| Depreciation and Amortization                      | 221          | 203          | 157          | 18                   | 64         |
| Advertising and Marketing                          | 152          | 283          | 110          | (131)                | 42         |
| Rent   | 144          | 145          | 133          | (1)                  | 11         |
| Transportation                                     | 142          | 150          | 127          | (8)                  | 15         |
| Assets Maintenance                                 | 108          | 112          | 94           | (4)                  | 14         |
| Leasing  | 98           | 99           | 108          | (1)                  | (10)       |
| Financial System Services                          | 86           | 89           | 62           | (3)                  | 24         |
| Security and Surveillance                          | 66           | 64           | 60           | 2                    | 6          |
| Materials  | 63           | 66           | 53           | (3)                  | 10         |
| Water, Energy and Gas                              | 55           | 52           | 50           | 3                    | 5          |
| Trips  | 21           | 22           | 15           | (1)                  | 6          |
| Other  | 242          | 219          | 188          | 23                   | 54         |
| <b>Total</b>                                       | <b>2,647</b> | <b>2,746</b> | <b>2,155</b> | <b>(99)</b>          | <b>492</b> |
| <b>Personnel Expenses</b>                          |              |              |              |                      |            |
| <b>Structural</b>                                  | <b>1,735</b> | <b>1,725</b> | <b>1,588</b> | <b>10</b>            | <b>147</b> |
| Social Charges                                     | 1,317        | 1,328        | 1,226        | (11)                 | 91         |
| Benefits   | 418          | 397          | 362          | 21                   | 56         |
| <b>Non-Structural</b>                              | <b>385</b>   | <b>356</b>   | <b>264</b>   | <b>29</b>            | <b>121</b> |
| Management and Employees Profit Sharing (PLR)      | 234          | 187          | 140          | 47                   | 94         |
| Provision for Labor Claims                         | 109          | 111          | 82           | (2)                  | 27         |
| Training   | 11           | 27           | 17           | (16)                 | (6)        |
| Termination Cost                                   | 31           | 31           | 25           | -                    | 6          |
| <b>Total</b>                                       | <b>2,120</b> | <b>2,081</b> | <b>1,852</b> | <b>39</b>            | <b>268</b> |
| <b>Total Administrative and Personnel Expenses</b> | <b>4,767</b> | <b>4,827</b> | <b>4,007</b> | <b>(60)</b>          | <b>760</b> |

In the first quarter of 2010, Administrative and Personnel Expenses totaled R\$4,767 million, down 1.2% on the prior quarter. Note that the consolidation of Banco Ibi in October 2009 impacted income statement accounts as of November.

### **Personnel Expenses**

In the first quarter of 2010, personnel expenses were R\$2,120 million, up 1.9%, or R\$39 million, from the previous quarter.

In the "structural" portion, the R\$10 million increase was basically due to: (i) an increase in expenses with social charges, due to the collective bargaining agreement of the insurance companies employees in January 2010; (ii) a change in the Occupational Accident Insurance

(SAT) rate; and (iii) the merger of Banco Ibi and Odontoprev; partially offset by (iv) an increased number of vacations in the first quarter of 2010.

In the "non-structural" portion, the R\$29 million increase basically reflects higher expenses with employee profit sharing.

## **Administrative and Personnel Expenses**

### **Personnel Expenses**

Compared with the first quarter of 2009, the R\$268 million increase reflects: (i) the "structural" portion of R\$147 million, related basically to higher expenses with payroll, social charges and benefits mainly impacted by the wage increases (2009 collective bargaining agreement 6%); and (ii) the R\$121 million increase in the non-structural portion, basically due to:

(a) higher expenses with the provision for employee profit sharing, as per the collective bargaining agreement in the amount of R\$94 million; and (b) higher provision for labor claims, amounting to R\$27 million.

## **Administrative and Personnel Expenses**

### **Administrative Expenses**

In the first quarter of 2010, administrative expenses were R\$2,647 million, down 3.6%, or R\$99 million, on the previous quarter, mainly due to seasonality in the fourth quarter, when higher business volume directly impacts some administrative expenses, as well as the two-month consolidation of Banco Ibi. The main variations were in the following items: (i) R\$131 million related to lower advertising expenses; and offset by: (ii) a R\$22 million increase in outsourcing expenses.

The R\$492 million increase, or 22.8%, in the first quarter of 2010 versus the first quarter of 2009 mainly reflects: (i) organic growth and the resulting increase in service points (from 39,275 on March 31, 2009 to 46,570 on March 31, 2010), which directly impacted the principal items under administrative expenses; (ii) higher business volume; (iii) the Banco Ibi merger; and (iv) the renegotiation of agreements.

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

In the quarter, the coverage ratio in the last twelve months dropped by 0.5 p.p. due to: (i) higher administrative and personnel expenses resulting mainly from business expansion and the impact of the collective bargaining agreement; which was offset by (ii) increased fee and commission income.

### **Tax Expenses**

The R\$55 million growth in tax expenses in relation to the fourth quarter of 2009 was mainly due to the higher expenses with PIS/Cofins taxes of R\$37 million, reflecting the higher taxable income in first quarter of 2010.

Tax expenses grew by R\$162 million in the first quarter of 2010 versus the first quarter of 2009, basically due to the increase in expenses with PIS/Cofins taxes of R\$122 million, reflecting the higher taxable income, especially financial margin, as well as fee and commission income.



### **Equity in the earnings of affiliated companies**

In the first quarter of 2010, equity in the earnings of affiliated companies was R\$29 million, down R\$53 million on the previous quarter, due mainly to lower earnings from affiliates IRB (R\$45 million) and Integritas Participações (R\$11 million).

The R\$23 million increase in the first quarter of 2010 versus the first quarter of 2009 results mainly from higher earnings from affiliates IRB (R\$11 million), Integritas Participações (R\$8 million) and Serasa (R\$5 million).

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

Other operating expenses, net of other operating revenues, increased R\$11 million in the first quarter of 2010 in comparison with the previous quarter, due mainly to: (i) greater expenses with provision for civil contingencies; and (ii) greater expenses with goodwill amortization; offset by: (iii) lower expenses with sundry losses.

In relation to the same period in the year before, the increase in operating expenses, net of other operating revenues, in the amount of R\$138 million, is basically due to: (i) larger expenses with provisions for civil contingencies; (ii) larger expenses with sundry losses; and (iii) greater expenses with goodwill amortization

## **Operating Income**

In the first quarter of 2010, Operating Income was R\$3,171 million, up 30.6%, or R\$743 million, from the previous quarter, mainly reflecting: (i) a decrease in expenses with the allowance for loan losses of R\$507 million; and (ii) a R\$197 million increase in the financial margin.

In the first quarter of 2010, the increase of R\$558 million, or 21.4%, on the previous year was mainly due to: (i) the decrease in expenses with allowance for loan losses of R\$574 million; (ii) an increase in financial margin income of R\$574 million; and (iii) an increase in fee and commission income of R\$401 million; partially offset by: (iv) an increase in personnel and administrative expenses of R\$760 million; (v) an increase in tax expenses of R\$162 million and (vi) an increase in other operating expenses (net of other revenue) of R\$138 million.

## **Non-Operating Income**

The R\$66 million variation in relation to the previous quarter is mainly explained by increased losses from the sale of assets in the fourth quarter of 2009.

In the first quarter of 2010 compared with the first quarter of 2009, the variation was mainly due to greater gains from the sale of goods.



## **Sustainability**

Bradesco launched the first floating Branch in the world, installed in a vessel that transports goods to riverside communities located on the banks of the Solimões River in Amazonas state. The Advanced Service Branch (PAA) - installed on the vessel Voyager III - not only provides important support to economies located in Brazil's most distant regions, but also helps people actively participate in society by providing access to services such as checking accounts, cash withdrawals, fund deposits and transfers, bill payments, loans, recharging of mobile phone credits and credit cards.

In 2009, for the fourth consecutive year, Bradesco adopted the Global Reporting Initiative (GRI) standards for its Sustainability Report with a GRI application level of A+. This year, the report focused on banking inclusion and microcredit, which are important strengths of Bradesco's business strategy, and on their interconnection with sustainable development. To learn more about the 2009 Sustainability Report go to [www.bancodoplaneta.com.br](http://www.bancodoplaneta.com.br).

In February 2010, a new operating structure was created for the Market Relations Department to provide those interested with information on Bradesco's diligent management of the social and environmental risks of projects it finances. The Social and Environmental Project Management and Monitoring Department is responsible for negotiating and contracting the social and environmental liabilities of operations structured by the Bank, as well as for adjusting potential action plans and especially the respective monitoring actions, which continue until the end of the financing term.

Socio-environmental risk management of projects financed by the Bank is an unceasing organization-wide practice that is constantly improved. These actions seek to confirm the commitment to transparency and diligence made to stakeholders when conducting the Bank's business.

## **Investor Relations Area IR**

In the first quarter of 2010, the Investor Relations department began the calendar year by participating in four international conferences in Miami, Cancun, London and New York and two road shows in London and Edinburgh. The IR department also participated in the World Money Show in Orlando, Florida, which focused on individual investors in the United States.

In Brazil, the department organized the annual meeting in São Paulo of the National Investors Institute (INI), which was attended by investors, shareholders and other capital market participants. The department also participated in four conferences in São Paulo and met regularly with shareholders, investors and analysts at the Bank's headquarters.

## Corporate Governance

Bradesco was rated AAA+ by Management & Excellence, making it the first Latin American bank to obtain the highest corporate governance rating, and it also received an AA rating for Corporate Governance Best Practices from Austin Rating.

Regarding the corporate governance structure, Bradesco's Board of Directors is supported by 5 statutory committees (Ethical Conduct, Audit, Internal Controls and Compliance, Compensation and Integrated Risk Management and Capital Allocation), in addition to 41 Executive Committees that assist the Board of Executive Officers in the execution of their duties.

Shareholders are entitled to 100% tag-along rights for the common shares and 80% for the preferred shares and to a minimum compulsory dividend of 30% of adjusted net income, which is above the minimum of 25% provided for by Brazilian Corporation Law. Preferred shares are entitled to dividends 10% higher than those attributed to common shares.

On March 10, 2010, all matters submitted to the Shareholder Meetings were approved.

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

## Share Performance

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

|                             | In thousands     |                  |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                             | Mar10            | Dec09            | Dec08            | Dec07            | Dec06            | Dec05            |
| Common Shares               | 1,710,205        | 1,710,205        | 1,688,287        | 1,665,407        | 1,650,235        | 1,615,185        |
| Preferred Shares            | 1,710,204        | 1,710,346        | 1,688,390        | 1,665,407        | 1,652,679        | 1,616,799        |
| <b>Subtotal Outstanding</b> | <b>3,420,409</b> | <b>3,420,551</b> | <b>3,376,677</b> | <b>3,330,814</b> | <b>3,302,914</b> | <b>3,231,984</b> |
| Treasury Shares             | -                | 6,535            | 180              | 3,705            | 1,251            | 766              |
| <b>Total</b>                | <b>3,420,409</b> | <b>3,427,086</b> | <b>3,376,857</b> | <b>3,334,519</b> | <b>3,304,165</b> | <b>3,232,750</b> |

(\*) For comparison purposes, in 2009 the shares were attributed a 10% bonus, which was applied to prior years. Similarly, bonuses were attributed of 50% in 2008 and 100% in 2005 and 2007.

On March 31, 2010, Banco Bradesco's capital stock was R\$26.5 billion, composed of 3,420,409 thousand shares (all book-entry shares without par value), of which 1,710,205 thousand were common shares and 1,710,204 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly

holds 48.4% of voting capital and 24.2% of total capital.

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

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**Number of Shareholders Resident in Brazil and Abroad**

|   | Mar10          | %            | Ownership of Capital (%) | Mar09            | %            | Ownership of Capital (%) |
|---|----------------|--------------|--------------------------|------------------|--------------|--------------------------|
| Individuals                                 | 346,048        | 89.8         | 25.2                     | 1,270,138        | 91.3         | 26.8                     |
| Corporate                                   | 37,537         | 9.7          | 44.4                     | 116,173          | 8.4          | 45.7                     |
| <b>Subtotal of Domiciled in the Country</b> | <b>383,585</b> | <b>99.6</b>  | <b>69.6</b>              | <b>1,386,311</b> | <b>99.7</b>  | <b>72.5</b>              |
| Domiciled Abroad                            | 1,705          | 0.4          | 30.4                     | 3,837            | 0.3          | 27.5                     |
| <b>Total</b>                                | <b>385,290</b> | <b>100.0</b> | <b>100.0</b>             | <b>1,390,148</b> | <b>100.0</b> | <b>100.0</b>             |

On March 31, 2010, there were 383,585 shareholders domiciled in Brazil, accounting for 99.6% of total shareholders and holding 69.6% of the shares, while there were 1,705 shareholders resident abroad, accounting for 0.4% of shareholders and holding 30.4% of the shares.

The Special Shareholders Meeting held on March 10, 2009 resolved to carry out a reverse split of the common and preferred shares at the ratio of fifty (50) to one (1) with the simultaneous split of each share in the ratio of one (1) to fifty (50), which led to a sharp reduction in the number of Bradesco shareholders.

**Share Performance**

|   |         |         |             | In R\$ (except when indicated) |        |             |
|---|---------|---------|-------------|--------------------------------|--------|-------------|
|   | 1Q10    | 4Q09    | Variation % | 1Q10                           | 1Q09   | Variation % |
| Net Income per Share  | 0.63    | 0.54    | 16.7        | 0.63                           | 0.58   | 8.6         |
| Dividends/Interest on Shareholders' Equity<br>Common Share (after Income Tax - IR)    | 0.184   | 0.177   | 4.0         | 0.184                          | 0.160  | 15.0        |
| Dividends/Interest on Shareholders' Equity<br>Preferred Share (after Income Tax - IR) | 0.202   | 0.194   | 4.1         | 0.202                          | 0.176  | 14.5        |
| Book Value per Share (Common and Preferred)   | 12.60   | 12.21   | 3.2         | 12.60                          | 10.45  | 20.5        |
| Last Business Day Price Common  | 26.19   | 27.26   | (3.9)       | 26.19                          | 17.47  | 49.9        |
| Last Business Day Price Preferred   | 32.80   | 33.07   | (0.8)       | 32.80                          | 21.00  | 56.2        |
| Market Capitalization (R\$ million) <sup>(1)</sup>                                    | 100,885 | 103,192 | (2.2)       | 100,885                        | 65,154 | 54.8        |
| Market Capitalization (R\$ million) - Most Liquid Share <sup>(2)</sup>                | 112,189 | 113,127 | (0.8)       | 112,189                        | 70,910 | 58.2        |

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

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

In the first quarter of 2010, Bradesco's preferred share price fell by 0.6% (adjusted for payments), while the Ibovespa index increased by 2.6%.

Despite the solid fundamentals of the domestic economy, Brazil's stock market was not immune to the corrections in stock markets worldwide, which were sparked by concerns with the fiscal situations in certain European countries and with the monetary policy adopted by China.

Nevertheless, the strong stock performances (especially in the last month of the quarter) of metal commodity producers, which have high weightings in the Ibovespa index, led the index to recover and exceed the level reached at the end of 2009.



## Main Indexes

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

**Market Capitalization/Shareholders' Equity:** indicates the multiple by which Bradesco's market value exceeds its book shareholders' equity. Formula used: Market Capitalization divided by Book Shareholders' Equity.

**Dividend Yield:** the ratio between the share price and the dividends and/or interest on shareholders' equity paid to shareholders in the last twelve months, which indicates the return on investment represented by the allocation of net income. Formula used: amount received by shareholders as dividends and/or interest on shareholders' equity in the last twelve months divided by the closing quote of the preferred shares on the last trading day in the period.

**Weighting in Main Stock Market Indexes**

Bradesco shares are components of Brazil's main stock indexes, including the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG) and the Special Corporate Governance Stock Index (IGC).

| <b>%</b>  | <b>Mar10</b> | <b>Dec09</b> | <b>Mar09</b> |
|---|--------------|--------------|--------------|
| Ibovespa  | 3.5          | 3.8          | 3.5          |
| IB rX - 50  | 6.3          | 6.5          | 6.4          |
| IB rX - 100   | 7.1          | 7.3          | 7.3          |
| BM&FBOVESPA<br>Financial Index<br>(IFNC) <sup>(1)</sup> | 19.4         | -            | -            |
| Corporate<br>Sustainability<br>Index (ISE)              | 4.5          | 4.6          | 22.7         |
| Special Corporate<br>Governance Stock<br>Index (IGC)    | 6.6          | 6.8          | 8.1          |
| Special<br>Tag-Along Stock<br>Index (ITAG)              | 12.8         | 12.9         | 17.2         |

(1) As of January 2010.

**Dividends/Interest on Shareholders' Equity**

In the first quarter of 2010, R\$746 million was allocated to shareholders as dividends and interest on shareholders equity, equivalent to 32.8% of net book value, and 31.2% based on the figure in the last twelve months. The amounts allocated in recent years have surpassed the limits mandated by Brazilian Corporation Law and by the Company's Bylaws.



## Products and Services Market Share

The market shares held by Banco Bradesco S.A. in the Banking and Insurance industries and in the Customer Service Network are presented below.

|  | Mar10     | Dec09      | Mar09 | Dec08 |
|--|-----------|------------|-------|-------|
| <b>Banks Source: Brazilian Central Bank (Bacen)</b>  |           |            |       |       |
| Time Deposits  | N/A       | 13.0       | 14.8  | 14.0  |
| Savings Deposits   | N/A       | 14.1       | 13.8  | 14.3  |
| Demand Deposits  | N/A       | 19.8       | 17.6  | 17.2  |
| Loan Operations <sup>(1)</sup>   | 12.6 (**) | 12.6       | 13.5  | 13.6  |
| Loan Operations - Vehicles Individuals (CDC + Leasing) <sup>(1)</sup>  | 19.2 (**) | 19.6       | 22.1  | 23.0  |
| Online Collection (Balance)  | 29.1 (*)  | 28.8       | 29.9  | 30.2  |
| Number of Branches   | 18.3      | 18.2       | 17.6  | 17.5  |
| <b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>   |           |            |       |       |
| Federal Revenue Collection Document (DARF)   | 22.5 (*)  | 21.3       | 21.4  | 20.2  |
| Brazilian Unified Tax Collection System Document (DAS)   | 16.7 (*)  | 16.9       | 16.6  | 16.6  |
| <b>Banks Source: Social Security National Institute (INSS)/Dataprev</b>  |           |            |       |       |
| Social Pension Plan Voucher (GPS)  | N/A       | 14.4 (***) | 14.2  | 14.2  |
| Benefit Payment to Retirees and Pensioners   | 20.0      | 19.6       | 19.5  | 19.6  |
| <b>Banks Source: Anbima</b>  |           |            |       |       |
| Investment Funds + Portfolios  | 16.5      | 16.6       | 15.8  | 15.2  |
| <b>Insurance, Private Pension Plans and Savings Bonds Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b> |           |            |       |       |
| Insurance, Private Pension Plans and Savings Bonds Premiums  | 25.8 (*)  | 24.4       | 22.7  | 24.4  |
| Insurance Premiums (including Long-Term Life Insurance - VGBL)   | 26.4 (*)  | 24.8       | 23.2  | 23.9  |
| Life Insurance and Personal Accident Premiums  | 17.5 (*)  | 16.8       | 16.2  | 16.8  |
| Auto/Basic Lines (RE) Insurance Premiums   | 11.2 (*)  | 10.4       | 10.2  | 10.5  |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums   | 16.0 (*)  | 13.6       | 13.5  | 13.4  |
| Health Insurance Premiums  | 48.2 (*)  | 48.7       | 46.9  | 44.6  |
| Revenues from Private Pension Plans Contributions (excluding VGBL)   | 26.8 (*)  | 25.5       | 22.8  | 28.2  |
| Revenues from Savings Bonds  | 19.6 (*)  | 19.7       | 18.4  | 18.9  |
| Technical Provisions for Insurance, Private Pension Plans and Savings Bonds  | 31.8 (*)  | 32.0       | 33.0  | 34.1  |
| <b>Insurance and Private Pension Plans Source:</b>   |           |            |       |       |

|  |           |      |      |      |
|--|-----------|------|------|------|
| <b>National Federation of Life and Pension Plans (Fenaprevi)</b>         |           |      |      |      |
| Income on VGBL Premiums  | 38.6 (*)  | 34.0 | 31.6 | 36.5 |
| <b>Revenues from Unrestricted Benefits Generating Plans (PGBL)</b>       |           |      |      |      |
| Contributions  | 22.9 (*)  | 20.4 | 16.6 | 24.8 |
| Private Pension Plans Investment Portfolios (including VGBL)             | 36.2 (*)  | 35.1 | 37.5 | 37.6 |
| <b>Credit Card Source: Abecs</b>   |           |      |      |      |
| Credit Card Revenue  | 21.7      | 19.6 | 18.9 | 19.5 |
| <b>Leasing Source: Brazilian Association of Leasing Companies (ABEL)</b> |           |      |      |      |
| Lending Operations   | 19.1 (*)  | 19.5 | 19.4 | 18.6 |
| <b>Financing Source: Brazilian Central Bank (Bacen)</b>                  |           |      |      |      |
| Auto (Portfolio) Including Banco Bradesco                                | 19.2 (**) | 19.8 | 22.1 | 23.0 |
| <b>Consortia Source: Bacen</b>   |           |      |      |      |
| Real Estate  | N/A       | 27.3 | 26.6 | 27.1 |
| Auto   | N/A       | 23.3 | 24.2 | 23.5 |
| Trucks, Tractors and Agricultural Implements                             | N/A       | 14.6 | 13.9 | 13.7 |
| <b>International Area Source: Bacen</b>                                  |           |      |      |      |
| Export Market  | 27.5      | 25.0 | 23.3 | 22.1 |
| Import Market  | 21.2      | 18.4 | 17.6 | 16.0 |

(1) Central bank data for December 2009 and February 2010 are preliminary;

(\*) Base date: January 2010;

(\*\*) Base date: February 2010;

(\*\*\*) Base date: November 2009; and

N/A Not Available.

## Market Share of Products and Services

Bradesco clients enjoy a wide range of options for consulting and carrying out their financial transactions, and acquiring products and services through high-tech means, such as ATMs, telephone (Bradesco Fone Fácil), the Internet and mobile phones (Bradesco Celular).

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

- Accessibility to the ATM Network for persons with visual impairments and wheelchair users;
- Internet banking utility for persons with visual impairments; and
- Personal service for persons with hearing impairments using digital language via Fone Fácil.

## Branch Network

| Region       | Mar10        |               | Market Share | Mar09        |               | Market Share |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
|              | Bradesco     | Market (*)    |              | Bradesco     | Market        |              |
| North        | 166          | 780           | 21.3%        | 162          | 770           | 21.0%        |
| Northeast    | 528          | 2,680         | 19.7%        | 528          | 2,711         | 19.5%        |
| Midw est     | 289          | 1,427         | 20.3%        | 282          | 1,440         | 19.6%        |
| Southeast    | 1,948        | 10,317        | 18.9%        | 1,890        | 10,503        | 18.0%        |
| South        | 524          | 3,673         | 14.3%        | 513          | 3,768         | 13.6%        |
| <b>Total</b> | <b>3,455</b> | <b>18,877</b> | <b>18.3%</b> | <b>3,375</b> | <b>19,192</b> | <b>17.6%</b> |

(\*) 2010 data based on February.

## Compulsory Deposits/Liabilities

| %                         | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 | Sep08 | Jun08 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Demand Deposits</b>    |       |       |       |       |       |       |       |       |
| Rate <sup>1,5</sup>       | 42    | 42    | 42    | 42    | 42    | 42    | 45    | 45    |
| Additional <sup>2,6</sup> | 8     | 5     | 5     | 5     | 5     | 5     | 8     | 8     |
| Liabilities*              | 30    | 30    | 30    | 30    | 30    | 30    | 25    | 25    |
| Liabilities (Microcredit) |       |       |       |       |       |       |       |       |
| Free                      | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
|                           | 18    | 21    | 21    | 21    | 21    | 21    | 20    | 20    |
| <b>Savings Deposits</b>   |       |       |       |       |       |       |       |       |
| Rate <sup>3</sup>         | 20    | 20    | 20    | 20    | 20    | 20    | 20    | 20    |

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|                           |    |      |      |    |    |    |    |    |
|---------------------------|----|------|------|----|----|----|----|----|
| Additional <sup>2,6</sup> | 10 | 10   | 10   | 10 | 10 | 10 | 10 | 10 |
| Liabilities               | 65 | 65   | 65   | 65 | 65 | 65 | 65 | 65 |
| Free                      | 5  | 5    | 5    | 5  | 5  | 5  | 5  | 5  |
| <b>Time Deposits</b>      |    |      |      |    |    |    |    |    |
| Rate <sup>4,7</sup>       | 15 | 13.5 | 13.5 | 15 | 15 | 15 | 15 | 15 |
| Additional <sup>2,6</sup> | 8  | 4    | 4    | 4  | 4  | 5  | 8  | 8  |
| Free                      | 77 | 82.5 | 82.5 | 81 | 81 | 80 | 77 | 77 |

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

1 Collected in cash and not remunerated.

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

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

4 Pegged to securities. As of the calculation period from November 3 to November 7, 2008, compliance as of November 14, 2008, liabilities began to be met by 70% in cash without remuneration and 30% by government securities pegged to the Selic rate; as of January 5 to January 9, 2009, compliance as of January 16, 2009, liabilities began to be met by 60% in cash without remuneration and 40% by government securities pegged to the Selic rate; and as of the calculation period from March 29 to April 1, 2010, compliance as of April 9, 2010, liabilities began to be met in cash;

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

6 As of the calculation period from November 17 to November 21, 2008, compliance as of December 1, 2008, additional liabilities were collected in government securities pegged to the Selic rate. As of the calculation period, from March 8 to March 12, 2010, compliance as of March 22, 2010, the additional liabilities began to be met in cash; and

7 Liabilities may be met using credits acquired up to June 30, 2010, as provided for by current regulations.

## Investments in Infrastructure, Information Technology and Telecommunications

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

Guided by best practices and protected against contingencies, Bradesco's IT infrastructure is made up of a central computer with processing capacity of over 170,000 Mips (million instructions per second), in addition to over 6,300 corporate servers. Each day, an average of 225 million transactions are processed, with availability remaining above 99.99%. The management of this environment seeks to transform the complex into the simple and manageable, while maintaining low operating risk and the scalability necessary to support the Bank's growth.

Remaining at the forefront of IT innovations is not only good for business, but also assures customer loyalty and satisfaction, who can count on cutting-edge technology and the best products and services.

As a prerequisite for its continuous expansion, in the first quarter of 2010, Bradesco invested R\$765 million in Infrastructure and Information Technology in order to update its IT environment, drawing on best practices and existing technologies. On this front, the IT Improvement project (which was almost 100% concluded in 2009) enabled the Bank to become an international benchmark in banking technology and gave it the capacity needed to conveniently, quickly and securely meet the growth expected for the coming years.

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

|  | 1Q10       | 2009         | 2008         | 2007         | R\$ million<br>2006 |
|--|------------|--------------|--------------|--------------|---------------------|
| Infrastructure                                     | 91         | 630          | 667          | 478          | 354                 |
| Information<br>Technology and<br>Telecommunication | 674        | 2,827        | 2,003        | 1,621        | 1,472               |
| <b>Total</b>                                       | <b>765</b> | <b>3,457</b> | <b>2,670</b> | <b>2,099</b> | <b>1,826</b>        |

## Market Risk

### Market Risk Analysis

Bradesco's market risk management supports the Organization so that it can quickly take decisions with a high degree of confidence, employing methods consistent with best international practices and aligned with the recommendations of the New Basel Capital Accord. This process aims to add value to business by supporting business areas in planning their activities and by optimizing use of the Bank's own and third-party funds to benefit shareholders and the community. For more information on Bradesco's Risk Management go to: [www.bradesco.com.br/ir](http://www.bradesco.com.br/ir) Financial Information / Quarterly Reports.



## Market Risk

In the first quarter of 2010, the world economy continued to recover, despite slow growth in advanced economies and fiscal problems in certain European countries. U.S. economic indicators showed signs that the economic recovery is now broader-based and reaching a wide range of industries. However, concern with the fiscal situation in Greece, Portugal and Spain intensified following the ratings downgrades of Portugal and Greece by Fitch Ratings.

Central banks worldwide began to shift the focus of monetary policies towards reducing the stimuli implemented during the crisis to contain the expansion of credit, in view of deteriorating inflationary risks. The United States, for example, hiked its discount rate, while China raised both reserve requirements and interbank rates.

In the internal scenario, GDP in the fourth quarter of 2009 expanded by 2% from the previous quarter, revealing the strong pace of the domestic economy. Economic activity indicators in the first few months of 2010 for both the retail and industrial sectors also suggested that the Brazilian economy is on an upward path of accelerated growth. Meanwhile, the stimulus measures for internal demand implemented by the federal government to combat the crisis, such as cutting the tax rate on the sale of new vehicles and home appliances, were eliminated during the quarter since they were no longer necessary.

On the monetary policy front, the onset of the tightening cycle in the Selic basic interest rate occurring in the second quarter was consensus among economists and already priced into the interest rate futures market, given the stronger economic growth and the deterioration in inflation expectations. In the first quarter, however, the Central Bank moved to keep the Selic rate unchanged at 8.75% p.a., respecting its original timetable for removing the economic stimulus established in December 2009. In its Quarterly Inflation Report, the central bank's forecast for consumer inflation in 2010 was revised from 4.6% to 5.2%, while its forecast for GDP in the year remained at 5.8%. Another important development was the move by the Central Bank to raise reserve requirements, as well as its decision made jointly with the National Monetary Council (CMN) - to unify foreign exchange rules to obtain efficiency gains. In addition, the National Treasury was allowed to acquire dollars to pay debt maturing within the subsequent 750 days, which was extended from the previous limit of 360 days.

The decline in volatility in the first quarter of 2010 from the fourth quarter of 2009 in both the foreign and domestic markets was the main reason for the lower VaR in the period analyzed.

**VaR - Trading Portfolio**

| Risk Factors                         | R\$ thousand  |               |               |               |                |                |                |               |
|--------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|
|                                      | Mar10         | Dec09         | Sep09         | Jun09         | Mar09          | Dec08          | Sep08          | Jun08         |
| Fixed Rate                           | 3,870         | 10,351        | 3,541         | 5,680         | 16,282         | 76,236         | 24,742         | 7,142         |
| General Price Index - Market (IGP-M) | 512           | 289           | 221           | 154           | 54             | 18             | 1,231          | 117           |
| Extended Consumer Price Index (IPCA) | 1,200         | 2,799         | 13,061        | 69,167        | 66,173         | 267,651        | 157,598        | 44,136        |
| Domestic Exchange Coupon             | 729           | 179           | 372           | 876           | 7,338          | 13,991         | 3,733          | 390           |
| Foreign Currency                     | 12,789        | 954           | 1,444         | 6,709         | 10,159         | 23,070         | 13,150         | 1,382         |
| Variable Income                      | 3,264         | 7,766         | 5,495         | 2,952         | 12,021         | 4,499          | 2,863          | 6,629         |
| Sovereign /Eurobonds and Treasuries  | 2,250         | 9,250         | 15,417        | 34,619        | 88,015         | 170,532        | 71,811         | 24,350        |
| Other                                | 23            | 24            | 25            | 94            | 57             | 61             | 2,253          | 2,369         |
| Correlation/Diversification Effect   | (8,382)       | (11,556)      | (14,105)      | (35,176)      | (70,887)       | (112,617)      | (72,854)       | (24,274)      |
| <b>VaR at the End of the Quarter</b> | <b>16,255</b> | <b>20,056</b> | <b>25,471</b> | <b>85,075</b> | <b>129,212</b> | <b>443,441</b> | <b>204,527</b> | <b>62,241</b> |
| Average VaR in the Quarter           | 15,698        | 27,648        | 48,284        | 91,597        | 206,152        | 550,624        | 97,535         | 91,960        |
| Minimum VaR in the Quarter           | 10,091        | 16,588        | 21,345        | 58,111        | 120,399        | 221,038        | 61,857         | 58,792        |
| Maximum VaR in the Quarter           | 28,226        | 35,732        | 87,731        | 123,059       | 417,290        | 750,559        | 244,827        | 120,378       |

**Backtesting Trading Portfolio VaR**

The method applied and existing statistical models are validated on a daily basis using backtesting techniques. This technique compares the daily VaR calculated based on the result obtained from the same positions used to calculate VaR (hypothetical result) as well as on the result obtained already considering the transactions on the day for which VaR was estimated (effective result). The main purpose is to monitor, validate and assess the adherence of the VaR model, and the number of breaks must be aligned with the confidence interval previously established in the modeling.

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

To estimate the possible loss not contemplated by VaR, Bradesco assesses daily the possible effects on positions under stress scenarios. Stress Analysis is a tool that seeks to quantify the negative impacts of economic shocks and events that are financially adverse to the Institution's positions. For this purpose, crisis scenarios are prepared based on the historical data and prospects for the risk factors in which the trading portfolio has a position. Accordingly, considering the effects of diversification across risk factors, the average potential loss estimated in a stress situation was R\$310 million in the first quarter of 2010, while the maximum estimated potential loss was estimated at R\$396

million.

**Trading Portfolio Stress Analysis**

|                           | <b>With Diversification</b> |              |              |              |              | <b>Without Diversification</b> |              |              |              |              | R\$ million |
|---------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------------------------|--------------|--------------|--------------|--------------|-------------|
|                           | <b>Mar10</b>                | <b>Dec09</b> | <b>Sep09</b> | <b>Jun09</b> | <b>Mar09</b> | <b>Mar10</b>                   | <b>Dec09</b> | <b>Sep09</b> | <b>Jun09</b> | <b>Mar09</b> |             |
| At the End of the Quarter | 190                         | 400          | 482          | 900          | 1,022        | 396                            | 632          | 844          | 1,552        | 1,827        |             |
| Average in the Quarter    | 310                         | 489          | 655          | 1,030        | 1,118        | 528                            | 790          | 1,182        | 1,743        | 1,792        |             |
| Minimum in the Quarter    | 186                         | 375          | 415          | 871          | 837          | 347                            | 597          | 813          | 1,385        | 1,502        |             |
| Maximum in the Quarter    | 396                         | 585          | 903          | 1,299        | 1,576        | 652                            | 963          | 1,607        | 2,133        | 2,251        |             |

In addition to monitoring and controlling VaR and the stress analyses, a sensitivity analysis of the trading portfolio is conducted on a daily basis, measuring the effects on the portfolio of changes in market curves and prices.

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(A free translation of the original in Portuguese)

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

To the Board of Directors  
Banco Bradesco S.A.

- (1) In connection with our limited reviews of the Quarterly Information of Banco Bradesco S.A. and its subsidiaries (consolidated) as of March 31, 2010, December 31, 2009 and March 31, 2009, on which we issued a report without exceptions dated April 27, 2010, we carried out a limited review of the supplementary accounting information presented in the Report on Economic and Financial Analysis. This supplementary information was prepared by the Bank's management to permit additional analysis and is not a required part of the Quarterly Information.
- (2) Our work was carried out in accordance with the specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), for the purpose of reviewing the supplementary accounting information described in paragraph one and mainly comprised: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of this additional accounting information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.
- (3) Based on our limited reviews, we are not aware of any material modifications which should be made to the supplementary information, referred to above, in order that this information be fairly presented, in all material respects, in relation to the Quarterly Information, referred to in paragraph one, taken as a whole.

São Paulo, April 27, 2010

Audidores Independentes  
CRC 2SP000160/O-5

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



## ***Management Report***

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the period ended March 31, 2010, prepared in accordance with the Brazilian Corporation Law.

The world economy continues to recover, most notably in emerging countries, while financial risks in developed countries should diminish in the medium term. Brazil has confirmed more optimistic expectations for household consumption, investment, employment and income levels, suggesting consistent growth in this and the following year. This favorable outlook, combined with the upward trend in social mobility and stable political environment, continues to bode well for the country's medium term prospects. In this setting, Bradesco reinforces its confidence in Brazil's economic expansion over the coming years.

In the first quarter, Bradesco recorded Net Income of R\$2.103 billion, which corresponds to earnings per share of R\$0.61 and annualized return on average shareholders' equity of 21.68%. Annualized return on average total assets was 1.63%, compared with 1.48% in the same quarter a year ago.

In terms of payments to shareholders, R\$2.498 billion in Interest on Shareholders' Equity and Dividends was paid and provisioned in the period from January to March 2010, of which R\$746 million was relative to net income generated in the quarter and R\$1.752 billion relative to fiscal year 2009 (monthly payment of R\$43 million paid on January 4, 2010 and a complementary payment of R\$1.709 billion made on March 9, 2010).

Taxes and contributions (including social security) paid or provisioned in the first three months of the year amounted to R\$3.197 billion, of which R\$1.360 billion involved tax withheld from third parties and R\$1.837 billion was levied on the activities developed by the Bradesco Organization, equivalent to 87.35% of Net Income.

The Adjusted Operating Efficiency Ratio in the last 12 months improved from 42.52% on March 31, 2009 to 41.20% on March 31, 2010, which was due in part to better control of administrative expenses and the continuous efforts to boost revenue.

At the end of the quarter, paid-in Capital Stock was R\$26.500 billion. Combined with the Equity Reserves of R\$16.587 billion, Shareholders' Equity came to R\$43.087 billion, for growth of 22.04% on the same quarter a year earlier and corresponding to a book value of R\$12.60 per share.

Based on its stock price, Bradesco's Market Capitalization stood at R\$100.885 billion on March 31, equivalent to 2.34 times its book value, up 54.84% from R\$65.154 billion a year earlier.

Meanwhile, Managed Shareholders' Equity represented 8.24% of Consolidated Assets, which totaled R\$532.626 billion, an increase of 23.17% from March 2009. Accordingly, the Capital Adequacy Ratio stood at 16.76% in the consolidated financial result and 16.78% in the consolidated economic and financial result, higher than the 11% minimum established by National Monetary Council Resolution 2,099 of August 17, 1994, in conformity with the Basel Committee. At the end of the quarter, the fixed asset ratio in relation to Consolidated Reference Assets was 45.06% in the consolidated financial result and 19.85% in the consolidated economic and financial result, complying with the maximum limit of 50%.

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Regarding Article 8 of Brazilian Central Bank Circular Letter 3,068 of November 8, 2001, Bradesco declares that it possesses sufficient financial capacity and plans to hold to maturity those securities classified under held-to-maturity securities .

Total funding and assets under the management of the Bradesco Organization on March 31 was R\$739.894 billion, up 15.45% from a year earlier, broken down as follows:

R\$298.894 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts;

R\$258.563 billion in assets under management, comprising investment funds, managed portfolios and third-party fund shares, up 28.65% from March 31, 2009;

R\$95.563 billion in the exchange portfolio, borrowings and onlendings, working capital, payment and collection of taxes and charges, funds from security and subordinated debt issues in Brazil and other funding operations.



***Management Report***

R\$77.685 billion in technical provisions for insurance, supplementary private pension plans and savings bonds, for improvement of 16.52% on a year earlier; and

R\$9.189 billion in foreign funding through public and private issues, subordinated debt and securitization of future financial flows, equivalent to US\$5.159 billion.

At the end of the period, the balance of consolidated credit operations stood at R\$235.238 billion, up 10.44% from March 2009, composed of the following:

R\$5.126 billion in advances on exchange contracts, for a total portfolio of US\$10.831 billion in export financing;

US\$2.826 billion in import financing in foreign currency;

R\$20.249 billion in leasing operations;

R\$12.338 billion in rural lending;

R\$68.236 billion in consumer finance;

R\$34.714 billion in securities and guarantees;

R\$9.272 billion in credit card receivables; and

R\$17,529 billion in operations involving the onlending of foreign and domestic funds, mainly originated from the National Economic and Social Development Bank (BNDES), which is one of the most important sources of funds for onlending.

For real estate credit activities, the Organization allocated a total of R\$1.846 billion to the construction and acquisition of own homes, which corresponded to 14,673 properties.

To capitalize businesses, Bradesco, through Banco Bradesco BBI S.A., coordinated R\$6.980 billion in deals in the period, which included issues of primary and secondary shares, debentures, promissory notes, mortgage-backed securities and receivables-backed investment funds, representing 45.09% of the volume of these issues registered at the Securities and Exchange Commission of Brazil (CVM). Another highlight was financing for structured projects and operations, which is responsible for origination,

distribution and management of clients' financial assets, flows and balances.

Grupo Bradesco de Seguros e Previdência, which is a leader in the Insurance, Supplementary Private Pension Plan and Savings Bond businesses, recorded Net Income of R\$703.439 million and Shareholders' Equity of R\$10.561 billion on March 31. Net insurance premiums written, private pension plan contributions and savings bond income was R\$6.851 billion, for growth of 24.25% on the same quarter a year ago.

With a presence in 100% of Brazil's municipalities and in several locations abroad, the Customer Service Network of the Bradesco Organization, Brazil's largest, was composed, on March 31, of: 38,945 service points, with 30,909 terminals in the Dia&Noite ATM Network, of which 30,370 also operate on weekends and holidays; and 7,863 terminals of the Banco24Horas ATM network, where Bradesco clients can also make withdrawals, transfers, obtain statements, check balances and contract loans. In the payroll-deductible segment, the network also had 702 correspondent banks of Bradesco Promotora, and, in the vehicle segment, Bradesco Financiamentos was present in 22,337 points of sale:

- 6,106 Branches, PABs (Banking Service Branch) and PAAs (Advanced Service Branch) in Brazil (Branches: Bradesco 3,430, Banco Bradesco Financiamentos 20, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1, Banco Alvorada 1; PABs: 1,200; and PAAs: 1,451);
- 4 Branches Overseas, with 1 in New York, 2 in Grand Cayman and 1 in Nassau in the Bahamas;
- 7 Subsidiaries Overseas (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. in Luxembourg, Bradesco Securities, Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Services Co., Ltd. in Tokyo, Cidade Capital Markets Ltd. in Grand Cayman, and Bradesco Trade Services Limited in Hong Kong);
- 6,110 Banco Postal Branches;
- 21,501 Bradesco Expresso service points;

**Management Report**

1,564 PAEs - Electronic Service Branches in Companies; and  
 3,664 External Terminals of the Bradesco Dia&Noite (Day&Night) ATM network and 6,912 Terminals of the Banco24Horas ATM network; of which 1,490 points serving both networks.

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

In an environment propitious to innovation, Bradesco maintains its model of Excellence in Human Resources Management, which emphasizes development through heavy investment in training programs to build competencies and promote professional development in its team, which continues to generate better results in terms of service quality and efficiency. In the quarter, 684 courses were administered to a total of 410,090 employees. Benefits aimed at promoting the quality of life, well-being and security of its employees and their dependants at the end of the quarter affected 184,266 lives.

Fundação Bradesco, the pioneer social investment of the Organization, develops broad social and educational programs at its 40 Schools, which are installed in underprivileged regions in all Brazilian states, including the Federal District. With a budget of R\$268.010 million, Fundação Bradesco provides quality educational services at no charge to 662 thousand people in the various segments in which it operates, with 112 thousand of these represented by students enrolled in its schools at the following levels: Basic Education (Kindergarten to High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training. Meanwhile, more than 550 thousand people will be served through on-site and distance-learning programs administered via Virtual School, its e-learning portal, Digital Inclusion Centers (CIDs) and programs executed in strategic partnerships, such as Educa+Ação. The over 50 thousand students enrolled in the Foundation's basic education system also received uniforms, school

supplies, meals and medical and dental assistance, at no charge.

The Bradesco Organization launched its Sports and Education Program over 21 years ago, which has 37 Training and Specialist Centers for teaching volleyball and basketball, which are located in the Fundação Bradesco units in Osasco, São Paulo, public schools and sports centers in the municipality. The Program currently assists some 2 thousand girls from ages 8 to 18, reinforcing its commitment to defend a country that is ever more accepting of valuing talent, effort and the full exercise of citizenship, and integrating the elements of health, sports and education.

In the period, Bradesco received several important recognitions:

- The most valuable brand in Brazil and the most valuable brand among financial institutions in Latin America, according to a study prepared by the specialized consulting firm Brand Finance in partnership with the British magazine *The Banker*;

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- The most valuable brand in Brazil, for the fourth consecutive time, according to a study conducted by the consulting firm Brand Finance South America and the magazine *The Brander*, which analyzed 100 brands in Brazil;
- The bank received the highest score and ranked first in a new quality ranking compiled by *Exame* magazine in partnership with the Brazilian Customer Relations Institute (IBRC), which evaluated Bradesco as the best company in customer service in 2009;
- Leader in the survey Companies that Most Respect the Consumer, conducted by the *Consumidor Moderno* magazine in partnership with Shopper Experience, which evaluated companies that serve customers with greater respect and professionalism;
- Top Brazilian company in a ranking of the 100 most sustainable companies on the planet organized by Corporate Knight, a Canadian publication specializing in corporate social responsibility;
- Environmental Company of the Year in the 4<sup>th</sup> Edition of the Brazilian Environmental Award organized by Editora JB, which publishes the newspaper *Jornal do Brasil*. The company also won in the categories Best Project in Waste Management and Best Project in Environmental Education;

***Management Report***

- Winner, for the second consecutive time, of the 2010 International Golden Peacock Global Award for Corporate Social Responsibility. It acknowledges companies that adopt the best corporate social responsibility policies;
- Winner of the Transpromo International Technology Application of the Year Award for the case study Applications for Checking Account Statements. This 25<sup>th</sup> edition of the award was sponsored by Xplor International and recognizes the Bank's excellence in applying this technology to electronic documents; and
- The consulting firm *Consultoria Economatica* selected Bradesco as one of the top 25 banks in Latin America and the United States in terms of stock performance in 2009, with Bradesco shares gaining more than 100% in the year.

The results presented reaffirm the Bradesco Organization's determination to consistently expand its market share, always rooted in the ideals of quality and efficiency, while contributing to Brazil's progress and development. In recognition of this success, we would like to thank our shareholders and customers for their support and confidence and our employees and other partners for their dedicated work.

Cidade de Deus, April 27, 2010

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

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

*Consolidated Balance Sheet R\$ thousand*

| Assets  | 2010               | 2009               |                    |
|---|--------------------|--------------------|--------------------|
|   | March              | December           | March              |
| <b>Current assets</b>   | <b>390,746,673</b> | <b>372,874,546</b> | <b>363,187,181</b> |
| <b>Cash and cash equivalents (Note 6)</b>   | <b>8,704,665</b>   | <b>6,946,563</b>   | <b>7,533,368</b>   |
| <b>Interbank investments (Notes 3d and 7)</b>   | <b>96,260,856</b>  | <b>109,719,374</b> | <b>92,518,981</b>  |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 89,920,738         | 101,837,691        | 83,094,204         |
| Interbank deposits  | 6,340,361          | 7,882,542          | 9,425,217          |
| Allowance for losses  | (243)              | (859)              | (440)              |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>          | <b>123,602,778</b> | <b>116,323,999</b> | <b>109,441,918</b> |
| Own portfolio   | 93,883,610         | 98,543,802         | 86,932,457         |
| Subject to repurchases agreements   | 19,019,954         | 4,170,543          | 54,789             |
| Derivative financial instruments  | 2,335,357          | 652,140            | 2,022,601          |
| Compulsory deposits - Brazilian Central Bank  | 3,413,929          | 8,682,594          | 14,413,471         |
| Underlying guarantee provided   | 4,908,201          | 4,229,580          | 5,975,073          |
| Securities subject to repurchase agreements but not restricted                            | 41,727             | 45,340             | 43,527             |
| <b>Interbank accounts</b>   | <b>35,966,020</b>  | <b>17,997,796</b>  | <b>15,211,438</b>  |
| Unsettled payments and receipts   | 479,187            | 50,313             | 448,405            |
| Restricted credits: (Note 9)  |                    |                    |                    |
| - Compulsory deposits - Brazilian Central Bank  | 35,424,718         | 17,923,629         | 14,731,881         |
| - National treasury - rural loans   | 578                | 578                | 578                |
| - National Housing System (SFH)   | 13,808             | 4,428              | 4,934              |
| Correspondent banks   | 47,729             | 18,848             | 25,640             |
| <b>Interdepartmental accounts</b>   | <b>229,728</b>     | <b>239,698</b>     | <b>14,731</b>      |
| Internal transfer of funds  | 229,728            | 239,698            | 14,731             |
| <b>Loan operations (Notes 3g, 10 and 32b)</b>   | <b>82,534,333</b>  | <b>79,043,243</b>  | <b>75,933,451</b>  |
| Loan operations:  |                    |                    |                    |
| - Public sector   | 1,061,316          | 1,154,309          | 703,541            |
| - Private sector  | 90,653,338         | 87,483,997         | 82,491,208         |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                                    | (9,180,321)        | (9,595,063)        | (7,261,298)        |
| <b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>                                       | <b>7,859,584</b>   | <b>7,966,713</b>   | <b>7,421,374</b>   |
| Leasing receivables:  |                    |                    |                    |
| - Public sector   | 24,321             | 38,748             | 74,401             |
| - Private sector  | 14,525,660         | 14,681,418         | 13,177,699         |
| Unearned income from leasing  | (5,901,202)        | (5,955,075)        | (5,395,771)        |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                                 | (789,195)          | (798,378)          | (434,955)          |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| <b>Other receivables</b>                                     | <b>34,044,327</b>  | <b>33,098,804</b>  | <b>53,674,549</b>  |
| Receivables on sureties and guarantees honored (Note 10a-3)  | 21,409             | 21,092             | 7,347              |
| Foreign exchange portfolio (Note 11a)                        | 9,953,229          | 8,969,252          | 33,385,361         |
| Receivables  | 474,547            | 684,461            | 505,129            |
| Securities trading   | 1,072,850          | 698,154            | 874,432            |
| Specific loans   | 2,105              | 1,305              | 882                |
| Insurance premiums receivable                                | 1,972,355          | 2,267,591          | 2,060,151          |
| Sundry (Note 11b)  | 21,277,120         | 21,239,637         | 17,326,267         |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (729,288)          | (782,688)          | (485,020)          |
| <b>Other assets (Note 12)</b>                                | <b>1,544,382</b>   | <b>1,538,356</b>   | <b>1,437,371</b>   |
| Other assets   | 775,021            | 729,773            | 636,632            |
| Allowance for mark-to-market losses                          | (256,351)          | (252,600)          | (237,120)          |
| Prepaid expenses (Notes 3i and 12b)                          | 1,025,712          | 1,061,183          | 1,037,859          |
| <b>Long-term receivables</b>                                 | <b>131,962,864</b> | <b>123,153,749</b> | <b>110,936,672</b> |
| <b>Interbank investments (Notes 3d and 7)</b>                | <b>903,656</b>     | <b>1,077,439</b>   | <b>823,033</b>     |
| Interbank investments  | 903,656            | 1,077,439          | 823,033            |

*Consolidated Balance Sheet R\$ thousand*

| Assets   | 2010              | 2009              |                   |
|--|-------------------|-------------------|-------------------|
|  | March             | December          | March             |
| <b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b> | <b>33,705,811</b> | <b>30,294,736</b> | <b>21,374,287</b> |
| Own portfolio  | 27,320,923        | 19,096,456        | 19,989,450        |
| Subject to repurchase agreements   | 743,709           | 3,231,356         | 906,353           |
| Derivative financial instruments   | 716,163           | 706,433           | 259,290           |
| Compulsory deposits - Brazilian Central Bank                                     | 3,576,475         | 6,089,646         | -                 |
| Privatization currencies   | 92,156            | 94,143            | 99,270            |
| Underlying guarantees provided   | 1,256,385         | 1,076,702         | 119,924           |
| <b>Interbank accounts</b>  | <b>478,243</b>    | <b>485,722</b>    | <b>464,454</b>    |
| Restricted credits: (Note 9)   |                   |                   |                   |
| - SFH National Housing System  | 478,243           | 485,722           | 464,454           |
| <b>Loan operations (Notes 3g, 10 and 32b)</b>                                    | <b>65,293,407</b> | <b>58,700,883</b> | <b>53,455,038</b> |
| Loan operations:   |                   |                   |                   |
| - Public sector  | 450,290           | 419,880           | 767,150           |
| - Private sector   | 69,075,677        | 62,448,057        | 55,351,266        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (4,232,560)       | (4,167,054)       | (2,663,378)       |
| <b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>                              | <b>10,708,767</b> | <b>11,747,405</b> | <b>13,234,717</b> |
| Leasing receivables:   |                   |                   |                   |
| - Public sector  | 9,909             | 7,772             | 16,500            |
| - Private sector   | 20,305,144        | 21,982,152        | 23,420,279        |
| Unearned income from leasing   | (8,714,484)       | (9,286,996)       | (9,631,466)       |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)                        | (891,802)         | (955,523)         | (570,596)         |
| <b>Other receivables</b>   | <b>20,489,553</b> | <b>20,469,176</b> | <b>21,197,924</b> |
| Receivables  | 15,755            | 103               | 279               |
| Securities trading   | 317,927           | 474,848           | 1,333,104         |
| Sundry (Note 11b)  | 20,168,512        | 20,008,762        | 19,873,770        |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h)                           | (12,641)          | (14,537)          | (9,229)           |
| <b>Other assets (Note 12)</b>  | <b>383,427</b>    | <b>378,388</b>    | <b>387,219</b>    |
| Other assets   | 553               | 553               | 1,187             |
| Prepaid expenses (Notes 3i and 12b)  | 382,874           | 377,835           | 386,032           |
| <b>Permanent assets</b>  | <b>9,916,523</b>  | <b>10,194,797</b> | <b>8,017,091</b>  |
| <b>Investments (Notes 3j, 4, 13 and 32b)</b>                                     | <b>1,536,687</b>  | <b>1,548,817</b>  | <b>1,400,346</b>  |
| Interest in unconsolidated companies:  |                   |                   |                   |
| - Local  | 1,018,329         | 1,026,280         | 884,357           |
| Other investments  | 799,369           | 805,348           | 866,185           |



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|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Allowance for losses                            | (281,011)          | (282,811)          | (350,196)          |
| <b>Premises and equipment (Notes 3k and 14)</b> | <b>3,235,933</b>   | <b>3,406,308</b>   | <b>3,275,273</b>   |
| Premises  | 1,022,909          | 1,024,269          | 1,030,669          |
| Other assets                                    | 6,916,190          | 7,000,677          | 6,634,820          |
| Accumulated depreciation                        | (4,703,166)        | (4,618,638)        | (4,390,216)        |
| <b>Leased assets (Note 14)</b>                  | <b>8,334</b>       | <b>11,646</b>      | <b>10,854</b>      |
| Leased assets                                   | 20,972             | 27,854             | 22,222             |
| Accumulated depreciation                        | (12,638)           | (16,208)           | (11,368)           |
| <b>Intangible assets (Notes 3l, 4 and 15)</b>   | <b>5,135,569</b>   | <b>5,228,026</b>   | <b>3,330,618</b>   |
| Intangible assets                               | 8,674,765          | 8,491,567          | 6,061,496          |
| Accumulated amortization                        | (3,539,196)        | (3,263,541)        | (2,730,878)        |
| <b>Total</b>                                    | <b>532,626,060</b> | <b>506,223,092</b> | <b>482,140,944</b> |

The Notes are an integral part of the Financial Statements.

*Consolidated Balance Sheet R\$ thousand*

| <b>Liabilities</b>   | <b>2010</b>        | <b>2009</b>        |                    |
|--|--------------------|--------------------|--------------------|
|  | <b>March</b>       | <b>December</b>    | <b>March</b>       |
| <b>Current liabilities</b>   | <b>321,166,083</b> | <b>298,608,497</b> | <b>270,904,658</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>103,857,996</b> | <b>104,481,562</b> | <b>89,839,871</b>  |
| Demand deposits  | 31,590,287         | 34,627,064         | 24,999,970         |
| Savings deposits   | 45,194,691         | 44,162,309         | 37,391,607         |
| Interbank deposits   | 329,218            | 741,355            | 384,993            |
| Time deposits (Notes 16a and 32b)  | 25,749,548         | 23,915,158         | 26,181,451         |
| Other deposits   | 994,252            | 1,035,676          | 881,850            |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>98,260,955</b>  | <b>86,590,180</b>  | <b>63,115,027</b>  |
| Own portfolio  | 30,582,625         | 17,575,088         | 4,069,749          |
| Third-party portfolio  | 66,823,881         | 68,417,064         | 55,702,256         |
| Unrestricted portfolio   | 854,449            | 598,028            | 3,343,022          |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>   | <b>3,060,285</b>   | <b>3,367,651</b>   | <b>3,005,901</b>   |
| Exchange acceptances   | -                  | -                  | 256                |
| Mortgage and real estate notes, letters of credit and others   | 2,420,734          | 2,457,601          | 2,223,898          |
| Debentures (Note 16c-1)  | 25,852             | 10,287             | 76,119             |
| Securities issued abroad   | 613,699            | 899,763            | 705,628            |
| <b>Interbank accounts</b>  | <b>203,613</b>     | <b>22,968</b>      | <b>123,920</b>     |
| Interbank onlending  | -                  | -                  | 1,851              |
| Correspondent banks  | 203,613            | 22,968             | 122,069            |
| <b>Interdepartmental accounts</b>  | <b>1,859,048</b>   | <b>2,927,186</b>   | <b>2,163,045</b>   |
| Third-party funds in transit   | 1,859,048          | 2,927,186          | 2,163,045          |
| <b>Borrowing (Notes 17a and 32b)</b>   | <b>7,823,288</b>   | <b>7,683,073</b>   | <b>12,049,075</b>  |
| Local borrowing - official institutions  | -                  | -                  | 10                 |
| Local borrowing - other institutions   | 557                | 540                | 525                |
| Borrowing abroad   | 7,822,731          | 7,682,533          | 12,048,540         |
| <b>Local onlending - official institutions (Notes 17b and 32b)</b>                                   | <b>6,772,140</b>   | <b>6,521,754</b>   | <b>6,927,635</b>   |
| National treasury  | 62,143             | 124,020            | 103,631            |
| National Bank for Economic and Social Development (BNDES)  | 2,221,555          | 2,274,498          | 2,864,867          |
| Caixa Econômica Federal Federal savings bank (CEF)   | 17,341             | 17,023             | 16,213             |
| Fund for financing the acquisition of industrial machinery and equipment (Finame)                    | 4,471,101          | 4,105,565          | 3,942,916          |
| Other institutions   | -                  | 648                | 8                  |
| <b>Foreign onlending (Notes 17b and 32b)</b>   | <b>482,959</b>     | <b>794</b>         | <b>381</b>         |
| Foreign onlending  | 482,959            | 794                | 381                |

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| <b>Derivative financial instruments (Notes 3f and 32)</b>  | <b>2,361,013</b>   | <b>435,175</b>     | <b>2,075,938</b>   |
| Derivative financial instruments   | 2,361,013          | 435,175            | 2,075,938          |
| <b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b> | <b>59,014,470</b>  | <b>57,489,599</b>  | <b>49,019,882</b>  |
| <b>Other liabilities</b>   | <b>37,470,316</b>  | <b>29,088,555</b>  | <b>42,583,983</b>  |
| Collection of taxes and other contributions  | 3,015,045          | 258,123            | 2,498,280          |
| Foreign exchange portfolio (Note 11a)  | 5,452,357          | 3,918,034          | 22,367,012         |
| Social and statutory   | 918,024            | 1,784,142          | 771,495            |
| Fiscal and social security (Note 20a)  | 2,455,976          | 3,265,674          | 2,081,029          |
| Securities trading   | 1,566,917          | 1,116,282          | 1,139,803          |
| Financial and development funds  | 221                | 438                | 6,342              |
| Subordinated debts (Notes 4, 19 and 32b)   | 4,772,011          | 320,460            | 564,949            |
| Sundry (Notes 4 and 20b)   | 19,289,765         | 18,425,402         | 13,155,073         |
| <b>Long-term liabilities</b>   | <b>167,263,667</b> | <b>164,742,544</b> | <b>175,319,989</b> |
| <b>Deposits (Notes 3n and 16a)</b>   | <b>66,863,677</b>  | <b>66,591,522</b>  | <b>79,263,263</b>  |
| Interbank deposits   | 36,540             | 10,704             | 21,171             |
| Time deposits (Notes 16a and 32b)  | 66,827,137         | 66,580,818         | 79,242,092         |
| <b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b> | <b>29,911,020</b>  | <b>26,682,866</b>  | <b>28,544,174</b>  |
| Own portfolio  | 29,911,020         | 26,682,866         | 28,544,174         |

*Consolidated Balance Sheet R\$ thousand*

| <b>Liabilities</b>   | <b>2010</b>        | <b>2009</b>        |                    |
|--|--------------------|--------------------|--------------------|
|  | <b>March</b>       | <b>December</b>    | <b>March</b>       |
| <b>Funds from issuance of securities (Notes 16c and 32b)</b>   | <b>5,490,228</b>   | <b>4,114,933</b>   | <b>6,273,819</b>   |
| Mortgage and real estate notes, letters of credit and others   | 39,108             | 26,954             | 196,584            |
| Debentures (Note 16c-1)  | 730,163            | 730,165            | 1,455,357          |
| Securities issued abroad   | 4,720,957          | 3,357,814          | 4,621,878          |
| <b>Borrowing (Notes 17a and 32b)</b>   | <b>770,265</b>     | <b>322,063</b>     | <b>631,081</b>     |
| Local borrowing - official institutions  | -                  | -                  | 19                 |
| Borrowing abroad   | 770,265            | 322,063            | 631,062            |
| <b>Local onlending - official institutions (Notes 17b and 32b)</b>                                   | <b>14,358,227</b>  | <b>12,800,052</b>  | <b>10,812,027</b>  |
| BNDES  | 6,114,515          | 5,864,982          | 4,129,875          |
| CEF  | 71,581             | 74,101             | 80,280             |
| FINAME   | 8,171,480          | 6,860,969          | 6,601,132          |
| Other institutions   | 651                | -                  | 740                |
| <b>Borrowings and Onlendings Abroad (Notes 17b and 32b)</b>  | <b>865</b>         | <b>-</b>           | <b>-</b>           |
| Onlending abroad   | 865                | -                  | -                  |
| <b>Derivative financial instruments (Notes 3f and 32)</b>  | <b>107,726</b>     | <b>96,019</b>      | <b>217,949</b>     |
| Derivative financial instruments   | 107,726            | 96,019             | 217,949            |
| <b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b> | <b>18,670,521</b>  | <b>18,082,322</b>  | <b>17,653,175</b>  |
| <b>Other liabilities</b>   | <b>31,091,138</b>  | <b>36,052,767</b>  | <b>31,924,501</b>  |
| Fiscal and social security (Note 20a)  | 11,146,891         | 9,937,994          | 9,590,431          |
| Subordinated debts (Notes 4, 19 and 32b)   | 18,768,718         | 22,783,517         | 19,709,056         |
| Sundry (Notes 4 and 20b)   | 1,175,529          | 3,331,256          | 2,625,014          |
| <b>Deferred income</b>   | <b>292,397</b>     | <b>320,625</b>     | <b>272,930</b>     |
| Deferred income  | 292,397            | 320,625            | 272,930            |
| <b>Minority interest in subsidiaries (Note 22)</b>   | <b>816,547</b>     | <b>797,675</b>     | <b>337,010</b>     |
| <b>Shareholders' equity (Note 23)</b>  | <b>43,087,366</b>  | <b>41,753,751</b>  | <b>35,306,357</b>  |
| Capital:   |                    |                    |                    |
| - Domiciled in Brazil  | 25,703,438         | 25,635,353         | 22,135,032         |
| - Domiciled abroad   | 796,562            | 864,647            | 864,968            |
| Capital reserves   | 62,614             | 62,614             | 62,614             |
| Profit reserves  | 16,185,632         | 15,022,670         | 12,936,218         |
| Assets valuation adjustments   | 339,120            | 357,341            | (687,295)          |
| Treasury shares (Notes 23d and 32b)  | -                  | (188,874)          | (5,180)            |
| <b>Shareholders equity managed by the Parent Company</b>   | <b>43,903,913</b>  | <b>42,551,426</b>  | <b>35,643,367</b>  |
| <b>Total</b>   | <b>532,626,060</b> | <b>506,223,092</b> | <b>482,140,944</b> |

The Notes are an integral part of the Financial Statements.

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*Consolidated Statement of Income* R\$ thousand

|   | 2010                    | 2009                    |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| <b>Revenues from financial intermediation</b>   | <b>15,490,486</b>       | <b>15,065,016</b>       | <b>16,499,653</b>       |
| Loan operations (Note 10j)  | 8,459,551               | 8,140,757               | 7,848,097               |
| Leasing operations (Note 10j)   | 641,936                 | 760,669                 | 888,685                 |
| Operations with securities (Note 8h)  | 3,823,475               | 3,728,940               | 4,783,392               |
| Financial income from insurance, private pension plans and savings bonds (Note 8h)  | 2,272,263               | 1,998,812               | 1,986,067               |
| Derivative financial instruments (Note 8h)  | (38,762)                | 142,714                 | 537,398                 |
| Foreign exchange operations (Note 11a)  | 130,877                 | 134,943                 | 308,745                 |
| Compulsory deposits (Note 9b)   | 184,700                 | 139,882                 | 147,269                 |
| Sale or transfer of financial assets  | 16,446                  | 18,299                  | -                       |
| <b>Financial intermediation expenses</b>  | <b>9,647,594</b>        | <b>9,697,436</b>        | <b>11,665,907</b>       |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e)                                       | 5,511,475               | 5,490,984               | 6,885,965               |
| Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e) | 1,493,549               | 1,171,800               | 1,373,602               |
| Borrowing and onlending (Note 17c)  | 481,459                 | 302,503                 | 485,112                 |
| Leasing operations (Note 10j)   | 1,824                   | 2,116                   | 1,624                   |
| Allowance for loan losses (Notes 3g, 10g and 10h)   | 2,159,287               | 2,730,033               | 2,919,604               |
| <b>Gross income from financial intermediation</b>   | <b>5,842,892</b>        | <b>5,367,580</b>        | <b>4,833,746</b>        |
| <b>Other operating income/expenses</b>  | <b>(3,057,822)</b>      | <b>(2,477,084)</b>      | <b>(2,381,156)</b>      |
| Fee and commission income (Notes 4 and 24)  | 3,080,431               | 3,094,465               | 2,750,086               |
| Other fee and commission income   | 2,484,218               | 2,530,495               | 2,204,805               |
| Revenues from banking fees  | 596,213                 | 563,970                 | 545,281                 |
| Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d)                                     | 6,790,967               | 8,003,075               | 5,445,094               |
| Net premiums written  | 6,851,334               | 8,040,563               | 5,513,953               |
| Reinsurance premiums  | (60,367)                | (37,488)                | (68,859)                |
| Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o)                          | (3,119,227)             | (4,464,610)             | (2,262,667)             |
| Retained claims (Note 3o)   | (2,267,327)             | (2,196,702)             | (1,981,545)             |
| Savings bonds drawings and redemptions (Note 3o)  | (451,350)               | (522,102)               | (363,563)               |
| Insurance, private pension plans and savings bonds selling expenses (Note 3o)   | (371,477)               | (335,411)               | (298,683)               |

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|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Personnel expenses (Notes 4 and 25)                             | (2,120,571)      | (2,080,952)      | (1,852,076)      |
| Other administrative expenses (Notes 4 and 26)                  | (2,564,249)      | (2,674,496)      | (2,157,744)      |
| Tax expenses (Notes 4 and 27)                                   | (735,743)        | (697,357)        | (595,953)        |
| Equity in the earnings of affiliates (Note 13c)                 | 28,755           | 142,011          | 5,567            |
| Other operating income (Note 28)                                | 654,186          | 917,936          | 471,875          |
| Other operating expenses (Notes 4 and 29)                       | (1,982,217)      | (1,662,941)      | (1,541,547)      |
| <b>Operating income</b>   | <b>2,785,070</b> | <b>2,890,496</b> | <b>2,452,590</b> |
| <b>Non-operating income (Note 30)</b>                           | <b>(95,374)</b>  | <b>(131,694)</b> | <b>(39,979)</b>  |
| <b>Income before taxes on income and minority interest</b>      | <b>2,689,696</b> | <b>2,758,802</b> | <b>2,412,611</b> |
| <b>Income taxes and social contribution (Notes 34a and 34b)</b> | <b>(569,318)</b> | <b>(569,023)</b> | <b>(684,057)</b> |
| <b>Minority interest in subsidiaries</b>                        | <b>(17,672)</b>  | <b>(8,838)</b>   | <b>(5,542)</b>   |
| <b>Net income</b>   | <b>2,102,706</b> | <b>2,180,941</b> | <b>1,723,012</b> |

The Notes are an integral part of the Financial Statements.

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

| Events  | Capital stock     | Capital reserves                      |               | Profit reserves  |                   | Asset valuation adjustments |                  | Treasury shares | Retained earnings |
|---|-------------------|---------------------------------------|---------------|------------------|-------------------|-----------------------------|------------------|-----------------|-------------------|
|   |                   | Income tax incentives from income tax | Other         | Legal            | Statutory         | Bradesco                    | Subsidiaries     |                 |                   |
| <b>Balances on December 31, 2008</b>          | <b>23,000,000</b> | <b>2,103</b>                          | <b>60,511</b> | <b>1,853,688</b> | <b>10,006,599</b> | <b>(53,961)</b>             | <b>(607,543)</b> | <b>(4,853)</b>  | <b>- 34,000</b>   |
| Acquisition of treasury shares                | -                 | -                                     | -             | -                | -                 | -                           | -                | (327)           | -                 |
| Assets valuation adjustments                  | -                 | -                                     | -             | -                | -                 | (106,069)                   | 80,278           | -               | -                 |
| Net income                                    | -                 | -                                     | -             | -                | -                 | -                           | -                | -               | 1,723,012         |
| Allocations:                                  |                   |                                       |               |                  |                   |                             |                  |                 |                   |
| - Reserves                                    | -                 | -                                     | -             | 86,151           | 989,780           | -                           | -                | -               | (1,075,931)       |
| - Provisioned interest on shareholders equity | -                 | -                                     | -             | -                | -                 | -                           | -                | -               | (523,150)         |
| - Paid and/or provisioned dividends           | -                 | -                                     | -             | -                | -                 | -                           | -                | -               | (123,931)         |
| <b>Balances on March 31, 2009</b>             | <b>23,000,000</b> | <b>2,103</b>                          | <b>60,511</b> | <b>1,939,839</b> | <b>10,996,379</b> | <b>(160,030)</b>            | <b>(527,265)</b> | <b>(5,180)</b>  | <b>- 35,000</b>   |
| <b>Balances on September 30, 2009</b>         | <b>23,000,000</b> | <b>2,103</b>                          | <b>60,511</b> | <b>2,145,255</b> | <b>13,559,049</b> | <b>(108,639)</b>            | <b>314,158</b>   | <b>(94,950)</b> | <b>- 38,000</b>   |
| Capital increase by merger of shares          | 1,368,183         | -                                     | -             | -                | -                 | -                           | -                | -               | -                 |
| Capital increase with reserves                | 2,131,817         | -                                     | -             | -                | (2,131,817)       | -                           | -                | -               | -                 |
| Acquisition of treasury shares                | -                 | -                                     | -             | -                | -                 | -                           | -                | (93,924)        | -                 |
| Asset valuation adjustments                   | -                 | -                                     | -             | -                | -                 | 116,560                     | 35,262           | -               | -                 |



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|   |                   |              |               |                  |                   |               |                |                  |             |              |
|---|-------------------|--------------|---------------|------------------|-------------------|---------------|----------------|------------------|-------------|--------------|
| Net income                                    | -                 | -            | -             | -                | -                 | -             | -              | -                | 2,180,941   | 2,           |
| Allocations:                                  |                   |              |               |                  |                   |               |                |                  |             |              |
| - Reserves                                    | -                 | -            | -             | 109,047          | 1,341,136         | -             | -              | -                | (1,450,183) |              |
| - Provisioned interest on shareholders equity | -                 | -            | -             | -                | -                 | -             | -              | -                | (525,494)   | (5,          |
| - Paid and/or provisioned dividends           | -                 | -            | -             | -                | -                 | -             | -              | -                | (205,264)   | (2,          |
| <b>Balances on December 31, 2009</b>          | <b>26,500,000</b> | <b>2,103</b> | <b>60,511</b> | <b>2,254,302</b> | <b>12,768,368</b> | <b>7,921</b>  | <b>349,420</b> | <b>(188,874)</b> |             | <b>- 41,</b> |
| Acquisition of treasury shares                | -                 | -            | -             | -                | -                 | -             | -              | (4,740)          |             | -            |
| Cancellation of treasury shares               | -                 | -            | -             | -                | (193,614)         | -             | -              | 193,614          |             | -            |
| Asset valuation adjustments                   | -                 | -            | -             | -                | -                 | 50,408        | (68,629)       | -                |             | -            |
| Net income                                    | -                 | -            | -             | -                | -                 | -             | -              | -                | 2,102,706   | 2,           |
| Allocations:                                  |                   |              |               |                  |                   |               |                |                  |             |              |
| - Reserves                                    | -                 | -            | -             | 105,135          | 1,251,441         | -             | -              | -                | (1,356,576) |              |
| - Provisioned interest on shareholders equity | -                 | -            | -             | -                | -                 | -             | -              | -                | (608,025)   | (6,          |
| - Paid and/or provisioned dividends           | -                 | -            | -             | -                | -                 | -             | -              | -                | (138,105)   | (1,          |
| <b>Balances on March 31, 2010</b>             | <b>26,500,000</b> | <b>2,103</b> | <b>60,511</b> | <b>2,359,437</b> | <b>13,826,195</b> | <b>58,329</b> | <b>280,791</b> | <b>-</b>         |             | <b>- 43,</b> |

The Notes are an integral part of the Financial Statements.

*Value Added Statement R\$ thousand*

| Description  | 2010                    |                | 2009                    |                |                         |                |
|--|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
|  | 1 <sup>st</sup> quarter | %              | 4 <sup>th</sup> quarter | %              | 1 <sup>st</sup> quarter | %              |
| <b>1 Income</b>  | <b>15,771,693</b>       | <b>277.0</b>   | <b>15,204,991</b>       | <b>267.3</b>   | <b>15,917,141</b>       | <b>318.7</b>   |
| <b>1.1) Financial intermediation</b>                     | <b>15,490,486</b>       | <b>272.0</b>   | <b>15,065,016</b>       | <b>264.8</b>   | <b>16,499,653</b>       | <b>330.3</b>   |
| <b>1.2) Fee and commission</b>                           | <b>3,080,431</b>        | <b>54.1</b>    | <b>3,094,465</b>        | <b>54.4</b>    | <b>2,750,086</b>        | <b>55.0</b>    |
| <b>1.3) Allowance for loan losses</b>                    | <b>(2,159,287)</b>      | <b>(37.9)</b>  | <b>(2,730,033)</b>      | <b>(48.0)</b>  | <b>(2,919,604)</b>      | <b>(58.4)</b>  |
| <b>1.4) Other</b>  | <b>(639,937)</b>        | <b>(11.2)</b>  | <b>(224,457)</b>        | <b>(3.9)</b>   | <b>(412,994)</b>        | <b>(8.2)</b>   |
| <b>2 Financial intermediation expenses</b>               | <b>(7,488,307)</b>      | <b>(131.5)</b> | <b>(6,967,403)</b>      | <b>(122.5)</b> | <b>(8,746,303)</b>      | <b>(175.1)</b> |
| <b>3 Inputs acquired from third-parties</b>              | <b>(2,101,504)</b>      | <b>(37.0)</b>  | <b>(2,226,927)</b>      | <b>(39.1)</b>  | <b>(1,768,193)</b>      | <b>(35.4)</b>  |
| Materials, water, energy and gas                         | (117,417)               | (2.1)          | (117,567)               | (2.1)          | (103,943)               | (2.1)          |
| Third-party services                                     | (724,077)               | (12.7)         | (701,426)               | (12.3)         | (585,195)               | (11.7)         |
| <b>Other</b>   | <b>(1,260,010)</b>      | <b>(22.2)</b>  | <b>(1,407,934)</b>      | <b>(24.7)</b>  | <b>(1,079,055)</b>      | <b>(21.6)</b>  |
| - Communication  | (334,475)               | (5.9)          | (327,884)               | (5.8)          | (298,692)               | (6.0)          |
| - Financial system services                              | (86,059)                | (1.5)          | (88,665)                | (1.6)          | (61,809)                | (1.2)          |
| - Advertising and marketing                              | (152,363)               | (2.7)          | (282,488)               | (5.0)          | (109,265)               | (2.2)          |
| - Transportation   | (142,311)               | (2.5)          | (149,688)               | (2.6)          | (147,723)               | (3.0)          |
| - Data processing  | (190,766)               | (3.3)          | (212,022)               | (3.7)          | (182,574)               | (3.7)          |
| - Maintenance and repairs                                | (107,456)               | (1.9)          | (111,485)               | (2.0)          | (99,347)                | (2.0)          |
| - Security and surveillance                              | (66,143)                | (1.2)          | (64,083)                | (1.1)          | (60,260)                | (1.2)          |
| - Travel   | (21,154)                | (0.4)          | (22,341)                | (0.4)          | (15,545)                | (0.3)          |
| - Other  | (159,283)               | (2.8)          | (149,278)               | (2.5)          | (103,840)               | (2.0)          |
| <b>4 Gross value added (1-2-3)</b>                       | <b>6,181,882</b>        | <b>108.5</b>   | <b>6,010,661</b>        | <b>105.7</b>   | <b>5,402,645</b>        | <b>108.2</b>   |
| <b>5 Depreciation, amortization and depletion</b>        | <b>(515,261)</b>        | <b>(9.0)</b>   | <b>(463,732)</b>        | <b>(8.2)</b>   | <b>(412,385)</b>        | <b>(8.3)</b>   |
| <b>6 Net value added produced by the Entity (4-5)</b>    | <b>5,666,621</b>        | <b>99.5</b>    | <b>5,546,929</b>        | <b>97.5</b>    | <b>4,990,260</b>        | <b>99.9</b>    |
| <b>7 Value added received in transfer</b>                | <b>28,755</b>           | <b>0.5</b>     | <b>142,011</b>          | <b>2.5</b>     | <b>5,567</b>            | <b>0.1</b>     |
| Equity in earnings (losses) of unconsolidated companies  | 28,755                  | 0.5            | 142,011                 | 2.5            | 5,567                   | 0.1            |
| <b>8 Value added to distribute (6+7)</b>                 | <b>5,695,376</b>        | <b>100.0</b>   | <b>5,688,940</b>        | <b>100.0</b>   | <b>4,995,827</b>        | <b>100.0</b>   |
| <b>9 Value added distributed</b>                         | <b>5,695,376</b>        | <b>100.0</b>   | <b>5,688,940</b>        | <b>100.0</b>   | <b>4,995,827</b>        | <b>100.0</b>   |
| <b>9.1) Personnel</b>                                    | <b>1,836,435</b>        | <b>32.3</b>    | <b>1,811,705</b>        | <b>31.8</b>    | <b>1,613,760</b>        | <b>32.2</b>    |
| Payroll  | 1,000,991               | 17.6           | 1,003,676               | 17.6           | 948,279                 | 19.0           |
| Benefits   | 417,442                 | 7.3            | 396,794                 | 7.0            | 363,403                 | 7.3            |
| FGTS (Government Severance Indemnity Fund for Employees) | 92,305                  | 1.6            | 94,514                  | 1.7            | 81,501                  | 1.6            |
| Other  | 325,697                 | 5.8            | 316,721                 | 5.5            | 220,577                 | 4.3            |
| <b>9.2) Taxes, fees and contributions</b>                | <b>1,589,197</b>        | <b>27.9</b>    | <b>1,535,627</b>        | <b>26.9</b>    | <b>1,518,326</b>        | <b>30.4</b>    |

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|  |                  |             |                  |             |                  |             |
|--|------------------|-------------|------------------|-------------|------------------|-------------|
| Federal  | 1,482,815        | 26.1        | 1,433,606        | 25.1        | 1,424,718        | 28.5        |
| State  | 1,806            | -           | 4,158            | 0.1         | 854              | -           |
| Municipal  | 104,576          | 1.8         | 97,863           | 1.7         | 92,754           | 1.9         |
| <b>9.3) Third-party capital compensation</b>           | <b>149,366</b>   | <b>2.6</b>  | <b>151,829</b>   | <b>2.8</b>  | <b>135,187</b>   | <b>2.8</b>  |
| Rentals  | 143,519          | 2.5         | 145,479          | 2.6         | 133,447          | 2.7         |
| Asset leasing  | 97,710           | 1.7         | 99,563           | 1.8         | 108,056          | 2.2         |
| Asset leasing - Law 11,638/07                          | (91,863)         | (1.6)       | (93,213)         | (1.6)       | (106,316)        | (2.1)       |
| <b>9.4) Shareholders' equity remuneration</b>          | <b>2,120,378</b> | <b>37.2</b> | <b>2,189,779</b> | <b>38.5</b> | <b>1,728,554</b> | <b>34.6</b> |
| Interest on shareholders equity                        | 608,025          | 10.7        | 525,494          | 9.2         | 523,150          | 10.5        |
| Dividends  | 138,105          | 2.4         | 205,264          | 3.6         | 123,931          | 2.5         |
| Retained earnings                                      | 1,356,576        | 23.8        | 1,450,183        | 25.5        | 1,075,931        | 21.5        |
| Interest of minority shareholders in retained earnings | 17,672           | 0.3         | 8,838            | 0.2         | 5,542            | 0.1         |

The Notes are an integral part of the Financial Statements.

*Consolidated Statement of Cash Flows R\$ thousand*

|   | 2010                    | 2009                    |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| <b>Cash flow from operating activities:</b>   |                         |                         |                         |
| <b>Net Income before income tax and social contribution</b>   | <b>2,689,696</b>        | <b>2,758,802</b>        | <b>2,412,611</b>        |
| <b>Adjustments to net income before taxes</b>   | <b>5,387,210</b>        | <b>3,088,603</b>        | <b>5,479,269</b>        |
| Allowance for loan losses   | 2,159,287               | 2,730,033               | 2,919,604               |
| Depreciation and amortization   | 456,388                 | 430,261                 | 387,808                 |
| Goodwill amortization   | 58,873                  | 33,471                  | 24,577                  |
| Impairment losses/losses on assets  | (2,445)                 | (108,058)               | (2,706)                 |
| (Reversal)/expenses with civil, labor and tax provisions  | 1,117,271               | (1,242,946)             | 713,652                 |
| Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds | 1,493,549               | 1,171,800               | 1,373,602               |
| Equity in the earnings (losses) of unconsolidated companies   | (28,755)                | (142,011)               | (5,567)                 |
| (Gain)/loss on sale of investments  | -                       | (44,540)                | (29,498)                |
| (Gain)/loss on sale of fixed assets   | (4,240)                 | 2,352                   | (3,063)                 |
| (Gain)/loss on sale of foreclosed assets  | 90,660                  | 115,987                 | 46,568                  |
| Other   | 46,622                  | 142,254                 | 54,292                  |
| <b>Adjusted net income before taxes</b>   | <b>8,076,906</b>        | <b>5,847,405</b>        | <b>7,891,880</b>        |
| (Increase)/decrease in interbank investments  | 1,059,199               | (14,144,588)            | 1,195,222               |
| (Increase)/decrease in securities and derivative financial instruments  | (2,902,350)             | 997,076                 | 1,965,551               |
| (Increase)/decrease in interbank and interdepartmental accounts   | (1,337,179)             | 1,338,693               | (982,132)               |
| (Increase)/decrease in loan and leasing operations  | (11,117,654)            | (10,768,164)            | (2,177,853)             |
| (Increase)/decrease in insurance premiums receivable  | 295,236                 | (112,447)               | (697,326)               |
| Increase in technical provisions for insurance, private pension plans and savings bonds                                 | 619,521                 | 2,999,357               | 665,554                 |
| Increase/(decrease) in deferred income  | (28,228)                | 23,402                  | (576)                   |
| (Increase)/decrease in other receivables and other assets   | (813,768)               | 4,638,395               | (9,709,752)             |
| Increase/(decrease) in other liabilities  | 3,121,873               | (3,767,119)             | 11,220,696              |
| Minority interest   | 1,200                   | 429,017                 | 9,969                   |
| Income tax and social contribution paid   | (1,282,026)             | (629,335)               | (1,166,545)             |
| <b>Net cash provided by/used in operating activities</b>  | <b>(4,307,270)</b>      | <b>(13,148,308)</b>     | <b>8,214,688</b>        |
| <b>Cash flow from investing activities:</b>   |                         |                         |                         |
| (Increase) in reserve requirements in the Brazilian Central Bank  | (17,501,089)            | (1,650,542)             | (1,531,204)             |
| (Increase) in available-for-sale securities   | (4,128,146)             | (588,297)               | (1,051,035)             |
| (Increase)/decrease in held-to-maturity securities  | (1,740,034)             | (264,149)               | 67,105                  |
| Proceeds from sale of foreclosed assets   | 27,178                  | 101,028                 | 63,192                  |
| Divestments   | (534)                   | 142,812                 | 156,407                 |

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|  |                     |                    |                    |
|--|---------------------|--------------------|--------------------|
| Proceeds from the sale of premises and equipment and leased assets                     | 114,989             | 46,260             | 64,979             |
| Decrease in intangible assets  | 52,345              | -                  | 8,064              |
| Acquisition of foreclosed assets   | (221,585)           | (269,212)          | (253,355)          |
| Acquisition of investments   | (701)               | (106,408)          | (179,824)          |
| Acquisition of premises and equipment and leased assets                                | (170,547)           | (416,625)          | (311,458)          |
| Investment in intangible assets  | (233,654)           | (1,905,763)        | (463,345)          |
| Dividends and interest on shareholders' equity received                                | 5,190               | 3,792              | 1,624              |
| <b>Net cash provided by/used in investing activities</b>                               | <b>(23,796,588)</b> | <b>(4,907,104)</b> | <b>(3,428,850)</b> |
| <b>Cash Flow from financing activities:</b>  |                     |                    |                    |
| Increase/(decrease) in deposits  | (351,411)           | 3,085,563          | 4,609,781          |
| Increase in federal funds purchased and securities sold under agreements to repurchase | 14,898,929          | 10,669,366         | 11,682,048         |
| Increase in funds from issue of securities   | 1,067,929           | 371,750            | 268,049            |
| Increase/(decrease) in borrowings and onlendings                                       | 2,880,008           | 303,220            | (1,526,924)        |
| Increase in subordinated debts   | 436,752             | 223,300            | 496,366            |
| Capital increase by merger of shares   | -                   | 1,368,183          | -                  |
| Dividends and interest on shareholders' equity paid                                    | (1,639,225)         | (331,261)          | (1,733,695)        |
| Acquisition of own shares  | (4,740)             | (93,924)           | (327)              |
| <b>Net cash provided by/used in financing activities</b>                               | <b>17,288,242</b>   | <b>15,596,197</b>  | <b>13,795,298</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            | <b>(10,815,616)</b> | <b>(2,459,215)</b> | <b>18,581,136</b>  |
| Cash and cash equivalents At the beginning of the period                               | 82,720,913          | 85,180,128         | 64,131,372         |
| Cash and cash equivalents At the end of the period                                     | 71,905,297          | 82,720,913         | 82,712,508         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            | <b>(10,815,616)</b> | <b>(2,459,215)</b> | <b>18,581,136</b>  |

The Notes are an integral part of the Financial Statements

*Notes to the Consolidated Financial Statements Index*

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

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

|   |            |
|---|------------|
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*Notes to the Consolidated Financial Statements*

**1) OPERATIONS**

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

**2) PRESENTATION OF THE FINANCIAL STATEMENTS**

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

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these financial statements, as well as separate presentation of net income and shareholders' equity referring to the interest of non-controlling shareholders. In the case of investments which are jointly controlled with other shareholders, asset, liability and income components were included in the consolidated financial statements in proportion to the capital stock percentage owned of each investee. Goodwill determined on acquisition of investments in subsidiaries and jointly-controlled companies up to March 31, 2008 was fully amortized. Goodwill ascertained as of that date is presented under investments and intangible assets (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries is presented in the income statement item together with derivative financial instruments, in order to eliminate the effect of these investment hedge instruments.

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

The financial statements were approved by the Board of Directors on April 27, 2010.

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



*Notes to the Consolidated Financial Statements*

|  | Activity              | Total ownership |             |          |
|--|-----------------------|-----------------|-------------|----------|
|  |                       | 2010            | 2009        |          |
|  |                       | March 31        | December 31 | March 31 |
| <b>Financial Area - Brazil</b>                                 |                       |                 |             |          |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A.   | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Alvorada S.A. (1)  | Banking               | 99.94%          | 99.94%      | 99.88%   |
| Banco Bradesco Financiamentos S.A.(3)                          | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bankpar S.A.   | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bradesco BBI S.A.(4)                                     | Investment bank       | 98.35%          | 98.35%      | 98.33%   |
| Banco Boavista Interatlântico S.A.                             | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Bankpar Arrendamento Mercantil S.A.                            | Leasing               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bradesco Cartões S.A.                                    | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Administradora de Consórcios Ltda.                    | Consortium management | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Leasing S.A. Arrendamento Mercantil                   | Leasing               | 100.00%         | 100.00%     | 100.00%  |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários       | Brokerage             | 100.00%         | 100.00%     | 100.00%  |
| BRAM - Bradesco Asset Management S.A. DTVM                     | Asset management      | 100.00%         | 100.00%     | 100.00%  |
| Ágora Corretora de Títulos e Valores Mobiliários S.A.          | Brokerage             | 100.00%         | 100.00%     | 100.00%  |
| Banco Ibi S.A.(2) (10)   | Banking               | 100.00%         | 100.00%     | -        |
| Cielo S.A. (2) (5) (6) (7) (8) (11)                            | Services              | 26.56%          | 26.56%      | 39.26%   |
| <b>Financial Area - abroad</b>                                 |                       |                 |             |          |
| Banco Bradesco Argentina S.A.                                  | Banking               | 99.99%          | 99.99%      | 99.99%   |
| Banco Bradesco Luxembourg S.A.                                 | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bradesco S.A. Grand Cayman Branch (9)                    | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bradesco New York Branch                                 | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Banco Bradesco S.A. Nassau Branch                              | Banking               | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Securities, Inc.                                      | Brokerage             | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Securities, UK.                                       | Brokerage             | 100.00%         | 100.00%     | 100.00%  |
| <b>Insurance, Private Pension Plans and Savings Bonds Area</b> |                       |                 |             |          |
| Atlântica Capitalização S.A.                                   | Savings bonds         | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Argentina de Seguros S.A.                             | Insurance             | 99.90%          | 99.90%      | 99.90%   |
| Bradesco Auto/RE Companhia de Seguros                          | Insurance             | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Capitalização S.A.                                    | Savings bonds         | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Saúde S.A.  | Insurance/health      | 100.00%         | 100.00%     | 100.00%  |
| Bradesco Dental S.A.(12)                                       |                       | 43.50%          | 43.50%      | 100.00%  |

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|  |                                 |         |         |         |
|--|---------------------------------|---------|---------|---------|
|  | Insurance/dental health         |         |         |         |
| Odontoprev S.A.(2) (13)                          | Insurance/dental health         | 43.50%  | 43.50%  | -       |
| Bradesco Seguros S.A.                            | Insurance                       | 100.00% | 100.00% | 100.00% |
| Bradesco Vida e Previdência S.A.                 | Private pension plans/insurance | 100.00% | 100.00% | 100.00% |
| Atlântica Companhia de Seguros                   | Insurance                       | 100.00% | 100.00% | 100.00% |
| <b>Other activities</b>                          |                                 |         |         |         |
| Átria Participações Ltda.                        | Holding                         | 100.00% | 100.00% | 100.00% |
| Andorra Holdings S.A.                            | Holding                         | 54.01%  | 54.01%  | 54.01%  |
| Bradescor Corretora de Seguros Ltda.             | Insurance brokerage             | 100.00% | 100.00% | 100.00% |
| Bradesplan Participações Ltda.                   | Holding                         | 100.00% | 100.00% | 100.00% |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition              | 100.00% | 100.00% | 100.00% |
| CPM Holdings Limited(6)                          | Holding                         | 49.00%  | 49.00%  | 49.00%  |
| Columbus Holdings S.A.                           | Holding                         | 100.00% | 100.00% | 100.00% |
| Nova Paiol Participações Ltda.                   | Holding                         | 100.00% | 100.00% | 100.00% |

*Notes to the Consolidated Financial Statements*

|                           | Activity               | Total ownership |             |          |
|---------------------------|------------------------|-----------------|-------------|----------|
|                           |                        | 2010            | 2009        |          |
|                           |                        | March 31        | December 31 | March 31 |
| Scopus Tecnologia Ltda.   | Information technology | 100.00%         | 100.00%     | 100.00%  |
| Tempo Serviços Ltda.      | Services               | 100.00%         | 100.00%     | 100.00%  |
| União Participações Ltda. | Holding                | 100.00%         | 100.00%     | 100.00%  |

- (1) Increase in interest by the total subscription of the capital increase in April 2009;
- (2) Company whose audit services in 2009 were carried out by other independent auditors;
- (3) Current name of Banco Finasa BMC S.A.;
- (4) Increase in ownership interest due to the subscription of the total capital stock increase in December 2009;
- (5) Companies whose audit services in 2010 were carried out by other independent auditors;
- (6) Companies proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (7) Reduction in interest by partial sale in June and July 2009;
- (8) The special purpose entity Brazilian Merchant Voucher Receivables Limited is being consolidated. The company takes part in the securitization operation of the future flow of credit card bills receivables of clients domiciled abroad (Note 16d);
- (9) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d);
- (10) Company acquired in October 2009;
- (11) Current name of Companhia Brasileira de Meios de Pagamento Visanet;
- (12) Reduction of interest due to the merger of Bradesco Dental shares by Odontoprev in October 2009; and
- (13) Interest received from the merger of Bradesco Dental shares by Odontoprev in October 2009.

**3) SIGNIFICANT ACCOUNTING POLICIES****a) Functional and Presentation Currencies**

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

**b) Determination of net income**

Net income is determined on the accrual basis of accounting which establishes that income and expenses should be included in the determination of the results of the period to which they relate, always simultaneously when they are correlated, regardless of receipt or payment. Transactions with fixed rates are recorded at their redemption value and

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

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

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

### *Notes to the Consolidated Financial Statements*

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

Revenue from savings bonds is recognized at the time of receipt, except for pre-printed bonds of established amount and lump-sum payment, which are recorded at the time of issue. The expenses for placement of bonds, classified as Selling Expenses, are recognized as they are incurred. Brokerage expenses are recorded when the respective savings bonds contributions are effectively received. Redemptions and drawings are recorded simultaneously to the accounting for the corresponding revenues.

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

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

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

#### **d) Interbank investments**

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

#### **e) Securities classification:**

- Trading securities securities acquired for the purpose of being actively and frequently traded, adjusted to market value against the income in the period;
- Available-for-sale securities securities which are not specifically intended for trading purposes or as held to maturity, adjusted to market value against a specific account in shareholders' equity, net of tax effects; and
- Held-to-maturity securities securities for which there is intention and financial capacity to hold in the portfolio up to maturity, recorded at acquisition cost, plus earnings recognized against income for the period.

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

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

Classified based on Management s intended use thereof on the date of the contracting of the operation and whether it was carried out for hedging purposes or not.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage the overall exposure, as well as for meeting clients requests for the management of

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**Notes to the Consolidated Financial Statements**

their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

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

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

The non-effective portion of the respective hedge is directly recognized in the income statement.

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

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

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

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

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

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

Renegotiated operations are maintained, at least, at the same classification as their prior rating. Renegotiations already charged-off against the allowance and which are recorded in memorandum accounts are rated as H level and any

possible revenues derived from their renegotiation are recognized as revenue only when they are effectively received. When there is a significant payment on the operation or when new material facts justify a change in risk level, the operation may be reclassified to a lower risk category.



*Notes to the Consolidated Financial Statements*

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

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

Income tax and social contribution credits, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in *Other Receivables - Sundry* and the provision for deferred tax liabilities on tax difference in leasing depreciation and mark-to-market adjustments of securities is recorded in *Other Liabilities - Tax and Social Security*. Only income tax rate is applied on tax difference in leasing depreciation.

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

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

Tax credits brought forward from previous periods, resulting from the increase of the social contribution rate to 15% are recorded up to the limit of the corresponding consolidated tax liabilities (Note 34).

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

Pursuant to Law 11,941/09, changes in the determination criteria for income, costs and expenses included in the net income for the period, enacted by Law 11,638/07 and by Articles 37 and 38 of Law 11,941/09, shall not have effect taxable income for corporate entities opting for the Transitional Tax Regime (RTT), and, for tax purposes, accounting methods and criteria in force on December 31, 2007 will be considered. For accounting purposes, the tax effects of adopting Law 11,638/07 are recorded in the corresponding deferred tax assets and liabilities.

## *Notes to the Consolidated Financial Statements*

### **i) Prepaid expenses**

Payments for future benefits or services are registered in assets according to the accrual method of accounting.

This group is basically represented by: insurance selling expenses, insurance expenses and advertising and marketing expenses, as described in note 12b.

### **j) Investments**

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

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

### **k) Fixed assets**

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

Fixed assets are stated at acquisition cost, net of the respective accumulated depreciations, calculated on the straight-line method according to the estimated economic useful life of assets, being: premises 4% p.a.; furniture and fixtures, machinery and equipment 10% p.a.; transport systems 20% p.a.; and data processing systems 20% to 50% p.a. and impairment, when applicable.

### **l) Intangible assets**

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

Intangible assets comprise:

- Future profitability/client portfolio acquired and acquisition of the right to provide banking services; and These are recorded and amortized over the period in which the asset will directly and indirectly contribute to the future cash flow and adjusted by the impairment, when applicable.
- Software  
Software is recorded at cost less amortization on the straight-line method during the estimated useful life (20% to 50% p.a.), as from the date it is available for use and adjusted by *impairment*, when applicable. Internal software development expenses are recognized as assets when it is possible to demonstrate the intention and ability to complete such development, as well as reliably measuring costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

*Notes to the Consolidated Financial Statements*

**m) Asset impairment**

Securities classified as available-for-sale, held-to-maturity and non-financial assets, except other assets and tax credits, are tested, at least annually, for impairment, which is recognized in the income statement for the period if the book value of an asset or its cash-generating unit exceeds its recoverable value.

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

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

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

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

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

· Basic, life and health insurance lines:

- Unearned Premiums Provision (PPNG) comprises retained premiums (except reinsurance assignment, once according to CNSP Resolution 195/08, as of 2009, insurance companies should not deduct the amounts transferred to third parties through reinsurance operations from the calculation of provisions) which are deferred during the term of effectiveness of the insurance policies, determining the daily prorated value of the unearned premium of the unexpired risk period (future risk of policies in effect);

- The provision for claims Incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the amount of claims occurred and not reported by policyholders/beneficiaries. Pursuant to CNSP Resolution 195/08, as of 2009, insurance companies cannot deduct the amounts transferred to third parties through reinsurance operations from calculation of provisions;

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

- The Supplementary Premium Provision (PCP) is recorded on a monthly basis to complement the PPNG;

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

- Other technical provisions refer to the provision for future readjustments of premiums and those required for the technical balance of the individual health plan portfolio, adopting a method included in the actuarial technical note

approved by ANS;

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*Notes to the Consolidated Financial Statements*

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

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

· Supplementary private pension plans and life insurance covering survival:

- The mathematical provision for benefits to be granted refers to participants whose benefits have not yet begun. In private pension plans known as traditional , the provision represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations assumed under retirement, disability, pension and regular income plans, and are calculated using methodologies and premises set forth in the Actuarial Technical Notes.

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

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

- The contribution insufficiency provision (PIC) is recorded for an eventual unfavorable fluctuation in technical risks taken in the mathematical provision for benefits to be granted, in the mathematical provision for benefits granted, considering that the participants are likely to have a higher survival rate. In plans covering survival, the provision is calculated on an actuarial basis and takes into consideration the actuarial tables AT-2000 Male (normalized) for males and AT-2000 Female (normalized) for females, with improvement of 1.5% p.a. and actual interest rate of 4% p.a.. In disability plans covering survival risks, the provision takes into consideration the biometric AT-49 Male table and real interest rate of 4% p.a.. Improvement is a technique that automatically updates the survival table, considering the expected increase in future survival rates.

- The financial fluctuation provision is recorded up to a limit of 15% of the mathematical provision for benefits to be granted related to the private pension plans in the category of variable contribution with guarantee of earnings to meet possible financial fluctuations; and

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

· Savings bonds:

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



### *Notes to the Consolidated Financial Statements*

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

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

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

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

- **Contingent Assets:** are not recognized in the financial statements, except when Management has total control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, characterizing the gain as practically certain and confirmed expectations of receipt or compensation with another liability. Contingent assets with probable chances of success are disclosed in the notes to the financial statements (Note 18a);
- **Contingent Liabilities:** are recorded taking into consideration the opinion of legal advisors, the nature of the lawsuits, the similarity with previous processes, the complexity and positioning of the courts, whenever the loss is evaluated as probable, which would cause a probable outflow of funds for the settlement of liabilities and when the amounts involved are measurable with sufficient reliability. Contingent liabilities classified as possible losses are not recognized in the financial statements, and they must only be disclosed in the notes, when individually material, and those classified as remote do not require provision nor disclosure (Notes 18b and 18c); and
- **Legal Liabilities Tax and Social Security:** result from judicial proceedings related to tax liabilities, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements (note 18b).

#### **q) Funding expenses**

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

#### **r) Other assets and liabilities**

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

*Notes to the Consolidated Financial Statements*

**4) INFORMATION FOR COMPARISON PURPOSES Reclassifications**

For a better comparison of the financial statements, reclassifications were made in the balances for the period ended December 31 and March 31, 2009, to comply with the accounting procedures/classifications adopted in 2010.

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*Notes to the Consolidated Financial Statements***Balance Sheet**

|  | On December 31, 2009 - R\$ thousand |                   |                      |
|--|-------------------------------------|-------------------|----------------------|
|  | As previously reported              | Reclassifications | Reclassified balance |
| <b>Assets</b>  |                                     |                   |                      |
| <b>Permanent assets</b>                                    | <b>10,194,797</b>                   | -                 | <b>10,194,797</b>    |
| <b>Investments</b>   | <b>1,260,819</b>                    | <b>287,998</b>    | <b>1,548,817</b>     |
| Equity in the earnings/losses of unconsolidated companies: |                                     |                   |                      |
| - Domestic (1)   | 738,282                             | 287,998           | 1,026,280            |
| <b>Intangible assets</b>                                   | <b>5,516,024</b>                    | <b>(287,998)</b>  | <b>5,228,026</b>     |
| Intangible assets (1)                                      | 8,779,565                           | (287,998)         | <b>8,491,567</b>     |
| <b>Total</b>   | <b>506,223,092</b>                  | -                 | <b>506,223,092</b>   |

|  | On March 31, 2009 - R\$ thousand |                   |                      |
|--|----------------------------------|-------------------|----------------------|
|  | As previously reported           | Reclassifications | Reclassified balance |
| <b>Assets</b>  |                                  |                   |                      |
| <b>Permanent assets</b>                                    | <b>8,017,091</b>                 | -                 | <b>8,017,091</b>     |
| <b>Investments</b>   | <b>1,095,181</b>                 | <b>305,165</b>    | <b>1,400,346</b>     |
| Equity in the earnings/losses of unconsolidated companies: |                                  |                   |                      |
| - Domestic (1)   | 579,192                          | <b>305,165</b>    | <b>884,357</b>       |
| <b>Intangible assets</b>                                   | <b>3,635,783</b>                 | <b>(305,165)</b>  | <b>3,330,618</b>     |
| Intangible assets (1)                                      | 6,366,661                        | (305,165)         | 6,061,496            |
| <b>Total</b>   | <b>482,140,944</b>               | -                 | <b>482,140,944</b>   |

|                              |                    |           |                    |
|------------------------------|--------------------|-----------|--------------------|
| <b>Liabilities</b>           |                    |           |                    |
| <b>Current liabilities</b>   | <b>270,904,658</b> | -         | <b>270,904,658</b> |
| <b>Other liabilities</b>     | <b>42,583,983</b>  | -         | <b>42,583,983</b>  |
| Subordinated debts (2)       | 71,134             | 493,815   | 564,949            |
| Sundry (2)                   | 13,648,888         | (493,815) | 13,155,073         |
| <b>Long-term liabilities</b> | <b>175,319,989</b> | -         | <b>175,319,989</b> |
| <b>Other liabilities</b>     | <b>31,924,501</b>  | -         | <b>31,924,501</b>  |
| Subordinated debts (2)       | 19,673,798         | 35,258    | 19,709,056         |
| Sundry (2)                   | 2,660,272          | (35,258)  | 2,625,014          |
| <b>Total</b>                 | <b>482,140,944</b> | -         | <b>482,140,944</b> |

**Statement of Income**

|  | <b>On March 31, 2009 - R\$ thousand</b> |                          |                                 |
|--|---|--------------------------|---------------------------------|
|  | <b>As previously<br/>reported</b>       | <b>Reclassifications</b> | <b>Reclassified<br/>balance</b> |
| <b>Other operating revenues/expenses</b> | <b>(2,381,156)</b>                      | <b>-</b>                 | <b>(2,381,156)</b>              |
| Fee and Commission Income (3)            | 2,836,569                               | (86,483)                 | 2,750,086                       |
| Other Revenues from Fees and Commissions | 2,291,288                               | (86,483)                 | 2,204,805                       |
| Personnel Expenses (4)                   | (1,776,156)                             | (75,920)                 | (1,852,076)                     |
| Other Administrative Expenses (3) (4)    | (2,126,848)                             | (30,896)                 | (2,157,744)                     |
| Tax Expenses (3)                         | (595,318)                               | (635)                    | (595,953)                       |
| Other Operating Expenses (3) (4)         | (1,735,481)                             | 193,934                  | (1,541,547)                     |
| <b>Net Income</b>                        | <b>1,723,012</b>                        | <b>-</b>                 | <b>1,723,012</b>                |

*Notes to the Consolidated Financial Statements*

- (1) Reclassification of intangible assets for interest in domestic affiliates, related to goodwill based on the asset's market value - investments;
- (2) Reclassification of Other Liabilities - Sundry to Subordinated Debts related to CDB issue;
- (3) Reclassification of Fee and Commission Income and Other Administrative Expenses to Other Operating Expenses, related to interbank fees, which now is named Reimbursement of Operating Costs; and
- (4) Reclassification of Other Operating Expenses to Personnel Expenses, Other Administrative Expenses and Tax Expenses, related to the breakdown of sale of non-financial companies.

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

|   |                          |                   |                            |               |                   |                     | R\$ thousand        |
|---|--------------------------|-------------------|----------------------------|---------------|-------------------|---------------------|---------------------|
|   | <b>Financial (1) (2)</b> |                   | <b>Insurance group (2)</b> |               | <b>Other</b>      | <b>Eliminations</b> | <b>Total</b>        |
|   | <b>Brazil</b>            | <b>Abroad</b>     | <b>Brazil</b>              | <b>Abroad</b> | <b>activities</b> | <b>(4)</b>          | <b>consolidated</b> |
|   |                          |                   |                            |               | <b>(2)</b>        |                     |                     |
| <b>Assets</b>                                   |                          |                   |                            |               |                   |                     |                     |
| <b>Current and long-term assets</b>             | <b>406,961,418</b>       | <b>35,124,863</b> | <b>92,559,265</b>          | <b>11,338</b> | <b>1,083,048</b>  | <b>(13,030,395)</b> | <b>522,709,537</b>  |
| Cash and cash equivalents                       | 5,426,579                | 3,220,819         | 145,228                    | 9,738         | 15,177            | (112,876)           | 8,704,665           |
| Interbank investments                           | 95,730,454               | 1,434,058         | -                          | -             | -                 | -                   | 97,164,512          |
| Securities and derivative financial instruments | 64,558,475               | 6,266,387         | 86,773,161                 | 42            | 521,265           | (810,741)           | 157,308,589         |
| Interbank and interdepartmental accounts        | 36,253,911               | 420,080           | -                          | -             | -                 | -                   | 36,673,991          |
| Loan and leasing operations                     | 152,601,911              | 23,320,799        | -                          | -             | -                 | (9,526,619)         | 166,396,091         |
| Other receivables and other assets              | 52,390,088               | 462,720           | 5,640,876                  | 1,558         | 546,606           | (2,580,159)         | 56,461,689          |
| <b>Permanent assets</b>                         | <b>34,445,752</b>        | <b>6,902</b>      | <b>2,098,005</b>           | <b>34</b>     | <b>132,802</b>    | <b>(26,766,972)</b> | <b>9,916,523</b>    |
| Investments                                     | 26,916,002               | -                 | 1,323,346                  | -             | 64,311            | (26,766,972)        | 1,536,687           |
| Premises and equipment and leased assets        | 2,948,957                | 6,755             | 232,041                    | 34            | 56,480            | -                   | 3,244,267           |
| Intangible assets                               | 4,580,793                | 147               | 542,618                    | -             | 12,011            | -                   | 5,135,569           |
| <b>Total on March 31, 2010</b>                  | <b>441,407,170</b>       | <b>35,131,765</b> | <b>94,657,270</b>          | <b>11,372</b> | <b>1,215,850</b>  | <b>(39,797,367)</b> | <b>532,626,060</b>  |
| <b>Total on December 31, 2009</b>               | <b>414,654,040</b>       | <b>27,778,897</b> | <b>92,086,729</b>          | <b>17,277</b> | <b>1,186,389</b>  | <b>(29,500,240)</b> | <b>506,223,092</b>  |
| <b>Total on March 31, 2009</b>                  | <b>396,325,050</b>       | <b>30,335,673</b> | <b>80,707,403</b>          | <b>23,508</b> | <b>839,849</b>    | <b>(26,090,539)</b> | <b>482,140,944</b>  |
| <b>Liabilities</b>                              |                          |                   |                            |               |                   |                     |                     |
| <b>Current and long-term liabilities</b>        | <b>397,692,462</b>       | <b>19,681,179</b> | <b>83,478,533</b>          | <b>2,450</b>  | <b>605,521</b>    | <b>(13,030,395)</b> | <b>488,429,750</b>  |
| Deposits  | 165,430,043              | 5,418,101         | -                          | -             | -                 | (126,471)           | 170,721,673         |
|   | 127,417,101              | 856,962           | -                          | -             | -                 | (102,088)           | 128,171,975         |

|  |                    |                   |                   |               |                  |                     |                    |  |
|--|--------------------|-------------------|-------------------|---------------|------------------|---------------------|--------------------|--|
| Federal funds purchased and securities sold under agreements to repurchase   |                    |                   |                   |               |                  |                     |                    |  |
| Funds from issuance of securities  | 4,106,102          | 5,334,656         | -                 | -             | -                | (890,245)           | 8,550,513          |  |
| Interbank and interdepartmental accounts                                     | 2,061,156          | 1,505             | -                 | -             | -                | -                   | 2,062,661          |  |
| Borrowing and onlending  | 35,711,601         | 3,828,980         | -                 | -             | -                | (9,332,837)         | 30,207,744         |  |
| Derivative financial instruments   | 2,371,322          | 97,417            | -                 | -             | -                | -                   | 2,468,739          |  |
| Technical provisions from insurance, private pension plans and savings bonds | -                  | -                 | 77,683,205        | 1,786         | -                | -                   | 77,684,991         |  |
| Other liabilities:   |                    |                   |                   |               |                  |                     |                    |  |
| - Subordinated debts   | 19,686,786         | 3,853,943         | -                 | -             | -                | -                   | 23,540,729         |  |
| - Other  | 40,908,351         | 289,615           | 5,795,328         | 664           | 605,521          | (2,578,754)         | 45,020,725         |  |
| <b>Deferred income</b>   | <b>292,397</b>     | <b>-</b>          | <b>-</b>          | <b>-</b>      | <b>-</b>         | <b>-</b>            | <b>292,397</b>     |  |
| <b>Shareholders equity/minority interest in subsidiaries</b>                 | <b>334,945</b>     | <b>15,450,586</b> | <b>11,178,737</b> | <b>8,922</b>  | <b>610,329</b>   | <b>(26,766,972)</b> | <b>816,547</b>     |  |
| <b>Shareholders equity - parent company</b>                                  | <b>43,087,366</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>      | <b>-</b>         | <b>-</b>            | <b>43,087,366</b>  |  |
| <b>Total on March 31, 2010</b>   | <b>441,407,170</b> | <b>35,131,765</b> | <b>94,657,270</b> | <b>11,372</b> | <b>1,215,850</b> | <b>(39,797,367)</b> | <b>532,626,060</b> |  |
| <b>Total on December 31, 2009</b>  | <b>414,654,040</b> | <b>27,778,897</b> | <b>92,086,729</b> | <b>17,277</b> | <b>1,186,389</b> | <b>(29,500,240)</b> | <b>506,223,092</b> |  |
| <b>Total on March 31, 2009</b>   | <b>396,325,050</b> | <b>30,335,673</b> | <b>80,707,403</b> | <b>23,508</b> | <b>839,849</b>   | <b>(26,090,539)</b> | <b>482,140,944</b> |  |

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

|   | R\$ thousand      |                |                         |              |                      |                  |                    |
|---|-------------------|----------------|-------------------------|--------------|----------------------|------------------|--------------------|
|   | Financial (1) (2) |                | Insurance group (2) (3) |              | Other activities (2) | Eliminations (4) | Total consolidated |
|   | Brazil            | Abroad         | Brazil                  | Abroad       |                      |                  |                    |
| Revenues from financial intermediation            | 12,837,193        | 386,862        | 2,272,298               | -            | 10,442               | (16,309)         | 15,490,486         |
| Expenses from financial intermediation            | 8,152,469         | 17,787         | 1,493,549               | -            | -                    | (16,211)         | 9,647,594          |
| <b>Gross income from financial intermediation</b> | <b>4,684,724</b>  | <b>369,075</b> | <b>778,749</b>          | <b>-</b>     | <b>10,442</b>        | <b>(98)</b>      | <b>5,842,892</b>   |
| Other operating income/expenses                   | (3,454,066)       | (29,164)       | 379,900                 | (963)        | 46,373               | 98               | (3,057,822)        |
| <b>Operating income</b>                           | <b>1,230,658</b>  | <b>339,911</b> | <b>1,158,649</b>        | <b>(963)</b> | <b>56,815</b>        | <b>-</b>         | <b>2,785,070</b>   |
| Non-operating income                              | (90,028)          | 1,464          | (6,759)                 | -            | (51)                 | -                | (95,374)           |
| <b>Income before taxes and minority interest</b>  | <b>1,140,630</b>  | <b>341,375</b> | <b>1,151,890</b>        | <b>(963)</b> | <b>56,764</b>        | <b>-</b>         | <b>2,689,696</b>   |
| Income tax and social contribution                | (116,339)         | (518)          | (436,386)               | 314          | (16,389)             | -                | (569,318)          |
| Minority interest in subsidiaries                 | (6,123)           | -              | (11,416)                | -            | (133)                | -                | (17,672)           |
| <b>Net income for 1Q10</b>                        | <b>1,018,168</b>  | <b>340,857</b> | <b>704,088</b>          | <b>(649)</b> | <b>40,242</b>        | <b>-</b>         | <b>2,102,706</b>   |
| <b>Net income for 4Q09</b>                        | <b>1,276,139</b>  | <b>50,465</b>  | <b>826,483</b>          | <b>949</b>   | <b>26,905</b>        | <b>-</b>         | <b>2,180,941</b>   |
| <b>Net income for 1Q09</b>                        | <b>639,356</b>    | <b>423,685</b> | <b>646,777</b>          | <b>2,774</b> | <b>10,420</b>        | <b>-</b>         | <b>1,723,012</b>   |

- (1) The Financial segment comprises: financial institutions; holding companies (which are mainly responsible for managing financial resources); as well as credit card and asset management companies;
- (2) The balances of equity accounts, income and expenses among companies from the same segment are being eliminated;
- (3) The Insurance Group segment comprises insurance, private pension plans and savings bonds companies; and
- (4) Amounts eliminated among companies from different segments, as well as operations carried out in Brazil and abroad.

**6) CASH AND CASH EQUIVALENTS**

|  | R\$ thousand |          |          |
|--|--------------|----------|----------|
|  | 2010         | 2009     |          |
|  |              | December | March 31 |
|  | March 31     | 31       | March 31 |
|  |              |          |          |

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|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Funds available in domestic currency   | 5,209,507         | 5,507,300         | 5,009,832         |
| Funds available in foreign currency    | 3,495,086         | 1,439,198         | 2,523,466         |
| Investments in gold                    | 72                | 65                | 70                |
| <b>Total funds available (cash)</b>    | <b>8,704,665</b>  | <b>6,946,563</b>  | <b>7,533,368</b>  |
| Short-term interbank investments (1)   | 63,200,632        | 75,774,350        | 75,179,140        |
| <b>Total cash and cash equivalents</b> | <b>71,905,297</b> | <b>82,720,913</b> | <b>82,712,508</b> |

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

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

|  | 2010              |                   |                    |                          | R\$ thousand<br>2009 |                    |                   |
|--|-------------------|-------------------|--------------------|--------------------------|----------------------|--------------------|-------------------|
|  | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More<br>than 360<br>days | March 31             | December<br>31     | March 31          |
| <b>Investments in the open market:</b> |                   |                   |                    |                          |                      |                    |                   |
| <b>Own portfolio position</b>          | <b>7,432,635</b>  | <b>14,979,422</b> | -                  | -                        | <b>22,412,057</b>    | <b>33,326,754</b>  | <b>24,323,216</b> |
| Financial treasury bills               | 1,708,637         | -                 | -                  | -                        | 1,708,637            | 780,904            | 2,226,633         |
| National treasury notes                | 1,995,789         | 12,999,190        | -                  | -                        | 14,994,979           | 19,185,687         | 18,887,098        |
| National treasury bills                | 3,649,275         | 1,980,232         | -                  | -                        | 5,629,507            | 13,350,807         | 3,206,435         |
| Other                                  | 78,934            | -                 | -                  | -                        | 78,934               | 9,356              | 3,050             |
| <b>Funded position</b>                 | <b>59,384,778</b> | <b>7,317,494</b>  | -                  | -                        | <b>66,702,272</b>    | <b>67,957,781</b>  | <b>55,592,152</b> |
| Financial treasury bills               | 27,144,804        | -                 | -                  | -                        | 27,144,804           | 20,945,416         | 43,734,397        |
| National treasury notes                | 25,809,892        | 3,048,245         | -                  | -                        | 28,858,137           | 28,537,680         | 11,824,284        |
| National treasury bills                | 6,430,082         | 4,269,249         | -                  | -                        | 10,699,331           | 18,474,685         | 33,471            |
| <b>Short position</b>                  | <b>230,235</b>    | <b>576,174</b>    | -                  | -                        | <b>806,409</b>       | <b>553,156</b>     | <b>3,178,836</b>  |
| National treasury bills                | 230,235           | 576,174           | -                  | -                        | 806,409              | 553,156            | 3,178,836         |
| <b>Subtotal</b>                        | <b>67,047,648</b> | <b>22,873,090</b> | -                  | -                        | <b>89,920,738</b>    | <b>101,837,691</b> | <b>83,094,204</b> |
| <b>Deposits in other banks:</b>        |                   |                   |                    |                          |                      |                    |                   |
| Deposits in other banks                | 2,818,638         | 2,319,644         | 1,202,079          | 903,656                  | 7,244,017            | 8,959,981          | 10,248,250        |
| Provisions for losses                  | -                 | (239)             | (4)                | -                        | (243)                | (859)              | (440)             |
| <b>Subtotal</b>                        | <b>2,818,638</b>  | <b>2,319,405</b>  | <b>1,202,075</b>   | <b>903,656</b>           | <b>7,243,774</b>     | <b>8,959,122</b>   | <b>10,247,810</b> |
| <b>Total on March 31, 2010</b>         | <b>69,866,286</b> | <b>25,192,495</b> | <b>1,202,075</b>   | <b>903,656</b>           | <b>97,164,512</b>    |                    |                   |
| <b>%</b>                               | <b>72.0</b>       | <b>25.9</b>       | <b>1.2</b>         | <b>0.9</b>               | <b>100.0</b>         |                    |                   |
| <b>Total on December 31, 2009</b>      | <b>84,014,995</b> | <b>23,461,341</b> | <b>2,243,038</b>   | <b>1,077,439</b>         |                      | <b>110,796,813</b> |                   |
| <b>%</b>                               | <b>75.8</b>       | <b>21.2</b>       | <b>2.0</b>         | <b>1.0</b>               |                      | <b>100.0</b>       |                   |
| <b>Total on March 31, 2009</b>         | <b>77,618,587</b> | <b>14,074,221</b> | <b>826,173</b>     | <b>823,033</b>           |                      |                    | <b>93,342,014</b> |
| <b>%</b>                               | <b>83.2</b>       | <b>15.1</b>       | <b>0.9</b>         | <b>0.8</b>               |                      |                    | <b>100.0</b>      |

**b) Income from interbank investments**

Classified in the statement of income as income on securities transactions



|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| <b>Income from investments in purchase and sale commitments:</b> |                               |                               |                               |
| Own portfolio position   | 592,398                       | 580,234                       | 685,664                       |
| Funded position  | 1,442,604                     | 1,574,524                     | 1,471,813                     |
| Short position   | 58,768                        | 17,333                        | 149,809                       |
| <b>Subtotal</b>  | <b>2,093,770</b>              | <b>2,172,091</b>              | <b>2,307,286</b>              |
| <b>Income from interest-earning deposits in other banks</b>      | <b>167,388</b>                | <b>142,215</b>                | <b>278,083</b>                |
| <b>Total (Note 8h)</b>   | <b>2,261,158</b>              | <b>2,314,306</b>              | <b>2,585,369</b>              |

*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**

|  | 2010              |                                |                             |                     |                    | 2009         |                    |              |                    | R\$ th |
|--|-------------------|--------------------------------|-----------------------------|---------------------|--------------------|--------------|--------------------|--------------|--------------------|--------|
|  | Financial         | Insurance/<br>Savings<br>bonds | Private<br>pension<br>plans | Other<br>activities | March 31           | %            | December<br>31     | %            | March 31           |        |
| <b>Trading securities</b>              | <b>43,996,110</b> | <b>2,395,723</b>               | <b>30,655,515</b>           | <b>324,537</b>      | <b>77,371,885</b>  | <b>59.0</b>  | <b>70,712,303</b>  | <b>59.5</b>  | <b>76,073,739</b>  |        |
| - Government securities                | 23,147,599        | 1,082,175                      | 220,746                     | 287,273             | 24,737,793         | 18.9         | 23,095,598         | 19.4         | 30,731,644         |        |
| - Corporate bonds                      | 17,796,991        | 1,313,548                      | 218,871                     | 37,264              | 19,366,674         | 14.8         | 16,803,535         | 14.2         | 15,487,144         |        |
| - Derivative financial instruments (1) | 3,051,520         | -                              | -                           | -                   | 3,051,520          | 2.3          | 1,358,573          | 1.1          | 2,281,891          |        |
| - PGBL / VGBL restricted bonds         | -                 | -                              | 30,215,898                  | -                   | 30,215,898         | 23.0         | 29,454,597         | 24.8         | 27,573,060         |        |
| <b>Available-for-sale securities</b>   | <b>22,592,707</b> | <b>1,752,133</b>               | <b>1,818,986</b>            | <b>30,017</b>       | <b>26,193,843</b>  | <b>19.9</b>  | <b>22,083,918</b>  | <b>18.6</b>  | <b>11,821,515</b>  |        |
| - Government securities                | 16,158,202        | 153,244                        | 234,644                     | -                   | 16,546,090         | 12.6         | 13,610,163         | 11.5         | 3,261,349          |        |
| - Corporate bonds                      | 6,434,505         | 1,598,889                      | 1,584,342                   | 30,017              | 9,647,753          | 7.3          | 8,473,755          | 7.1          | 8,560,166          |        |
| <b>Held-to-maturity securities (4)</b> | <b>875,870</b>    | <b>7,002,164</b>               | <b>19,800,584</b>           | <b>-</b>            | <b>27,678,618</b>  | <b>21.1</b>  | <b>25,938,584</b>  | <b>21.9</b>  | <b>23,953,802</b>  |        |
| - Government securities                | 875,870           | 7,002,164                      | 19,095,460                  | -                   | 26,973,494         | 20.6         | 25,266,822         | 21.3         | 23,304,559         |        |
| - Corporate bonds                      | -                 | -                              | 705,124                     | -                   | 705,124            | 0.5          | 671,762            | 0.6          | 649,243            |        |
| <b>Subtotal</b>                        | <b>67,464,687</b> | <b>11,150,020</b>              | <b>52,275,085</b>           | <b>354,554</b>      | <b>131,244,346</b> | <b>100.0</b> | <b>118,734,805</b> | <b>100.0</b> | <b>111,849,056</b> |        |
| Purchase and sale commitments (2)      | 2,665,847         | 4,828,984                      | 18,519,113                  | 50,299              | 26,064,243         |              | 27,883,930         |              | 18,967,149         |        |
| <b>Overall total</b>                   | <b>70,130,534</b> | <b>15,979,004</b>              | <b>70,794,198</b>           | <b>404,853</b>      | <b>157,308,589</b> |              | <b>146,618,735</b> |              | <b>130,816,205</b> |        |
| - Government securities                | 40,181,671        | 8,237,583                      | 19,550,850                  | 287,273             | 68,257,377         | 52.0         | 61,972,583         | 52.2         | 57,297,552         |        |
| - Corporate bonds                      | 27,283,016        | 2,912,437                      | 2,508,337                   | 67,281              | 32,771,071         | 25.0         | 27,307,625         | 23.0         | 26,978,444         |        |
| - PGBL / VGBL restricted bonds         | -                 | -                              | 30,215,898                  | -                   | 30,215,898         | 23.0         | 29,454,597         | 24.8         | 27,573,060         |        |

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|                                   |                   |                   |                   |                |                    |              |                    |              |                    |
|-----------------------------------|-------------------|-------------------|-------------------|----------------|--------------------|--------------|--------------------|--------------|--------------------|
| <b>Subtotal</b>                   | <b>67,464,687</b> | <b>11,150,020</b> | <b>52,275,085</b> | <b>354,554</b> | <b>131,244,346</b> | <b>100.0</b> | <b>118,734,805</b> | <b>100.0</b> | <b>111,849,056</b> |
| Purchase and sale commitments (2) | 2,665,847         | 4,828,984         | 18,519,113        | 50,299         | 26,064,243         |              | 27,883,930         |              | 18,967,149         |
| <b>Overall total</b>              | <b>70,130,534</b> | <b>15,979,004</b> | <b>70,794,198</b> | <b>404,853</b> | <b>157,308,589</b> |              | <b>146,618,735</b> |              | <b>130,816,205</b> |

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

| Securities (3)                       | 2010<br>March 31 |                   |                    |                       |                   | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost | Mark-to-market | Market/<br>book value<br>(5) (6) (7) |
|--------------------------------------|------------------|-------------------|--------------------|-----------------------|-------------------|--------------------------------------|------------------|----------------|--------------------------------------|
|                                      | 1 to 30<br>days  | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                   |                                      |                  |                |                                      |
| <b>Government securities</b>         | <b>1,155,874</b> | <b>1,400,872</b>  | <b>8,633,047</b>   | <b>57,067,584</b>     | <b>68,257,377</b> | <b>67,981,974</b>                    |                  | <b>275,403</b> | <b>61,972,583</b>                    |
| Financial treasury bills             | 38,848           | 497,548           | 95,307             | 18,134,338            | 18,766,041        | 18,771,614                           |                  | (5,573)        | 14,374,633                           |
| National treasury bills              | 892,306          | 41,776            | 6,131,829          | 504,203               | 7,570,114         | 7,576,563                            |                  | (6,449)        | 4,336,011                            |
| National treasury notes              | 6,279            | 839,212           | 286,312            | 38,324,188            | 39,455,991        | 39,455,388                           |                  | 603            | 40,121,292                           |
| Brazilian foreign debt notes         | 38,517           | -                 | 1,962,885          | -                     | 2,001,402         | 1,727,591                            |                  | 273,811        | 2,813,150                            |
| Privatization currencies             | -                | -                 | -                  | 92,156                | 92,156            | 77,471                               |                  | 14,685         | 94,143                               |
| Foreign government securities        | 179,924          | 16,793            | 154,327            | -                     | 351,044           | 353,171                              |                  | (2,127)        | 211,763                              |
| Other                                | -                | 5,543             | 2,387              | 12,699                | 20,629            | 20,176                               |                  | 453            | 21,583                               |
| <b>Corporate bonds</b>               | <b>8,911,654</b> | <b>3,098,602</b>  | <b>4,110,867</b>   | <b>16,649,948</b>     | <b>32,771,071</b> | <b>32,309,581</b>                    |                  | <b>461,490</b> | <b>27,307,622</b>                    |
| Bank deposit certificates            | 202,080          | 132,156           | 136,446            | 612,429               | 1,083,111         | 1,083,111                            |                  | -              | 1,097,390                            |
| Shares                               | 4,332,237        | -                 | -                  | -                     | 4,332,237         | 4,190,639                            |                  | 141,598        | 3,294,980                            |
| Debentures                           | 3,720            | 182,823           | 1,001,830          | 9,403,670             | 10,592,043        | 10,462,034                           |                  | 130,009        | 9,033,520                            |
| Promissory notes                     | 104,599          | 2,480,988         | 409,756            | -                     | 2,995,343         | 2,995,978                            |                  | (635)          | 2,047,780                            |
| Foreign corporate bonds              | 600,318          | 6,865             | 2,283,458          | 21,507                | 2,912,148         | 2,801,860                            |                  | 110,288        | 2,228,011                            |
| Derivative financial instruments (1) | 2,037,850        | 222,895           | 74,612             | 716,163               | 3,051,520         | 2,988,525                            |                  | 62,995         | 1,358,570                            |

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|   |                   |                   |                   |                   |                    |                    |                |                    |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|----------------|--------------------|
| Other   | 1,630,850         | 72,875            | 204,765           | 5,896,179         | 7,804,669          | 7,787,434          | 17,235         | 8,247,366          |
| <b>PGBL /<br/>VGBL<br/>restricted<br/>bonds</b> | <b>3,698,807</b>  | <b>8,420,539</b>  | <b>5,697,323</b>  | <b>12,399,229</b> | <b>30,215,898</b>  | <b>30,215,898</b>  | -              | <b>29,454,599</b>  |
| <b>Subtotal</b>                                 | <b>13,766,335</b> | <b>12,920,013</b> | <b>18,441,237</b> | <b>86,116,761</b> | <b>131,244,346</b> | <b>130,507,453</b> | <b>736,893</b> | <b>118,734,800</b> |
| Purchase and<br>sale<br>commitments<br>(2)      | 25,404,360        | 594,006           | 64,180            | 1,697             | 26,064,243         | 26,064,243         | -              | 27,883,930         |
| Hedge cash<br>flow (Note<br>8g)                 | -                 | -                 | -                 | -                 | -                  | -                  | 67,030         |                    |
| <b>Overall total</b>                            | <b>39,170,695</b> | <b>13,514,019</b> | <b>18,505,417</b> | <b>86,118,458</b> | <b>157,308,589</b> | <b>156,571,696</b> | <b>803,923</b> | <b>146,618,730</b> |

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

| Securities<br>(3)                    | 2010             |                   |                    |                       |                                     |                   | December 31, 2009 |                                     |                |
|--------------------------------------|------------------|-------------------|--------------------|-----------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|----------------|
|                                      | March 31         |                   |                    |                       |                                     |                   | December 31, 2009 |                                     |                |
|                                      | 1 to 30<br>days  | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | Market/book<br>value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-market    | Market/book<br>value<br>(5) (6) (7) | Mark-to-market |
| <b>- Financial</b>                   | <b>4,098,386</b> | <b>3,534,942</b>  | <b>1,704,284</b>   | <b>34,658,498</b>     | <b>43,996,110</b>                   | <b>43,757,246</b> | <b>238,864</b>    | <b>38,510,735</b>                   |                |
| National treasury bills              | 892,306          | 41,756            | 165,153            | 499,621               | 1,598,836                           | 1,598,805         | 31                | 2,336,454                           |                |
| Financial treasury bills             | 1,958            | 180,140           | 29,745             | 16,187,802            | 16,399,645                          | 16,405,267        | (5,622)           | 12,325,394                          |                |
| Bank deposit certificates            | 18,728           | 71,958            | 95,140             | 584,692               | 770,518                             | 770,518           | -                 | 818,582                             |                |
| Derivative financial instruments (1) | 2,037,850        | 222,895           | 74,612             | 716,163               | 3,051,520                           | 2,988,525         | 62,995            | 1,358,573                           |                |
| Debentures                           | 3,455            | 124,535           | 726,919            | 7,974,219             | 8,829,128                           | 8,705,272         | 123,856           | 7,303,605                           |                |
| Promissory notes                     | 104,600          | 2,480,812         | 409,756            | -                     | 2,995,168                           | 2,995,803         | (635)             | 2,047,235                           |                |
| Brazilian foreign debt notes         | 952              | -                 | 32,069             | -                     | 33,021                              | 1,037             | 31,984            | 35,278                              |                |
| National treasury notes              | -                | 383,756           | 87                 | 4,512,728             | 4,896,571                           | 4,869,331         | 27,240            | 7,083,823                           |                |
| Foreign corporate securities         | 565,403          | 2,661             | 31,415             | 21,507                | 620,986                             | 616,656           | 4,330             | 60,968                              |                |
| Foreign government securities        | 179,439          | 16,793            | 5,194              | -                     | 201,426                             | 201,851           | (425)             | 82,020                              |                |
| Shares                               | 74,218           | -                 | -                  | -                     | 74,218                              | 75,868            | (1,650)           | 60,023                              |                |
| Other                                | 219,477          | 9,636             | 134,194            | 4,161,766             | 4,525,073                           | 4,528,313         | (3,240)           | 4,998,780                           |                |

|  |                  |                |               |                |                  |                  |          |                  |
|--|------------------|----------------|---------------|----------------|------------------|------------------|----------|------------------|
| <b>- Insurance companies and savings bonds</b> | <b>1,150,851</b> | <b>209,405</b> | <b>75,142</b> | <b>960,325</b> | <b>2,395,723</b> | <b>2,395,723</b> | <b>-</b> | <b>1,990,690</b> |
| Financial treasury bills                       | -                | 139,103        | -             | 879,326        | 1,018,429        | 1,018,429        | -        | 644,228          |
| National treasury bills                        | -                | -              | 56,590        | 469            | 57,059           | 57,059           | -        | 70,184           |
| Bank deposit certificates                      | -                | 59,126         | 12,324        | 10,369         | 81,819           | 81,819           | -        | 79,028           |
| National treasury notes                        | -                | -              | -             | 6,686          | 6,686            | 6,686            | -        | 6,354            |
| Shares   | 32,986           | -              | -             | -              | 32,986           | 32,986           | -        | 38,556           |
| Debentures                                     | -                | 4              | 1,020         | 4,155          | 5,179            | 5,179            | -        | 4,915            |
| Foreign private bonds                          | -                | -              | 5,208         | -              | 5,208            | 5,208            | -        | 5,073            |
| Promissory notes                               | -                | -              | -             | -              | -                | -                | -        | -                |
| Other  | 1,117,865        | 11,172         | -             | 59,320         | 1,188,357        | 1,188,357        | -        | 1,142,352        |

*Notes to the Consolidated Financial Statements*

| Securities (3)                       | 2010              |                   |                    |                       | Market/book<br>value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-market | Market/book<br>value<br>(5) (6) (7) |
|--------------------------------------|-------------------|-------------------|--------------------|-----------------------|-------------------------------------|-------------------|----------------|-------------------------------------|
|                                      | 1 to 30 days      | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days |                                     |                   |                |                                     |
| <b>- Private pension plans</b>       | <b>3,917,677</b>  | <b>8,434,503</b>  | <b>5,706,890</b>   | <b>12,596,445</b>     | <b>30,655,515</b>                   | <b>30,655,345</b> | <b>170</b>     | <b>29,906,576</b>                   |
| Financial treasury bills             | -                 | 13,964            | 11                 | 185,030               | 199,005                             | 199,005           | -              | 206,815                             |
| National treasury notes              | -                 | -                 | -                  | 12,186                | 12,186                              | 12,016            | 170            | 11,246                              |
| Bank deposit certificates            | -                 | -                 | -                  | -                     | -                                   | -                 | -              | -                                   |
| National treasury bills              | -                 | -                 | 9,556              | -                     | 9,556                               | 9,556             | -              | 9,321                               |
| Shares                               | 2,745             | -                 | -                  | -                     | 2,745                               | 2,745             | -              | 2,715                               |
| Debentures                           | -                 | -                 | -                  | -                     | -                                   | -                 | -              | -                                   |
| PGBL / VGBL restricted bonds         | 3,698,807         | 8,420,539         | 5,697,323          | 12,399,229            | 30,215,898                          | 30,215,898        | -              | 29,454,597                          |
| Other                                | 216,125           | -                 | -                  | -                     | 216,125                             | 216,125           | -              | 221,882                             |
| <b>- Other activities</b>            | <b>51,945</b>     | <b>19,243</b>     | <b>21,724</b>      | <b>231,625</b>        | <b>324,537</b>                      | <b>324,537</b>    | <b>-</b>       | <b>304,302</b>                      |
| Financial treasury bills             | 36,890            | 13,606            | 973                | 223,402               | 274,871                             | 274,871           | -              | 228,405                             |
| Bank deposit certificates            | 8,276             | 1,073             | 10,685             | 917                   | 20,951                              | 20,951            | -              | 15,981                              |
| National treasury bills              | -                 | -                 | 336                | 4,083                 | 4,419                               | 4,419             | -              | 8,520                               |
| Debentures                           | -                 | 4,091             | 9,335              | 1,311                 | 14,737                              | 14,737            | -              | 18,877                              |
| National treasury notes              | 6,279             | 151               | -                  | 1,555                 | 7,985                               | 7,985             | -              | 28,494                              |
| Promissory notes                     | -                 | 175               | -                  | -                     | 175                                 | 175               | -              | 545                                 |
| Other                                | 500               | 147               | 395                | 357                   | 1,399                               | 1,399             | -              | 3,480                               |
| <b>Subtotal</b>                      | <b>9,218,859</b>  | <b>12,198,093</b> | <b>7,508,040</b>   | <b>48,446,893</b>     | <b>77,371,885</b>                   | <b>77,132,851</b> | <b>239,034</b> | <b>70,712,303</b>                   |
| <b>Purchase and sale commitments</b> | <b>25,404,360</b> | <b>594,006</b>    | <b>64,180</b>      | <b>1,697</b>          | <b>26,064,243</b>                   | <b>26,064,243</b> | <b>-</b>       | <b>27,883,930</b>                   |



(2)

|   |                    |                   |                  |                   |                    |                    |                |                   |
|---|--------------------|-------------------|------------------|-------------------|--------------------|--------------------|----------------|-------------------|
| - Financial   | 2,661,239          | 52,292            | 918              | 1,697             | 2,716,146          | 2,716,146          | -              | 3,656,410         |
| - Insurance companies and savings bonds               | 4,447,726          | 381,258           | -                | -                 | 4,828,984          | 4,828,984          | -              | 4,045,712         |
| <b>- Private pension plans</b>                        | <b>18,295,395</b>  | <b>160,456</b>    | <b>63,262</b>    | <b>-</b>          | <b>18,519,113</b>  | <b>18,519,113</b>  | <b>-</b>       | <b>20,181,808</b> |
| -   |                    |                   |                  |                   |                    |                    |                |                   |
| PGBL/VGBL   | 17,935,518         | 160,456           | 63,262           | -                 | 18,159,236         | 18,159,236         | -              | 17,454,794        |
| - Funds   | 359,877            | -                 | -                | -                 | 359,877            | 359,877            | -              | 2,727,014         |
| <b>Overall total</b>                                  | <b>34,623,219</b>  | <b>12,792,099</b> | <b>7,572,220</b> | <b>48,448,590</b> | <b>103,436,128</b> | <b>103,197,094</b> | <b>239,034</b> | <b>98,596,233</b> |
| <b>Derivative financial instruments (liabilities)</b> | <b>(1,997,427)</b> | <b>(150,239)</b>  | <b>(213,347)</b> | <b>(107,726)</b>  | <b>(2,468,739)</b> | <b>(2,473,805)</b> | <b>5,066</b>   | <b>(531,194)</b>  |

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

| Securities<br>(3) (8)                                      | 2010             |                      |                    |                       |                                     |                   |                |                                     |        |
|--|------------------|----------------------|--------------------|-----------------------|-------------------------------------|-------------------|----------------|-------------------------------------|--------|
|  | March 31         |                      |                    |                       |                                     | December 31       |                |                                     |        |
|  | 1 to 30<br>days  | 31 to<br>180<br>days | 181 to 360<br>days | More than<br>360 days | Market/book<br>value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-market | Market/book<br>value<br>(5) (6) (7) | Mark-t |
| <b>- Financial</b>   | <b>1,558,263</b> | <b>643,048</b>       | <b>9,485,899</b>   | <b>10,905,497</b>     | <b>22,592,707</b>                   | <b>22,177,087</b> | <b>415,620</b> | <b>19,615,769</b>                   |        |
| National<br>treasury bills                                 | -                | 20                   | 5,900,195          | 29                    | 5,900,244                           | 5,906,724         | (6,480)        | 1,911,532                           |        |
| Brazilian<br>foreign debt<br>securities                    | 15,983           | -                    | 1,090,570          | -                     | 1,106,553                           | 864,725           | 241,828        | 1,922,269                           |        |
| Foreign<br>corporate<br>securities                         | 34,915           | 4,204                | 2,246,835          | -                     | 2,285,954                           | 2,179,996         | 105,958        | 2,161,970                           |        |
| National<br>treasury<br>notes                              | -                | 455,304              | -                  | 7,979,777             | 8,435,081                           | 8,461,887         | (26,806)       | 8,593,907                           |        |
| Financial<br>treasury bills                                | -                | 71,891               | 8,240              | 391,889               | 472,020                             | 472,202           | (182)          | 539,984                             |        |
| Bank deposit<br>certificates                               | 171,298          | -                    | 18,297             | 16,450                | 206,045                             | 206,045           | -              | 175,743                             |        |
| Debentures   | -                | 54,165               | 67                 | 807,782               | 862,014                             | 862,979           | (965)          | 868,420                             |        |
| Shares   | 1,308,535        | -                    | -                  | -                     | 1,308,535                           | 1,254,971         | 53,564         | 1,439,018                           |        |
| Privatization<br>currencies                                | -                | -                    | -                  | 92,156                | 92,156                              | 77,471            | 14,685         | 94,143                              |        |
| Foreign<br>governments<br>bonds                            | 485              | -                    | 149,133            | -                     | 149,618                             | 151,320           | (1,702)        | 129,745                             |        |
| Other  | 27,047           | 57,464               | 72,562             | 1,617,414             | 1,774,487                           | 1,738,767         | 35,720         | 1,779,038                           |        |
| <b>- Insurance<br/>companies<br/>and savings<br/>bonds</b> | <b>1,423,029</b> | <b>35,423</b>        | <b>18,838</b>      | <b>274,843</b>        | <b>1,752,133</b>                    | <b>1,707,971</b>  | <b>44,162</b>  | <b>1,349,829</b>                    |        |
| Financial<br>treasury bills                                | -                | 35,394               | 18,838             | 99,011                | 153,243                             | 153,191           | 52             | 121,523                             |        |
| Shares   | 1,399,252        | -                    | -                  | -                     | 1,399,252                           | 1,347,909         | 51,343         | 1,012,817                           |        |
| Debentures   | -                | 29                   | -                  | 175,832               | 175,861                             | 168,142           | 7,719          | 165,942                             |        |

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|                                |                  |               |               |                |                  |                  |               |                  |
|--------------------------------|------------------|---------------|---------------|----------------|------------------|------------------|---------------|------------------|
| Promissory notes               | -                | -             | -             | -              | -                | -                | -             | -                |
| Other                          | 23,777           | -             | -             | -              | 23,777           | 38,729           | (14,952)      | 49,547           |
| <b>- Private pension plans</b> | <b>1,514,323</b> | <b>41,075</b> | <b>25,833</b> | <b>237,755</b> | <b>1,818,986</b> | <b>1,780,626</b> | <b>38,360</b> | <b>1,110,114</b> |
| Shares                         | 1,514,323        | -             | -             | -              | 1,514,323        | 1,476,142        | 38,181        | 741,707          |
| Financial treasury bills       | -                | 41,075        | 25,833        | 167,736        | 234,644          | 234,465          | 179           | 294,535          |
| Promissory notes               | -                | -             | -             | -              | -                | -                | -             | -                |
| Other                          | -                | -             | -             | 70,019         | 70,019           | 70,019           | -             | 73,872           |
| <b>- Other activities</b>      | <b>30,017</b>    | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>30,017</b>    | <b>29,857</b>    | <b>160</b>    | <b>8,206</b>     |
| Bank deposit certificates      | 3,778            | -             | -             | -              | 3,778            | 3,778            | -             | 8,062            |

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*Notes to the Consolidated Financial Statements*

| Securities<br>(3) (8)           | 2010             |                      |                    |                       |                                      | 2009              |                    |                                      |                    |                                      |
|---------------------------------|------------------|----------------------|--------------------|-----------------------|--------------------------------------|-------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|
|                                 | March 31         |                      |                    |                       |                                      | December 31       |                    |                                      |                    |                                      |
|                                 | 1 to 30<br>days  | 31 to<br>180<br>days | 181 to 360<br>days | More than<br>360 days | Market/<br>book value<br>(5) (6) (7) | Restated<br>cost  | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Market/<br>book value<br>(5) (6) (7) |
| Shares                          | 178              | -                    | -                  | -                     | 178                                  | 18                | 160                | 144                                  | 126                |                                      |
| Other                           | 26,061           | -                    | -                  | -                     | 26,061                               | 26,061            | -                  | -                                    | -                  |                                      |
| <b>Subtotal</b>                 | <b>4,525,632</b> | <b>719,546</b>       | <b>9,530,570</b>   | <b>11,418,095</b>     | <b>26,193,843</b>                    | <b>25,695,541</b> | <b>498,302</b>     | <b>22,083,918</b>                    | <b>442,122</b>     | <b>11,821,5</b>                      |
| Hedge<br>cash flow<br>(Note 8g) | -                | -                    | -                  | -                     | -                                    | -                 | 67,030             | -                                    | 150,089            |                                      |
| <b>Overall<br/>total (8)</b>    | <b>4,525,632</b> | <b>719,546</b>       | <b>9,530,570</b>   | <b>11,418,095</b>     | <b>26,193,843</b>                    | <b>25,695,541</b> | <b>565,332</b>     | <b>22,083,918</b>                    | <b>592,211</b>     | <b>11,821,5</b>                      |

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

| Securities                                       | 2010            |                   |                    |                       |                             | R\$ thousand<br>2009              |                                   |  |
|--|-----------------|-------------------|--------------------|-----------------------|-----------------------------|-----------------------------------|-----------------------------------|--|
|  | March 31        |                   |                    |                       |                             | December<br>31                    | March 31                          |  |
|  | 1 to 30<br>days | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | Restated<br>cost<br>(5) (6) | Restated<br>cost value<br>(5) (6) | Restated<br>cost value<br>(5) (6) |  |
| <b>Financial</b>                                 | <b>21,582</b>   | <b>2,375</b>      | <b>851,913</b>     | <b>-</b>              | <b>875,870</b>              | <b>869,354</b>                    | <b>1,137,642</b>                  |  |
| Brazilian foreign debt notes                     | 21,582          | -                 | 840,246            | -                     | 861,828                     | 855,603                           | 1,124,806                         |  |
| Financial treasury bills                         | -               | 2,375             | 11,667             | -                     | 14,042                      | 13,751                            | 12,836                            |  |
| <b>Insurance companies and<br/>savings bonds</b> | <b>-</b>        | <b>-</b>          | <b>-</b>           | <b>7,002,164</b>      | <b>7,002,164</b>            | <b>7,494,856</b>                  | <b>6,335,984</b>                  |  |
| National treasury notes                          | -               | -                 | -                  | 7,002,164             | 7,002,164                   | 7,494,856                         | 6,335,984                         |  |
| <b>Private pension plans</b>                     | <b>-</b>        | <b>-</b>          | <b>550,715</b>     | <b>19,249,869</b>     | <b>19,800,584</b>           | <b>17,574,374</b>                 | <b>16,480,176</b>                 |  |
| Debentures                                       | -               | -                 | 264,489            | 440,635               | 705,124                     | 671,762                           | 649,243                           |  |
| National treasury notes                          | -               | -                 | 286,226            | 18,809,092            | 19,095,318                  | 16,902,612                        | 15,830,933                        |  |
| Financial treasury bills                         | -               | -                 | -                  | 142                   | 142                         | -                                 | -                                 |  |
| <b>Overall total (4)</b>                         | <b>21,582</b>   | <b>2,375</b>      | <b>1,402,628</b>   | <b>26,252,033</b>     | <b>27,678,618</b>           | <b>25,938,584</b>                 | <b>23,953,802</b>                 |  |



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

| Securities                                       | 2010              |                   |                    |                       | R\$ thousand<br>2009 |                    |                    |                            |            |            |
|--|-------------------|-------------------|--------------------|-----------------------|----------------------|--------------------|--------------------|----------------------------|------------|------------|
|  | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | Total on<br>March 31 |                    |                    | Total on<br>December<br>31 |            |            |
|  |                   |                   |                    |                       | (3)                  | (5)                | (6)                | (3)                        | (5)        | (6)        |
| <b>Own portfolio</b>                             | <b>37,113,375</b> | <b>12,304,491</b> | <b>11,529,718</b>  | <b>60,256,949</b>     | <b>121,204,533</b>   | <b>117,640,258</b> | <b>106,921,907</b> | <b>(7)</b>                 | <b>(7)</b> | <b>(7)</b> |
| <b>Fixed income securities</b>                   | <b>32,781,138</b> | <b>12,304,491</b> | <b>11,529,718</b>  | <b>60,256,949</b>     | <b>116,872,296</b>   | <b>114,345,278</b> | <b>103,766,800</b> |                            |            |            |
| Financial treasury bills                         | 38,848            | 373,828           | 75,103             | 5,181,297             | 5,669,076            | 5,579,803          | 6,035,641          |                            |            |            |
| Purchase and sale commitments (2)                | 25,404,360        | 594,006           | 64,180             | 1,697                 | 26,064,243           | 27,883,930         | 18,967,149         |                            |            |            |
| National treasury notes                          | 6,279             | 234               | 286,312            | 26,463,975            | 26,756,800           | 25,076,016         | 23,831,327         |                            |            |            |
| Brazilian foreign debt securities                | 19,064            | -                 | 1,154,772          | -                     | 1,173,836            | 2,362,493          | 3,473,768          |                            |            |            |
| Bank deposit certificates                        | 202,080           | 132,156           | 136,446            | 612,429               | 1,083,111            | 1,097,396          | 1,886,702          |                            |            |            |
| National treasury bills                          | 892,306           | 17,841            | 68,403             | 264,266               | 1,242,816            | 1,137,529          | 1,159,053          |                            |            |            |
| Foreign corporate securities                     | 600,301           | 6,865             | 2,274,114          | 21,507                | 2,902,787            | 2,191,497          | 1,897,328          |                            |            |            |
| Debentures                                       | 3,720             | 182,823           | 1,001,830          | 9,403,670             | 10,592,043           | 9,033,521          | 7,613,696          |                            |            |            |
| Promissory notes                                 | 104,599           | 2,480,988         | 409,756            | -                     | 2,995,343            | 2,047,780          | 5,417,814          |                            |            |            |
| Foreign government securities                    | 179,924           | 16,793            | 154,327            | -                     | 351,044              | 211,765            | 1,177,722          |                            |            |            |
| PGBL/VGBL restricted bonds                       | 3,698,807         | 8,420,539         | 5,697,323          | 12,399,229            | 30,215,898           | 29,454,597         | 27,573,060         |                            |            |            |
| Other  | 1,630,850         | 78,418            | 207,152            | 5,908,879             | 7,825,299            | 8,268,951          | 4,733,540          |                            |            |            |
| <b>Equity securities</b>                         | <b>4,332,237</b>  | <b>-</b>          | <b>-</b>           | <b>-</b>              | <b>4,332,237</b>     | <b>3,294,980</b>   | <b>3,155,107</b>   |                            |            |            |
| Shares of listed companies (technical provision) | 426,983           | -                 | -                  | -                     | 426,983              | 676,452            | 1,257,799          |                            |            |            |
| Shares of listed companies (other)               | 3,905,254         | -                 | -                  | -                     | 3,905,254            | 2,618,528          | 1,897,308          |                            |            |            |
| <b>Restricted securities</b>                     | <b>19,470</b>     | <b>986,632</b>    | <b>6,901,086</b>   | <b>25,103,621</b>     | <b>33,010,809</b>    | <b>27,574,564</b>  | <b>21,568,880</b>  |                            |            |            |

|                                   |               |                |                  |                   |                   |                   |                   |
|-----------------------------------|---------------|----------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Repurchase agreements</b>      | <b>19,470</b> | <b>785,269</b> | <b>4,331,083</b> | <b>14,627,841</b> | <b>19,763,663</b> | <b>7,401,899</b>  | <b>961,142</b>    |
| National treasury bills           | -             | -              | 3,513,626        | 231,981           | 3,745,607         | 182,109           | 98,270            |
| Brazilian foreign debt securities | 19,453        | -              | 808,113          | -                 | 827,566           | 450,657           | -                 |
| Financial treasury bills          | -             | -              | -                | 7,037,921         | 7,037,921         | 3,155,927         | 862,872           |
| National treasury notes           | -             | 785,269        | -                | 7,357,939         | 8,143,208         | 3,576,692         | -                 |
| Foreign corporate securities      | 17            | -              | 9,344            | -                 | 9,361             | 36,514            | -                 |
| <b>Central Bank</b>               | <b>-</b>      | <b>-</b>       | <b>1,411,074</b> | <b>5,579,330</b>  | <b>6,990,404</b>  | <b>14,772,240</b> | <b>14,413,471</b> |
| National treasury bills           | -             | -              | 1,411,074        | -                 | 1,411,074         | 2,335,104         | 510,096           |
| National treasury notes           | -             | -              | -                | 2,207,463         | 2,207,463         | 8,871,523         | 11,428,080        |
| Financial treasury bills          | -             | -              | -                | 3,371,867         | 3,371,867         | 3,565,613         | 2,475,295         |

*Notes to the Consolidated Financial Statements*

| Securities  | 2010              |                   |                   |                    | 2009               |                      |                    | R\$ thousand |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|----------------------|--------------------|--------------|
|   | 1 to 30 days      | 31 to 180 days    | 181 to 360 days   | More than 360 days | Total on March 31  | Total on December 31 | Total on March 31  |              |
|   |                   |                   |                   |                    | (3) (5) (6) (7)    | (3) (5) (6) (7)      | (3) (5) (6) (7)    |              |
| <b>Privatization currencies</b>                                       | -                 | -                 | -                 | 92,156             | 92,156             | 94,143               | 99,270             |              |
| <b>Guarantees provided</b>  | -                 | 201,363           | 1,158,929         | 4,804,294          | 6,164,586          | 5,306,282            | 6,094,997          |              |
| National treasury bills   | -                 | 23,935            | 1,138,725         | 7,956              | 1,170,616          | 681,269              | 1,027,954          |              |
| Financial treasury bills  | -                 | 123,719           | 20,204            | 2,501,527          | 2,645,450          | 2,027,952            | 1,085,325          |              |
| National treasury notes   | -                 | 53,709            | -                 | 2,294,811          | 2,348,520          | 2,597,061            | 3,981,718          |              |
| <b>Derivative financial instruments (1)</b>                           | <b>2,037,850</b>  | <b>222,895</b>    | <b>74,612</b>     | <b>716,163</b>     | <b>3,051,520</b>   | <b>1,358,573</b>     | <b>2,281,891</b>   |              |
| <b>Securities subject to repurchase agreements but not restricted</b> | -                 | -                 | -                 | 41,727             | 41,727             | 45,340               | 43,527             |              |
| National treasury bills   | -                 | -                 | -                 | -                  | -                  | -                    | 23,191             |              |
| Financial treasury bills  | -                 | -                 | -                 | 41,727             | 41,727             | 45,340               | 20,336             |              |
| <b>Overall total</b>  | <b>39,170,695</b> | <b>13,514,018</b> | <b>18,505,416</b> | <b>86,118,460</b>  | <b>157,308,589</b> | <b>146,618,735</b>   | <b>130,816,205</b> |              |
| <b>%</b>  | <b>24.9</b>       | <b>8.6</b>        | <b>11.8</b>       | <b>54.7</b>        | <b>100.0</b>       | <b>100.0</b>         | <b>100.0</b>       |              |

- (1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/02 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedge under the category Trading Securities ;
- (2) These refer to investment funds resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, except those considered as cash flow hedge, included in the consolidated financial statements;
- (3) The investment fund quotas were distributed according to the instruments composing their portfolios and preserving the category classification of the funds;
- (4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/02, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified as held-to-maturity . This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations



as of March 31, 2010;

- (5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (6) This column reflects book value subsequent to mark-to-market according to item (7), except for held-to-maturity securities, whose market value is higher than the restated cost in the amount of R\$3,602,028 thousand (December 31, 2009 R\$3,082,780 thousand and March 31, 2009 R\$2,168,206 thousand);
- (7) The market value of securities is determined based on the market price available on the balance sheet date. Should there be no market prices available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or price quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the market value of the respective quotas; and
- (8) In the fourth quarter of 2009, non-temporary losses totaled R\$24,726 thousand, for securities classified as available-for-sale. There were no other than temporary losses in the first quarter of 2010.

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*Notes to the Consolidated Financial Statements*

**e) Derivative financial instruments**

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

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

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

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

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

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

*Notes to the Consolidated Financial Statements***D) Amount of derivative financial instruments recorded in equity and memorandum accounts**

|                              | R\$ thousand       |                   |                   |               |                   |               |
|------------------------------|--------------------|-------------------|-------------------|---------------|-------------------|---------------|
|                              | 2010               |                   | 2009              |               |                   |               |
|                              | March 31           |                   | December 31       |               | March 31          |               |
|                              | Overall<br>amount  | Net<br>amount     | Overall<br>amount | Net<br>amount | Overall<br>amount | Net<br>amount |
| <b>Futures contracts</b>     |                    |                   |                   |               |                   |               |
| <b>Purchase commitments:</b> | <b>26,422,667</b>  | <b>-</b>          | <b>32,437,198</b> | <b>-</b>      | <b>32,266,160</b> |               |
| - Interbank market           | 20,889,122         | -                 | 28,801,451        | -             | 26,155,682        | -             |
| - Foreign currency           | 5,531,713          | -                 | 3,507,063         | -             | 6,062,560         | -             |
| - Other                      | 1,832              | -                 | 128,684           | 128,684       | 47,918            | 47,918        |
| <b>Sale commitments:</b>     | <b>129,927,454</b> | <b>85,907,008</b> | <b>90,394,421</b> |               |                   |               |
| - Interbank market (1)       | 108,657,000        | 87,767,878        | 69,821,858        | 41,020,407    | 74,641,681        | 48,485,999    |
| - Foreign currency (2)       | 21,238,341         | 15,706,628        | 16,085,150        | 12,578,087    | 15,752,740        | 9,690,180     |
| - Other                      | 32,113             | 30,281            | -                 | -             | -                 | -             |
| <b>Option contracts</b>      |                    |                   |                   |               |                   |               |
| <b>Purchase commitments:</b> | <b>44,323,113</b>  | <b>12,642,784</b> | <b>1,617,273</b>  |               |                   |               |
| - Interbank market           | 39,392,127         | -                 | 9,823,400         | -             | 293,100           | -             |
| - Foreign currency           | 4,209,752          | -                 | 2,042,627         | -             | 372,519           | -             |
| - Other                      | 721,234            | -                 | 776,757           | -             | 951,654           | -             |
| <b>Sale commitments:</b>     | <b>81,127,781</b>  | <b>24,421,386</b> | <b>4,487,471</b>  |               |                   |               |
| - Interbank market           | 74,893,670         | 35,501,543        | 19,664,000        | 9,840,600     | 1,819,400         | 1,526,300     |
| - Foreign currency           | 5,381,028          | 1,171,276         | 2,258,586         | 215,959       | 601,380           | 228,861       |
| - Other                      | 853,083            | 131,849           | 2,498,800         | 1,722,043     | 2,066,691         | 1,115,037     |
| <b>Forward contracts</b>     |                    |                   |                   |               |                   |               |
| <b>Purchase commitments:</b> | <b>4,958,099</b>   | <b>2,823,597</b>  | <b>6,492,418</b>  |               |                   |               |
| - Foreign currency           | 2,881,248          | -                 | 2,804,582         | -             | 6,382,339         | 332,081       |
| - Other                      | 2,076,851          | 430,214           | 19,015            | 19,015        | 110,079           | -             |
| <b>Sale commitments:</b>     | <b>5,618,682</b>   | <b>4,713,011</b>  | <b>6,862,403</b>  |               |                   |               |
| - Foreign currency           | 3,972,045          | 1,090,797         | 4,713,011         | 1,908,429     | 6,050,258         | -             |
| - Other                      | 1,646,637          | -                 | -                 | -             | 812,145           | 702,066       |
| <b>Swap contracts</b>        |                    |                   |                   |               |                   |               |
| <b>Beneficiary:</b>          | <b>18,543,044</b>  | <b>15,361,965</b> | <b>16,923,902</b> |               |                   |               |
| - Interbank market           | 5,279,252          | 1,364,129         | 5,092,790         | 1,281,946     | 5,568,991         | -             |
| - Prefixed                   | 969,199            | -                 | 1,955,635         | 1,285,261     | 700,475           | 406,026       |
| - Foreign currency (3)       | 9,781,197          | -                 | 5,857,812         | -             | 8,446,810         | -             |

|                                |           |           |           |           |           |           |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| - Reference Interest Rate - TR | 1,913,666 | 1,905,042 | 1,775,100 | 1,625,242 | 1,647,377 | 1,457,695 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|

*Notes to the Consolidated Financial Statements*

|  | R\$ thousand      |               |                   |               |                   |               |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|  | 2010              |               | 2009              |               |                   |               |
|  | March 31          |               | December 31       |               | March 31          |               |
|  | Overall<br>amount | Net<br>amount | Overall<br>amount | Net<br>amount | Overall<br>amount | Net<br>amount |
| - Special Clearance and Custody System (Selic) | 46,788            | -             | 86,506            | 369           | 269,605           | 162,737       |
| - General Price Index Market (IGP-M)           | 148,260           | -             | 143,628           | -             | 123,126           | -             |
| - Other (3)                                    | 404,682           | -             | 450,494           | -             | 167,518           | -             |
| <b>Guarantor:</b>                              | <b>17,885,017</b> |               | <b>14,614,579</b> |               | <b>16,915,568</b> |               |
| - Interbank market                             | 3,915,123         | -             | 3,810,844         | -             | 5,745,265         | 176,274       |
| - Fixed rate                                   | 1,629,509         | 660,310       | 670,374           | -             | 294,449           | -             |
| - Foreign currency (3)                         | 11,005,526        | 1,224,329     | 8,744,116         | 2,886,304     | 9,491,694         | 1,044,884     |
| - TR   | 8,624             | -             | 149,858           | -             | 189,682           | -             |
| - Selic  | 77,180            | 30,392        | 86,137            | -             | 106,868           | -             |
| - IGP-M  | 701,445           | 553,185       | 531,326           | 387,698       | 570,486           | 447,360       |
| - Other (3)                                    | 547,610           | 142,928       | 621,924           | 171,430       | 517,124           | 349,606       |

(1) Includes cash flow hedges to protect CDI-related funding in the amount of R\$53,418,721 thousand (December 31, 2009 R\$66,380,865 thousand and March 31, 2009 R\$20,475,182 thousand) (note 8g);

(2) Includes specific hedges to protect investments abroad that totaled R\$15,505,354 thousand (December 31, 2009 R\$10,469,740 thousand and March 31, 2009, R\$9,323,886 thousand) (note 13a); and

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

Derivatives include operations maturing in D+1.

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

|                                 | 2010               |                           |                    | 2009             |                           |                  | 2009               |                 |
|---------------------------------|--------------------|---------------------------|--------------------|------------------|---------------------------|------------------|--------------------|-----------------|
|                                 | March 31           |                           | Market value       | December 31      |                           | Market value     | Restated cost      | March 31        |
|                                 | Restated cost      | Mark-to-market adjustment |                    | Restated cost    | Mark-to-market adjustment |                  |                    |                 |
| Adjustment receivables swaps    | 939,357            | 76,728                    | 1,016,085          | 943,315          | 93,692                    | 1,037,007        | 728,063            | 119,944         |
| Receivable forward purchases    | 1,042,512          | (993)                     | 1,041,519          | 22,409           | (5)                       | 22,404           | 420,742            | (1,000)         |
| Receivable forward sales        | 906,302            | (640)                     | 905,662            | 194,527          | -                         | 194,527          | 899,889            | (1,000)         |
| Premiums on exercisable options | 100,354            | (12,100)                  | 88,254             | 80,763           | 23,872                    | 104,635          | 92,435             | 21,200          |
| <b>Total assets</b>             | <b>2,988,525</b>   | <b>62,995</b>             | <b>3,051,520</b>   | <b>1,241,014</b> | <b>117,559</b>            | <b>1,358,573</b> | <b>2,141,129</b>   | <b>140,144</b>  |
| Adjustment payables swaps       | (330,120)          | (27,938)                  | (358,058)          | (293,739)        | 4,118                     | (289,621)        | (816,596)          | (22,621)        |
| Payable forward purchases       | (1,120,793)        | 993                       | (1,119,800)        | (115,357)        | 5                         | (115,352)        | (129,311)          | (1,000)         |
| Payable forward sales           | (858,580)          | 640                       | (857,940)          | (12,252)         | -                         | (12,252)         | (886,966)          | (1,000)         |
| Premiums on written options     | (164,312)          | 31,371                    | (132,941)          | (140,356)        | 26,387                    | (113,969)        | (400,276)          | (38,889)        |
| <b>Total liabilities</b>        | <b>(2,473,805)</b> | <b>5,066</b>              | <b>(2,468,739)</b> | <b>(561,704)</b> | <b>30,510</b>             | <b>(531,194)</b> | <b>(2,233,149)</b> | <b>(60,515)</b> |

**III) Futures, option, forward and swap contracts**

|                                       | 2010              |                    |                    |                       |                      | R\$ thousand<br>2009       |                      |
|---------------------------------------|-------------------|--------------------|--------------------|-----------------------|----------------------|----------------------------|----------------------|
|                                       | 1 to 90<br>days   | 91 to 180<br>days  | 181 to 360<br>days | More than<br>360 days | Total on<br>March 31 | Total on<br>December<br>31 | Total on<br>March 31 |
| Futures contracts                     | 56,227,473        | 35,864,939         | 43,032,067         | 21,225,642            | 156,350,121          | 118,344,206                | 122,660,581          |
| Option contracts                      | 26,268,875        | 88,867,398         | 8,905,862          | 1,408,759             | 125,450,894          | 37,064,170                 | 6,104,744            |
| Forward contracts                     | 8,657,465         | 1,134,752          | 767,952            | 16,612                | 10,576,781           | 7,536,608                  | 13,354,821           |
| Swap contracts                        | 5,846,733         | 461,521            | 3,068,005          | 8,150,700             | 17,526,959           | 14,324,958                 | 16,076,182           |
| <b>Total on March 31,<br/>2010</b>    | <b>97,000,546</b> | <b>126,328,610</b> | <b>55,773,886</b>  | <b>30,801,713</b>     | <b>309,904,755</b>   |                            |                      |
| <b>Total on December<br/>31, 2009</b> | <b>79,329,944</b> | <b>41,445,650</b>  | <b>17,854,061</b>  | <b>38,640,287</b>     |                      | <b>177,269,942</b>         |                      |
| <b>Total on March 31,<br/>2009</b>    | <b>75,958,351</b> | <b>18,083,133</b>  | <b>42,315,084</b>  | <b>21,839,760</b>     |                      |                            | <b>158,196,328</b>   |

*Notes to the Consolidated Financial Statements***IV) Types of guarantee margin for derivative financial instruments, mainly futures contracts**

|                              | R\$ thousand     |                    |                  |
|------------------------------|------------------|--------------------|------------------|
|                              | <b>2010</b>      | <b>2009</b>        |                  |
|                              | <b>March 31</b>  | <b>December 31</b> | <b>March 31</b>  |
| <b>Government securities</b> |                  |                    |                  |
| National treasury notes      | 2,188,603        | 2,215,179          | 3,034,477        |
| Financial treasury bills     | 763,341          | 132,009            | 24,021           |
| National treasury bills      | 900,399          | 412,045            | 52,356           |
| <b>Total</b>                 | <b>3,852,343</b> | <b>2,759,233</b>   | <b>3,110,854</b> |

**V) Revenues and expenses, net**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Swap contracts                                   | (75,999)                      | 67,588                        | 328,569                       |
| Forward contracts                                | (24,945)                      | (6,981)                       | (781)                         |
| Option contracts                                 | 119,836                       | 21,647                        | 185,335                       |
| Futures contracts                                | (134,004)                     | 239,818                       | 145,731                       |
| Foreign exchange variation of investments abroad | 76,350                        | (179,358)                     | (121,456)                     |
| <b>Total</b>                                     | <b>(38,762)</b>               | <b>142,714</b>                | <b>537,398</b>                |

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

|   | R\$ thousand    |                    |                 |
|---|-----------------|--------------------|-----------------|
|   | <b>2010</b>     | <b>2009</b>        |                 |
|   | <b>March 31</b> | <b>December 31</b> | <b>March 31</b> |
| Cetip - OTC Clearing House (over-the-counter) | 10,629,165      | 9,994,562          | 5,134,675       |



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|                                |                    |                    |                    |
|--------------------------------|--------------------|--------------------|--------------------|
| BM&FBovespa (stock exchange)   | 287,253,663        | 158,252,596        | 139,962,783        |
| Foreign (over-the-counter) (1) | 6,452,544          | 3,895,521          | 10,113,677         |
| Foreign (stock exchange) (1)   | 5,569,383          | 5,127,263          | 2,985,193          |
| <b>Total</b>                   | <b>309,904,755</b> | <b>177,269,942</b> | <b>158,196,328</b> |

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

On March 31, 2010, counter parties are distributed among corporate entities with 95%, financial institutions with 4% and individuals/others with 1%. Specifically regarding currency financial instruments, Bradesco does not enter into any exotic operations, so called target forward swaps, or any other leveraged derivatives.

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

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

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

|   |                            | R\$ thousand       |                  |   |              |              |               |
|---|----------------------------|--------------------|------------------|---|--------------|--------------|---------------|
|   |                            | Credit risk amount |                  | Effect on the calculation of the required shareholders equity |              |              |               |
|   |                            | 2010               | 2009             | 2010  | 2009         |              |               |
|   |                            | December           |                  |   | December     |              |               |
|   |                            | March 31           | 31               | March 31  | March 31     | 31           | March 31      |
| <b>Transferred</b>                        |                            |                    |                  |   |              |              |               |
| Credit swaps whose underlying assets are: |                            |                    |                  |   |              |              |               |
| Securities                                | Brazilian public debt      | (739,115)          | (548,478)        | (773,370)   | -            | -            | -             |
| Securities                                | Foreign public debt        | (641,160)          | -                | -   | -            | -            | -             |
|   | Derivatives with companies | (3,562)            | (3,482)          | (4,630)   | (196)        | (192)        | (255)         |
| <b>Received</b>                           |                            |                    |                  |   |              |              |               |
| Credit swaps whose underlying assets are: |                            |                    |                  |   |              |              |               |
| Securities                                | Brazilian public debt      | 6,653,816          | 7,810,152        | 11,554,006  | -            | -            | -             |
|   | Derivatives with companies | 14,248             | 13,930           | 168,978   | 1,567        | 1,532        | 18,558        |
| <b>Total</b>                              |                            | <b>5,284,227</b>   | <b>7,272,122</b> | <b>10,944,984</b>   | <b>1,371</b> | <b>1,340</b> | <b>18,303</b> |
|   | Deposited margin           | 352,832            | 428,565          | 1,316,760   |              |              |               |

Bradesco carries out operations involving credit derivatives with the purpose of better managing its risk exposure and assets. Contracts related to the credit derivatives operations described above have several maturities up to 2017, 99.0% of which mature in 2010. The mark-to-market of protection rates that remunerate the counterparty selling protection amount to R\$(2,894) thousand (December 31, 2009 R\$(2,067) thousand and March 31, 2009 R\$(261,164) thousand) . During the period, there was no credit event related to triggering events as defined in the contracts.

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

Bradesco uses cash flow hedges to protect its cash flows from variable interest risk of the debt in Bank Deposit Certificates (CDB) indexed to the Interbank Deposit Rate (DI CETIP), converting variable payments into fixed payments.

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

|   | R\$ thousand     |                     |                  |
|---|------------------|---------------------|------------------|
|   | 2010<br>March 31 | 2009<br>December 31 | 2009<br>March 31 |
| DI Future with maturity between 2010 and 2017                 | 53,418,721       | 66,380,865          | 20,475,182       |
| Funding indexed to CDI  | 53,064,015       | 66,068,498          | 20,279,968       |
| Mark-to-market adjustment recorded in shareholders equity (1) | 67,030           | 150,089             | (225,784)        |
| Non-effective market value recorded in result                 | 11,961           | (16,167)            | 1,732            |

(1) The adjustment in the shareholders equity is R\$40,218 thousand net of tax effects (December 31, 2009 - R\$90,053 thousand and March 31, 2009 - R\$135,470).

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

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

|  | R\$ thousand                    |                                 |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|
|  | 2010<br>1 <sup>st</sup> quarter | 2009<br>4 <sup>th</sup> quarter | 2009<br>1 <sup>st</sup> quarter |
| Fixed income securities  | 1,550,784                       | 1,425,923                       | 2,246,205                       |
| Interbank investments (Note 7b)  | 2,261,158                       | 2,314,306                       | 2,585,369                       |
| Equity securities  | 11,533                          | (11,289)                        | (48,182)                        |
| <b>Subtotal</b>  | <b>3,823,475</b>                | <b>3,728,940</b>                | <b>4,783,392</b>                |
| Financial result of insurance, private pension plans and savings bonds | 2,272,263                       | 1,998,812                       | 1,986,067                       |
| Income from derivative financial instruments (Note 8e V)               | (38,762)                        | 142,714                         | 537,398                         |
| <b>Total</b>   | <b>6,056,976</b>                | <b>5,870,466</b>                | <b>7,306,857</b>                |



*Notes to the Consolidated Financial Statements***9) INTERBANK ACCOUNTS RESTRICTED DEPOSITS****a) Restricted credit**

|  |                               |                    | R\$ thousand      |                    |                   |
|--|-------------------------------|--------------------|-------------------|--------------------|-------------------|
|  |                               |                    | <b>2010</b>       |                    | <b>2009</b>       |
| <b>Remuneration</b>                        |                               |                    | <b>March 31</b>   | <b>December 31</b> | <b>March 31</b>   |
| Reserve requirements                       | demand deposits               | not remunerated    | 9,139,508         | 8,961,995          | 7,059,990         |
| Reserve requirements                       | savings deposits              | savings index      | 9,192,045         | 8,961,634          | 7,671,891         |
| <b>Additional reserve requirements (1)</b> |                               | <b>Selic rate</b>  | <b>17,093,165</b> | -                  | -                 |
| Savings deposits                           |                               |                    | 4,596,022         | -                  | -                 |
| Demand deposits                            |                               |                    | 2,620,896         | -                  | -                 |
| Time deposits                              |                               |                    | 9,876,247         | -                  | -                 |
| Restricted deposits                        | National Housing System (SFH) | TR + interest rate | 492,051           | 490,150            | 469,388           |
| Funds from rural loan                      |                               | not remunerated    | 578               | 578                | 578               |
| <b>Total</b>                               |                               |                    | <b>35,917,347</b> | <b>18,414,357</b>  | <b>15,201,847</b> |

(1) According to Bacen's Circular Letter 3,486/10, as from 2010, additional liabilities are collected in cash at the following rates: demand and time deposits 8%; and savings deposits 10%, the requirement of which, up to December 2009, were pegged to securities as shown below (See Note 35b).

**Additional reserve requirement**

|                                     |  |  | R\$ thousand       |                  |
|-------------------------------------|--|--|--------------------|------------------|
|                                     |  |  | <b>2009</b>        |                  |
|                                     |  |  | <b>December 31</b> | <b>March 31</b>  |
| <b>Restricted to securities (2)</b> |  |  |                    |                  |
| Savings deposits                    |  |  | 4,124,301          | 3,476,980        |
| Demand deposits                     |  |  | 1,460,936          | 1,016,345        |
| Time deposits                       |  |  | 4,580,724          | 4,709,050        |
| <b>Total</b>                        |  |  | <b>10,165,961</b>  | <b>9,202,375</b> |

(2) Classified in item securities and interbank investments .

**b) Result from compulsory deposits**

|   | R\$ thousand                  |                               |                               |
|---|-------------------------------|-------------------------------|-------------------------------|
|   | <b>2010</b>                   |                               | <b>2009</b>                   |
|   | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Compulsory deposits - Bacen<br>(reserves requirement) | 178,743                       | 134,309                       | 140,167                       |
| Restricted deposits - SFH                             | 5,957                         | 5,573                         | 7,102                         |
| <b>Total</b>  | <b>184,700</b>                | <b>139,882</b>                | <b>147,269</b>                |

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*Notes to the Consolidated Financial Statements***10) LOAN OPERATIONS**

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

**a) By type and maturity**

|   | Performing loans  |                   |                   |                   |                   |                    | 2010                  |              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-----------------------|--------------|
|   | 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 March 31 (A) | % (6)        |
| Discounted trade receivables and loans (1)            | 14,191,890        | 8,961,785         | 7,296,091         | 10,689,248        | 11,246,155        | 30,930,789         | 83,315,958            | 38.3         |
| Financing   | 2,906,388         | 2,677,491         | 2,430,106         | 5,407,033         | 8,304,375         | 30,485,450         | 52,210,843            | 23.9         |
| Agricultural and agribusiness financing               | 1,029,330         | 487,275           | 756,521           | 2,517,040         | 2,393,956         | 4,661,964          | 11,846,086            | 5.4          |
| <b>Subtotal</b>                                       | <b>18,127,608</b> | <b>12,126,551</b> | <b>10,482,718</b> | <b>18,613,321</b> | <b>21,944,486</b> | <b>66,078,203</b>  | <b>147,372,887</b>    | <b>67.6</b>  |
| Leasing operations                                    | 842,030           | 652,421           | 626,550           | 1,814,117         | 3,324,204         | 9,954,847          | 17,214,169            | 7.9          |
| Advances on foreign exchange contracts (2)            | 672,324           | 737,051           | 543,687           | 1,560,988         | 1,558,883         | -                  | 5,072,933             | 2.3          |
| <b>Subtotal</b>                                       | <b>19,641,962</b> | <b>13,516,023</b> | <b>11,652,955</b> | <b>21,988,426</b> | <b>26,827,573</b> | <b>76,033,050</b>  | <b>169,659,989</b>    | <b>77.8</b>  |
| Other receivables (3)                                 | 4,812,948         | 1,156,446         | 1,056,650         | 1,829,489         | 1,493,636         | 1,055,500          | 11,404,669            | 5.2          |
| <b>Total loan operations</b>                          | <b>24,454,910</b> | <b>14,672,469</b> | <b>12,709,605</b> | <b>23,817,915</b> | <b>28,321,209</b> | <b>77,088,550</b>  | <b>181,064,658</b>    | <b>83.0</b>  |
| Sureties and guarantees (4)                           | 1,632,026         | 2,502,336         | 538,187           | 1,768,084         | 3,224,546         | 25,048,488         | 34,713,667            | 15.9         |
| Credit assignment (5)                                 | 27,933            | 26,977            | 26,060            | 71,503            | 99,791            | 125,351            | 377,615               | 0.2          |
| Credit assignment Real estate receivables certificate | 30,139            | 30,137            | 30,136            | 86,732            | 129,440           | 435,185            | 741,769               | 0.3          |
| Advances of credit card receivables                   | 345,924           | 154,264           | 109,886           | 285,922           | 323,755           | 78,280             | 1,298,031             | 0.6          |
| <b>Overall total on March 31, 2010</b>                | <b>26,490,932</b> | <b>17,386,183</b> | <b>13,413,874</b> | <b>26,030,156</b> | <b>32,098,741</b> | <b>102,775,854</b> | <b>218,195,740</b>    | <b>100.0</b> |
| <b>Overall total on December 31, 2009</b>             | <b>26,777,601</b> | <b>18,226,186</b> | <b>12,797,924</b> | <b>24,897,315</b> | <b>31,300,327</b> | <b>97,060,072</b>  |                       | <b>2</b>     |

|                         |                   |                   |                   |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Overall total on</b> |                   |                   |                   |                   |                   |                   |
| <b>March 31, 209</b>    | <b>25,952,037</b> | <b>14,787,610</b> | <b>12,113,777</b> | <b>22,080,003</b> | <b>33,013,065</b> | <b>88,644,443</b> |

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*Notes to the Consolidated Financial Statements*

|  | R\$ thousand  |                  |                  |                   |                    |                             |              |                                      |              |                             |              |
|--|---|------------------|------------------|-------------------|--------------------|-----------------------------|--------------|--------------------------------------|--------------|-----------------------------|--------------|
|  | Non-performing loans<br>Installments past due<br>2010 |                  |                  |                   |                    |                             | 2009         |                                      |              |                             |              |
|  | 1 to 30<br>days                                       | 31 to 60<br>days | 61 to 90<br>days | 91 to 180<br>days | 181 to 540<br>days | Total on<br>March 31<br>(B) | %<br>(6)     | on<br>Total<br>December<br>31<br>(B) | %<br>(6)     | Total on<br>March 31<br>(B) | %<br>(6)     |
| Discounted<br>trade<br>receivables<br>and loans<br>(1) | 746,127   | 714,517          | 676,946          | 1,232,480         | 1,737,197          | 5,107,267                   | 76.3         | 5,268,595                            | 76.8         | 4,589,907                   | 74.1         |
| Financing  | 211,791   | 162,572          | 84,256           | 188,268           | 175,400            | 822,287                     | 12.3         | 848,347                              | 12.4         | 876,837                     | 14.2         |
| Agricultural<br>and<br>agribusiness<br>financing       | 23,168  | 19,612           | 10,143           | 37,657            | 42,870             | 133,450                     | 2.0          | 149,346                              | 2.2          | 203,802                     | 3.3          |
| <b>Subtotal</b>  | <b>981,086</b>  | <b>896,701</b>   | <b>771,345</b>   | <b>1,458,405</b>  | <b>1,955,467</b>   | <b>6,063,004</b>            | <b>90.6</b>  | <b>6,266,288</b>                     | <b>91.4</b>  | <b>5,670,546</b>            | <b>91.6</b>  |
| Leasing<br>operations                                  | 106,688   | 94,471           | 50,459           | 109,520           | 130,160            | 491,298                     | 7.3          | 462,664                              | 6.7          | 268,658                     | 4.3          |
| Advances on<br>foreign<br>exchange<br>contracts (2)    | 15,829  | 3,817            | 14,661           | 11,296            | 7,413              | 53,016                      | 0.8          | 22,129                               | 0.3          | 59,815                      | 1.0          |
| <b>Subtotal</b>  | <b>1,103,603</b>                                      | <b>994,989</b>   | <b>836,465</b>   | <b>1,579,221</b>  | <b>2,093,040</b>   | <b>6,607,318</b>            | <b>98.7</b>  | <b>6,751,081</b>                     | <b>98.4</b>  | <b>5,999,019</b>            | <b>96.9</b>  |
| Other<br>receivables<br>(3)                            | 17,344  | 1,490            | 2,197            | 11,437            | 51,551             | 84,019                      | 1.3          | 107,491                              | 1.6          | 190,372                     | 3.1          |
| <b>Overall<br/>total on<br/>March 31,<br/>2010</b>     | <b>1,120,947</b>                                      | <b>996,479</b>   | <b>838,662</b>   | <b>1,590,658</b>  | <b>2,144,591</b>   | <b>6,691,337</b>            | <b>100.0</b> |                                      |              |                             |              |
| <b>Overall<br/>total on<br/>December<br/>31, 2009</b>  | <b>1,008,361</b>                                      | <b>902,338</b>   | <b>796,589</b>   | <b>1,629,246</b>  | <b>2,522,038</b>   |                             |              | <b>6,858,572</b>                     | <b>100.0</b> |                             |              |
| <b>Overall<br/>total on<br/>March 31,</b>              | <b>1,184,764</b>                                      | <b>994,769</b>   | <b>855,417</b>   | <b>1,605,472</b>  | <b>1,548,969</b>   |                             |              |                                      |              | <b>6,189,391</b>            | <b>100.0</b> |

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*Notes to the Consolidated Financial Statements*

|  | Non-performing loans<br>Outstanding Installments |                  |                  |                   |                    |                          |                             | 2010         |                                   | 2009         |                       |
|--|--|------------------|------------------|-------------------|--------------------|--------------------------|-----------------------------|--------------|-----------------------------------|--------------|-----------------------|
|  | 1 to 30<br>days                                  | 31 to 60<br>days | 61 to 90<br>days | 91 to 180<br>days | 181 to 360<br>days | More<br>than<br>360 days | Total on<br>March 31<br>(C) | %<br>(6)     | Total on<br>December<br>31<br>(C) | %<br>(6)     | Total<br>March<br>(C) |
|  |  |                  |                  |                   |                    |                          |                             |              |                                   |              |                       |
| Discounted<br>trade<br>receivables<br>and loans<br>(1) | 407,652  | 285,400          | 285,431          | 613,377           | 872,151            | 1,478,337                | 3,942,348                   | 38.0         | 3,736,084                         | 36.8         | 3,479,000             |
| Financing  | 201,458  | 188,781          | 176,743          | 486,780           | 780,327            | 1,670,140                | 3,504,229                   | 33.9         | 3,502,462                         | 34.5         | 4,231,000             |
| Agricultural<br>and<br>agribusiness<br>financing       | 10,934   | 3,311            | 3,911            | 17,537            | 23,173             | 299,287                  | 358,153                     | 3.5          | 364,297                           | 3.6          | 449,000               |
| <b>Subtotal</b>  | <b>620,044</b>                                   | <b>477,492</b>   | <b>466,085</b>   | <b>1,117,694</b>  | <b>1,675,651</b>   | <b>3,447,764</b>         | <b>7,804,730</b>            | <b>75.4</b>  | <b>7,602,843</b>                  | <b>74.9</b>  | <b>8,160,000</b>      |
| Leasing<br>operations                                  | 91,091   | 75,462           | 72,370           | 220,180           | 439,056            | 1,645,722                | 2,543,881                   | 24.6         | 2,523,608                         | 24.8         | 2,018,000             |
| <b>Subtotal</b>  | <b>711,135</b>                                   | <b>552,954</b>   | <b>538,455</b>   | <b>1,337,874</b>  | <b>2,114,707</b>   | <b>5,093,486</b>         | <b>10,348,611</b>           | <b>100.0</b> | <b>10,126,451</b>                 | <b>99.7</b>  | <b>10,178,000</b>     |
| Other<br>receivables<br>(3)                            | 145  | 131              | 131              | 359               | 460                | 983                      | 2,209                       | 0.0          | 33,479                            | 0.3          | 33,000                |
| <b>Overall<br/>total on<br/>March 31,<br/>2010</b>     | <b>711,280</b>                                   | <b>553,085</b>   | <b>538,586</b>   | <b>1,338,233</b>  | <b>2,115,167</b>   | <b>5,094,469</b>         | <b>10,350,820</b>           | <b>100.0</b> |                                   |              |                       |
| <b>Overall<br/>total on<br/>December<br/>31, 2009</b>  | <b>655,489</b>                                   | <b>589,240</b>   | <b>497,590</b>   | <b>1,292,915</b>  | <b>2,019,654</b>   | <b>5,105,042</b>         |                             |              | <b>10,159,930</b>                 | <b>100.0</b> |                       |
| <b>Overall<br/>total on<br/>March 31,<br/>2009</b>     | <b>704,623</b>                                   | <b>600,780</b>   | <b>541,788</b>   | <b>1,317,092</b>  | <b>2,061,009</b>   | <b>4,986,870</b>         |                             |              |                                   |              | <b>10,212,000</b>     |

*Notes to the Consolidated Financial Statements*

|  | R\$ thousand       |              |                    |              |                    |              |
|--|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|  | 2010               |              | Overall total      |              |                    |              |
|  | Total on           | %            | Total on           | %            | Total on           | %            |
|  | March 31           | (6)          | December 31        | (6)          | March 31           | (6)          |
|  | (A+B+C)            |              | (A+B+C)            |              | (A+B+C)            |              |
| Discounted trade receivables and loans (1)           | 92,365,573         | 39.2         | 86,807,902         | 38.1         | 77,598,803         | 36.5         |
| Financing  | 56,537,359         | 24.0         | 52,729,883         | 23.1         | 51,011,016         | 23.9         |
| Agricultural and agribusiness financing              | 12,337,689         | 5.2          | 11,968,458         | 5.2          | 10,703,346         | 5.0          |
| <b>Subtotal</b>                                      | <b>161,240,621</b> | <b>68.4</b>  | <b>151,506,243</b> | <b>66.4</b>  | <b>139,313,165</b> | <b>65.4</b>  |
| Leasing operations                                   | 20,249,348         | 8.6          | 21,468,019         | 9.4          | 21,661,642         | 10.2         |
| Advances on foreign exchange contracts (2)           | 5,125,949          | 2.2          | 5,602,946          | 2.5          | 10,220,211         | 4.8          |
| <b>Subtotal</b>                                      | <b>186,615,918</b> | <b>79.2</b>  | <b>178,577,208</b> | <b>78.3</b>  | <b>171,195,018</b> | <b>80.4</b>  |
| Other receivables (3)                                | 11,490,897         | 4.9          | 12,411,914         | 5.4          | 8,852,539          | 4.2          |
| <b>Total loan operations</b>                         | <b>198,106,815</b> | <b>84.1</b>  | <b>190,989,122</b> | <b>83.7</b>  | <b>180,047,557</b> | <b>84.6</b>  |
| Sureties and guarantees (4)                          | 34,713,667         | 14.8         | 34,667,709         | 15.2         | 30,711,721         | 14.4         |
| Credit assignment (5)                                | 377,615            | 0.2          | 374,180            | 0.2          | 422,147            | 0.2          |
| Credit assignment real estate receivable certificate | 741,769            | 0.3          | 770,177            | 0.3          | 656,812            | 0.3          |
| Advance of credit card receivables                   | 1,298,031          | 0.6          | 1,276,739          | 0.6          | 1,154,251          | 0.5          |
| <b>Overall total on March 31, 2010</b>               | <b>235,237,897</b> | <b>100.0</b> |                    |              |                    |              |
| <b>Overall total on December 31, 2009</b>            |                    |              | <b>228,077,927</b> | <b>100.0</b> |                    |              |
| <b>Overall total on March 31, 2009</b>               |                    |              |                    |              | <b>212,992,488</b> | <b>100.0</b> |

- (1) It includes loans of credit card operations and operations for advances of credit card receivables in the amount of R\$11,363,508 thousand (December 31, 2009 R\$10,848,139 thousand and March 31, 2009 R\$8,577,079 thousand);
- (2) Advances on foreign exchange contracts are classified as a deduction from Other Liabilities ;
- (3) Item Other Receivables comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and credit purchases from merchants) in the amount of R\$9,271,887 thousand (December 31, 2009 R\$9,753,006 thousand and March 31, 2009 - R\$5,926,150 thousand);
- (4) Registered in memorandum accounts;
- (5) Restated amount of the credit assignment up to March 31, 2010, net of installments received; and
- (6) Ratio between each type and the total loan portfolio including sureties and guarantee.

*Notes to the Consolidated Financial Statements***b) By type and risk level**

| Loan operations                          | Risk levels       |                   |                   |                   |                  |                  |                  |                  |                  |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|  | AA                | A                 | B                 | C                 | D                | E                | F                | G                | H                |
| Discounted trade receivables and loans   | 19,068,279        | 39,773,316        | 7,989,622         | 14,874,916        | 2,171,413        | 1,098,847        | 960,377          | 953,858          | 5,474,945        |
| Financings                               | 8,795,290         | 26,549,063        | 7,186,486         | 11,222,631        | 722,723          | 292,505          | 315,941          | 199,577          | 1,253,143        |
| Agricultural and agribusiness financings | 1,594,048         | 3,234,363         | 1,632,335         | 4,887,983         | 466,374          | 84,013           | 217,465          | 72,838           | 148,270          |
| <b>Subtotal</b>                          | <b>29,457,617</b> | <b>69,556,742</b> | <b>16,808,443</b> | <b>30,985,530</b> | <b>3,360,510</b> | <b>1,475,365</b> | <b>1,493,783</b> | <b>1,226,273</b> | <b>6,876,358</b> |
| Leasing operations                       | 140,101           | 9,165,130         | 2,967,351         | 5,902,250         | 464,345          | 276,315          | 227,118          | 184,993          | 921,745          |
| Advances on foreign exchange contracts   | 1,706,438         | 1,747,431         | 968,194           | 554,849           | 50,175           | 1,380            | 2,255            | 1,069            | 94,158           |
| <b>Subtotal</b>                          | <b>31,304,156</b> | <b>80,469,303</b> | <b>20,743,988</b> | <b>37,442,629</b> | <b>3,875,030</b> | <b>1,753,060</b> | <b>1,723,156</b> | <b>1,412,335</b> | <b>7,892,261</b> |
| Other receivables                        | 153,053           | 8,915,027         | 503,723           | 1,452,431         | 86,318           | 34,521           | 21,885           | 17,240           | 306,699          |
| <b>Overall total on March 31, 2010</b>   | <b>31,457,209</b> | <b>89,384,330</b> | <b>21,247,711</b> | <b>38,895,060</b> | <b>3,961,348</b> | <b>1,787,581</b> | <b>1,745,041</b> | <b>1,429,575</b> | <b>8,198,960</b> |
| <b>%</b>                                 | <b>15.9</b>       | <b>45.1</b>       | <b>10.7</b>       | <b>19.7</b>       | <b>2.0</b>       | <b>0.9</b>       | <b>0.9</b>       | <b>0.7</b>       | <b>4.1</b>       |
| <b>Overall total on December 31,</b>     |                   |                   |                   |                   |                  |                  |                  |                  |                  |

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|  |                   |                   |                   |                   |                  |                  |                  |                  |                  |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| <b>2009</b>  | <b>30,668,636</b> | <b>86,155,593</b> | <b>20,018,743</b> | <b>36,523,729</b> | <b>3,777,367</b> | <b>1,916,316</b> | <b>1,791,271</b> | <b>1,339,468</b> | <b>8,797,999</b> |
| <b>%</b>   | <b>16.1</b>       | <b>45.1</b>       | <b>10.5</b>       | <b>19.1</b>       | <b>2.0</b>       | <b>1.0</b>       | <b>0.9</b>       | <b>0.7</b>       | <b>4.6</b>       |
| <b>Overall<br/>total on<br/>March 31,<br/>2009</b> | <b>33,431,117</b> | <b>78,868,743</b> | <b>22,062,762</b> | <b>31,939,578</b> | <b>3,572,216</b> | <b>1,748,964</b> | <b>1,502,758</b> | <b>1,324,323</b> | <b>5,597,096</b> |
| <b>%</b>   | <b>18.6</b>       | <b>43.8</b>       | <b>12.3</b>       | <b>17.7</b>       | <b>2.0</b>       | <b>1.0</b>       | <b>0.8</b>       | <b>0.7</b>       | <b>3.1</b>       |

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*Notes to the Consolidated Financial Statements***c) Maturity ranges and risk level**

|                       | Risk levels                    |   |                  |                  |                  |                  |                  |                  |                  | %                    |              |
|-----------------------|--------------------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|--------------|
|                       | Non-performing loan operations |   |                  |                  |                  |                  |                  |                  |                  |                      |              |
|                       | AA                             | A | B                | C                | D                | E                | F                | G                | H                | Total on<br>March 31 |              |
| <b>Outstanding</b>    |                                |   |                  |                  |                  |                  |                  |                  |                  |                      |              |
| <b>installments</b>   | -                              | - | <b>1,997,023</b> | <b>2,259,960</b> | <b>1,286,572</b> | <b>806,568</b>   | <b>743,182</b>   | <b>542,610</b>   | <b>2,714,905</b> | <b>10,350,820</b>    | <b>100.0</b> |
| 1 to 30               | -                              | - | 149,399          | 201,543          | 73,821           | 46,521           | 36,842           | 32,740           | 170,414          | 711,280              | 6.9          |
| 31 to 60              | -                              | - | 118,259          | 135,498          | 59,055           | 38,056           | 31,263           | 26,311           | 144,643          | 553,085              | 5.3          |
| 61 to 90              | -                              | - | 109,444          | 125,484          | 59,325           | 38,939           | 31,707           | 26,693           | 146,994          | 538,586              | 5.2          |
| 91 to 180             | -                              | - | 250,337          | 311,481          | 151,503          | 99,731           | 82,284           | 68,942           | 373,955          | 1,338,233            | 12.9         |
| 181 to 360            | -                              | - | 393,142          | 488,028          | 242,979          | 160,394          | 132,695          | 112,032          | 585,897          | 2,115,167            | 20.4         |
| More than<br>360      | -                              | - | 976,442          | 997,926          | 699,889          | 422,927          | 428,391          | 275,892          | 1,293,002        | 5,094,469            | 49.3         |
| <b>Past due</b>       |                                |   |                  |                  |                  |                  |                  |                  |                  |                      |              |
| <b>installments</b>   | -                              | - | <b>394,898</b>   | <b>739,177</b>   | <b>622,811</b>   | <b>490,416</b>   | <b>466,904</b>   | <b>469,203</b>   | <b>3,507,928</b> | <b>6,691,337</b>     | <b>100.0</b> |
| 1 to 14               | -                              | - | 16,628           | 80,758           | 32,480           | 20,138           | 15,247           | 13,149           | 70,628           | 249,028              | 3.7          |
| 15 to 30              | -                              | - | 348,875          | 227,387          | 83,447           | 38,426           | 26,121           | 21,790           | 125,873          | 871,919              | 13.0         |
| 31 to 60              | -                              | - | 29,395           | 417,212          | 164,999          | 88,163           | 53,625           | 39,862           | 203,223          | 996,479              | 14.9         |
| 61 to 90              | -                              | - | -                | 9,988            | 310,758          | 113,895          | 73,767           | 52,635           | 277,619          | 838,662              | 12.5         |
| 91 to 180             | -                              | - | -                | 3,832            | 31,127           | 221,782          | 281,526          | 321,586          | 730,805          | 1,590,658            | 23.8         |
| 181 to 360            | -                              | - | -                | -                | -                | 8,012            | 16,618           | 20,181           | 2,026,310        | 2,071,121            | 31.0         |
| More than<br>360      | -                              | - | -                | -                | -                | -                | -                | -                | 73,470           | 73,470               | 1.1          |
| <b>Subtotal</b>       | -                              | - | <b>2,391,921</b> | <b>2,999,137</b> | <b>1,909,383</b> | <b>1,296,984</b> | <b>1,210,086</b> | <b>1,011,813</b> | <b>6,222,833</b> | <b>17,042,157</b>    | <b>100.0</b> |
| Specific<br>provision | -                              | - | 23,919           | 89,974           | 190,938          | 389,095          | 605,043          | 708,268          | 6,222,833        | 8,230,070            |              |

*Notes to the Consolidated Financial Statements*

|   | R\$ thousand               |                   |                   |                   |                  |                  |                  |                  |                  |
|---|----------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|   | Risk levels                |                   |                   |                   |                  |                  |                  |                  |                  |
|   | Performing loan operations |                   |                   |                   |                  |                  |                  |                  |                  |
|   | AA                         | A                 | B                 | C                 | D                | E                | F                | G                | H                |
| <b>Outstanding</b>                        |                            |                   |                   |                   |                  |                  |                  |                  |                  |
| <b>installments</b>                       | <b>31,457,209</b>          | <b>89,384,330</b> | <b>18,855,790</b> | <b>35,895,923</b> | <b>2,051,965</b> | <b>490,597</b>   | <b>534,955</b>   | <b>417,762</b>   | <b>1,976,127</b> |
| 1 to 30                                   | 3,219,079                  | 13,949,835        | 1,690,917         | 4,703,409         | 283,942          | 69,524           | 48,918           | 35,262           | 454,024          |
| 31 to 60                                  | 2,473,004                  | 7,842,132         | 1,189,600         | 2,765,520         | 149,383          | 30,394           | 20,918           | 15,920           | 185,598          |
| 61 to 90                                  | 2,047,396                  | 6,106,648         | 1,380,533         | 2,836,599         | 94,155           | 28,887           | 20,754           | 55,326           | 139,307          |
| 91 to 180                                 | 3,502,333                  | 12,190,972        | 2,609,139         | 4,959,226         | 190,374          | 57,226           | 49,652           | 34,384           | 224,609          |
| 181 to 360                                | 3,311,468                  | 15,345,170        | 2,935,800         | 5,921,148         | 276,260          | 77,782           | 68,699           | 45,738           | 339,144          |
| More than 360                             | 16,903,929                 | 33,949,573        | 9,049,801         | 14,710,021        | 1,057,851        | 226,784          | 326,014          | 231,132          | 633,445          |
| Generic provision                         | -                          | 446,920           | 188,558           | 1,076,877         | 205,197          | 147,179          | 267,478          | 292,433          | 1,976,127        |
| <b>Overall total on March 31, 2010.</b>   | <b>31,457,209</b>          | <b>89,384,330</b> | <b>21,247,711</b> | <b>38,895,060</b> | <b>3,961,348</b> | <b>1,787,581</b> | <b>1,745,041</b> | <b>1,429,575</b> | <b>8,198,960</b> |
| Existing provision                        | -                          | 568,508           | 226,361           | 2,373,311         | 1,045,904        | 857,719          | 1,171,629        | 1,393,415        | 8,198,960        |
| Minimum required provision                | -                          | 446,920           | 212,477           | 1,166,851         | 396,135          | 536,274          | 872,521          | 1,000,701        | 8,198,960        |
| Additional provision                      | -                          | 121,588           | 13,884            | 1,206,460         | 649,769          | 321,445          | 299,108          | 392,714          | -                |
| <b>Overall total on December 31, 2009</b> | <b>30,668,636</b>          | <b>86,155,593</b> | <b>20,018,743</b> | <b>36,523,729</b> | <b>3,777,367</b> | <b>1,916,316</b> | <b>1,791,271</b> | <b>1,339,468</b> | <b>8,797,999</b> |
| Existing provision                        | -                          | 546,212           | 211,991           | 2,333,157         | 995,662          | 923,226          | 1,202,470        | 1,302,526        | 8,797,999        |
| Minimum required                          |                            |                   |                   |                   |                  |                  |                  |                  |                  |



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|  |   |                   |                   |                   |                   |                  |                  |                  |                  |                  |
|--|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| provision                              | - | 430,778           | 200,187           | 1,095,712         | 377,736           | 574,894          | 895,635          | 937,627          | 8,797,999        |                  |
| Additional provision                   | - | 115,434           | 11,804            | 1,237,445         | 617,926           | 348,332          | 306,835          | 364,899          | -                |                  |
| <b>Overall total on March 31, 2009</b> |   | <b>33,431,117</b> | <b>78,868,743</b> | <b>22,062,762</b> | <b>31,939,578</b> | <b>3,572,216</b> | <b>1,748,964</b> | <b>1,502,758</b> | <b>1,324,323</b> | <b>5,597,096</b> |
| Existing provision                     | - | 373,068           | 221,311           | 1,312,533         | 922,781           | 837,607          | 1,005,464        | 1,154,616        | 5,597,096        |                  |
| Minimum required provision             | - | 372,380           | 218,420           | 1,104,622         | 352,146           | 519,463          | 745,293          | 825,684          | 5,597,096        |                  |
| Additional provision                   | - | 688               | 2,891             | 207,911           | 570,635           | 318,144          | 260,171          | 328,932          | -                |                  |

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*Notes to the Consolidated Financial Statements***d) Concentration of loan operations**

|                       | R\$ thousand |      |             |      |            |      |
|-----------------------|--------------|------|-------------|------|------------|------|
|                       | 2010         |      |             | 2009 |            |      |
|                       | March 31     | %    | December 31 | %    | March 31   | %    |
| Largest borrower      | 2,328,998    | 1.2  | 1,872,135   | 1.0  | 1,860,778  | 1.0  |
| 10 largest borrowers  | 12,441,160   | 6.3  | 11,633,663  | 6.1  | 12,051,535 | 6.7  |
| 20 largest borrowers  | 18,876,402   | 9.5  | 17,667,906  | 9.3  | 18,647,732 | 10.4 |
| 50 largest borrowers  | 29,905,508   | 15.1 | 29,175,990  | 15.3 | 29,602,581 | 16.4 |
| 100 largest borrowers | 37,913,430   | 19.1 | 37,046,603  | 19.4 | 38,281,131 | 21.3 |

**e) By economic activity sector**

|  | R\$ thousand       |             |                    |             |                    |             |
|--|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|  | 2010               |             |                    | 2009        |                    |             |
|  | March 31           | %           | December 31        | %           | March 31           | %           |
| <b>Public sector</b>                         | <b>1,545,836</b>   | <b>0.8</b>  | <b>1,620,709</b>   | <b>0.8</b>  | <b>1,561,592</b>   | <b>0.9</b>  |
| <b>Federal Government</b>                    | <b>1,046,540</b>   | <b>0.6</b>  | <b>1,155,865</b>   | <b>0.6</b>  | <b>1,074,703</b>   | <b>0.6</b>  |
| Petrochemical                                | 1,012,311          | 0.6         | 1,109,345          | 0.6         | 983,802            | 0.5         |
| Financial intermediaries                     | 34,229             | -           | 46,520             | -           | 90,901             | 0.1         |
| <b>State Government</b>                      | <b>499,296</b>     | <b>0.2</b>  | <b>464,844</b>     | <b>0.2</b>  | <b>486,889</b>     | <b>0.3</b>  |
| Production and distribution of electricity   | 499,296            | 0.2         | 464,844            | 0.2         | 486,889            | 0.3         |
| <b>Private sector</b>                        | <b>196,560,979</b> | <b>99.2</b> | <b>189,368,413</b> | <b>99.2</b> | <b>178,485,965</b> | <b>99.1</b> |
| <b>Manufacturing</b>                         | <b>39,351,328</b>  | <b>19.9</b> | <b>39,284,780</b>  | <b>20.6</b> | <b>40,870,909</b>  | <b>22.6</b> |
| Food products and beverages                  | 10,615,070         | 5.4         | 11,140,801         | 5.8         | 11,247,376         | 6.3         |
| Steel, metallurgy and mechanics              | 6,410,845          | 3.2         | 5,795,745          | 3.0         | 5,986,751          | 3.3         |
| Chemical                                     | 4,277,893          | 2.2         | 4,690,332          | 2.5         | 4,849,568          | 2.7         |
| Pulp and paper                               | 2,341,076          | 1.2         | 2,298,941          | 1.2         | 3,113,965          | 1.7         |
| Textiles and apparel                         | 2,122,336          | 1.1         | 2,158,949          | 1.1         | 2,104,963          | 1.2         |
| Oil refining and production of alcohol       | 2,040,310          | 1.0         | 1,907,556          | 1.0         | 2,121,500          | 1.2         |
| Rubber and plastic articles                  | 1,999,239          | 1.0         | 1,777,291          | 0.9         | 2,011,522          | 1.1         |
| Extraction of metallic and non-metallic ores | 1,778,908          | 0.9         | 1,734,326          | 0.9         | 1,918,805          | 1.1         |

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|                                       |           |     |           |     |           |     |
|---------------------------------------|-----------|-----|-----------|-----|-----------|-----|
| Light and heavy vehicles              | 1,525,742 | 0.8 | 1,451,063 | 0.8 | 1,634,239 | 0.9 |
| Furniture and wood products           | 1,326,766 | 0.7 | 1,340,587 | 0.7 | 1,226,422 | 0.7 |
| Electric and electronic products      | 1,259,123 | 0.6 | 1,317,879 | 0.7 | 809,592   | 0.4 |
| Non-metallic materials                | 1,012,428 | 0.5 | 1,229,665 | 0.7 | 1,169,111 | 0.6 |
| Automotive parts and accessories      | 844,099   | 0.4 | 846,583   | 0.5 | 1,021,545 | 0.5 |
| Leather articles                      | 458,614   | 0.2 | 514,432   | 0.3 | 586,208   | 0.3 |
| Publishing, printing and reproduction | 423,772   | 0.2 | 413,763   | 0.2 | 500,448   | 0.3 |
| Other industries                      | 915,107   | 0.5 | 666,867   | 0.3 | 568,894   | 0.3 |

*Notes to the Consolidated Financial Statements*

|   | 2010              |             | December          |             | 2009              |             | R\$ thousand |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|--------------|
|   | March 31          | %           | 31                | %           | March 31          | %           |              |
| <b>Commerce</b>   | <b>27,003,722</b> | <b>13.6</b> | <b>26,436,144</b> | <b>13.8</b> | <b>24,039,552</b> | <b>13.4</b> |              |
| Merchandise in specialty stores                                     | 7,052,297         | 3.6         | 6,752,181         | 3.5         | 6,215,150         | 3.4         |              |
| Food products, beverages and tobacco                                | 3,371,904         | 1.7         | 3,600,675         | 1.9         | 3,232,242         | 1.8         |              |
| Non-specialized retailer  | 2,460,351         | 1.2         | 2,236,477         | 1.2         | 1,895,268         | 1.1         |              |
| Automobile  | 2,378,704         | 1.2         | 2,556,112         | 1.3         | 1,882,449         | 1.0         |              |
| Motor vehicle repairs, parts and accessories                        | 1,949,643         | 1.0         | 1,902,265         | 1.0         | 1,813,064         | 1.0         |              |
| Clothing and footwear   | 1,854,531         | 0.9         | 1,714,029         | 0.9         | 1,381,556         | 0.8         |              |
| Grooming and household articles                                     | 1,673,090         | 0.8         | 1,606,086         | 0.8         | 1,512,416         | 0.8         |              |
| Waste and scrap   | 1,322,063         | 0.7         | 1,254,257         | 0.7         | 1,212,440         | 0.7         |              |
| Fuel  | 1,221,297         | 0.6         | 1,146,730         | 0.6         | 1,052,022         | 0.6         |              |
| Trade intermediary  | 1,061,298         | 0.5         | 1,053,773         | 0.6         | 1,081,208         | 0.6         |              |
| Wholesale of goods in general                                       | 958,315           | 0.5         | 984,878           | 0.5         | 1,107,112         | 0.6         |              |
| Agricultural products   | 791,080           | 0.4         | 786,522           | 0.4         | 841,176           | 0.5         |              |
| Other commerce  | 909,149           | 0.5         | 842,159           | 0.4         | 813,449           | 0.5         |              |
| <b>Financial intermediaries</b>                                     | <b>787,821</b>    | <b>0.4</b>  | <b>821,104</b>    | <b>0.4</b>  | <b>1,104,545</b>  | <b>0.6</b>  |              |
| <b>Services</b>   | <b>42,103,883</b> | <b>21.2</b> | <b>39,250,247</b> | <b>20.6</b> | <b>37,267,979</b> | <b>20.7</b> |              |
| Transportation and storage  | 10,046,446        | 5.0         | 9,394,322         | 4.9         | 9,368,286         | 5.2         |              |
| Real estate activities, rentals and corporate services              | 8,480,308         | 4.3         | 7,939,730         | 4.2         | 7,602,550         | 4.2         |              |
| Civil construction  | 8,298,177         | 4.2         | 7,529,345         | 3.9         | 6,369,104         | 3.6         |              |
| Production and distribution of electric power, gas and water        | 4,839,323         | 2.5         | 4,735,394         | 2.5         | 3,506,519         | 1.9         |              |
| Holding companies, legal, accounting and business advisory services | 2,294,610         | 1.2         | 1,881,796         | 1.0         | 3,268,330         | 1.8         |              |
| Social services, education, health, defense and social security     | 1,600,175         | 0.8         | 1,551,795         | 0.8         | 1,495,434         | 0.8         |              |
| Hotels and catering   | 1,484,747         | 0.7         | 1,409,004         | 0.8         | 1,367,545         | 0.8         |              |
| Clubs, leisure, cultural and sport activities                       | 1,116,442         | 0.6         | 983,911           | 0.5         | 937,536           | 0.5         |              |

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|   |                    |              |                    |              |                    |              |
|---|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| Telecommunications  | 586,797            | 0.3          | 597,467            | 0.3          | 525,196            | 0.3          |
| Other services  | 3,356,858          | 1.6          | 3,227,483          | 1.7          | 2,827,479          | 1.6          |
| <b>Agriculture, cattle raising, fishing,<br/>forestry and<br/>timber industry</b> | <b>2,584,978</b>   | <b>1.3</b>   | <b>2,654,315</b>   | <b>1.4</b>   | <b>2,696,509</b>   | <b>1.5</b>   |
| <b>Individuals</b>  | <b>84,729,247</b>  | <b>42.8</b>  | <b>80,921,823</b>  | <b>42.4</b>  | <b>72,506,471</b>  | <b>40.3</b>  |
| <b>Total</b>  | <b>198,106,815</b> | <b>100.0</b> | <b>190,989,122</b> | <b>100.0</b> | <b>180,047,557</b> | <b>100.0</b> |

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*Notes to the Consolidated Financial Statements***f) Breakdown of loan operations and allowance for loan losses**

| Risk level                                |                      |                   |                            |                    |                    |              | R\$ thousand |       |       |                 |
|---|----------------------|-------------------|----------------------------|--------------------|--------------------|--------------|--------------|-------|-------|-----------------|
|   | Portfolio balance    |                   |                            |                    |                    |              | %            | 2010  |       | 2009            |
|   | Non-performing loans |                   |                            | Performing loans   | Total              | %            |              | %     | %     |                 |
|   | Past due             | Outstanding       | Total non-performing loans |                    |                    |              | March 31 YTD |       |       | December 31 YTD |
| AA  | -                    | -                 | -                          | 31,457,209         | 31,457,209         | 15.9         | 15.9         | 16.1  | 19.1  |                 |
| A   | -                    | -                 | -                          | 89,384,330         | 89,384,330         | 45.1         | 61.0         | 61.2  | 61.9  |                 |
| B   | 394,898              | 1,997,023         | 2,391,921                  | 18,855,790         | 21,247,711         | 10.7         | 71.7         | 71.7  | 74.4  |                 |
| C   | 739,177              | 2,259,960         | 2,999,137                  | 35,895,923         | 38,895,060         | 19.7         | 91.4         | 90.8  | 92.2  |                 |
| <b>Subtotal</b>                           | <b>1,134,075</b>     | <b>4,256,983</b>  | <b>5,391,058</b>           | <b>175,593,252</b> | <b>180,984,310</b> | <b>91.4</b>  |              |       |       |                 |
| D   | 622,811              | 1,286,572         | 1,909,383                  | 2,051,965          | 3,961,348          | 2.0          | 93.4         | 92.8  | 94.2  |                 |
| E   | 490,416              | 806,568           | 1,296,984                  | 490,597            | 1,787,581          | 0.9          | 94.3         | 93.8  | 95.2  |                 |
| F   | 466,904              | 743,182           | 1,210,086                  | 534,955            | 1,745,041          | 0.9          | 95.2         | 94.7  | 96.1  |                 |
| G   | 469,203              | 542,610           | 1,011,813                  | 417,762            | 1,429,575          | 0.7          | 95.9         | 95.4  | 96.9  |                 |
| H   | 3,507,928            | 2,714,905         | 6,222,833                  | 1,976,127          | 8,198,960          | 4.1          | 100.0        | 100.0 | 100.0 |                 |
| <b>Subtotal</b>                           | <b>5,557,262</b>     | <b>6,093,837</b>  | <b>11,651,099</b>          | <b>5,471,406</b>   | <b>17,122,505</b>  | <b>8.6</b>   |              |       |       |                 |
| <b>Overall total on March 31, 2010</b>    | <b>6,691,337</b>     | <b>10,350,820</b> | <b>17,042,157</b>          | <b>181,064,658</b> | <b>198,106,815</b> | <b>100.0</b> |              |       |       |                 |
| <b>%</b>                                  | <b>3.4</b>           | <b>5.2</b>        | <b>8.6</b>                 | <b>91.4</b>        | <b>100.0</b>       |              |              |       |       |                 |
| <b>Overall total on December 31, 2009</b> | <b>6,858,572</b>     | <b>10,159,930</b> | <b>17,018,502</b>          | <b>173,970,620</b> | <b>190,989,122</b> |              |              |       |       |                 |
| <b>%</b>                                  | <b>3.6</b>           | <b>5.3</b>        | <b>8.9</b>                 | <b>91.1</b>        | <b>100.0</b>       |              |              |       |       |                 |
| <b>Overall total on March 31, 2009</b>    | <b>6,189,391</b>     | <b>10,212,162</b> | <b>16,401,553</b>          | <b>163,646,004</b> | <b>180,047,557</b> |              |              |       |       |                 |
| <b>%</b>                                  | <b>3.4</b>           | <b>5.7</b>        | <b>9.1</b>                 | <b>90.9</b>        | <b>100.0</b>       |              |              |       |       |                 |

## Notes to the Consolidated Financial Statements

| Risk level                                | % Minimum required provision | Past due         | Minimum required     |                  |                  | Allowance         |                  | Existing          | 2010 % March 31 YTD (1) | 2009 % December 31 YTD (1) |
|---|------------------------------|------------------|----------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------------|----------------------------|
|   |                              |                  | Specific Outstanding | Total specific   | Generic          | Total             | Additional       |                   |                         |                            |
| AA  | -                            | -                | -                    | -                | -                | -                 | -                | -                 | -                       | -                          |
| A   | 0.5                          | -                | -                    | -                | 446,920          | 446,920           | 121,588          | 568,508           | 0.6                     | -                          |
| B   | 1.0                          | 3,949            | 19,970               | 23,919           | 188,558          | 212,477           | 13,884           | 226,361           | 1.1                     | -                          |
| C   | 3.0                          | 22,175           | 67,799               | 89,974           | 1,076,877        | 1,166,851         | 1,206,460        | 2,373,311         | 6.1                     | -                          |
| <b>Subtotal</b>                           |                              | <b>26,124</b>    | <b>87,769</b>        | <b>113,893</b>   | <b>1,712,355</b> | <b>1,826,248</b>  | <b>1,341,932</b> | <b>3,168,180</b>  | <b>1.8</b>              | -                          |
| D   | 10.0                         | 62,281           | 128,657              | 190,938          | 205,197          | 396,135           | 649,769          | 1,045,904         | 26.4                    | -                          |
| E   | 30.0                         | 147,125          | 241,970              | 389,095          | 147,179          | 536,274           | 321,445          | 857,719           | 48.0                    | -                          |
| F   | 50.0                         | 233,452          | 371,591              | 605,043          | 267,478          | 872,521           | 299,108          | 1,171,629         | 67.1                    | -                          |
| G   | 70.0                         | 328,442          | 379,826              | 708,268          | 292,433          | 1,000,701         | 392,714          | 1,393,415         | 97.5                    | -                          |
| H   | 100.0                        | 3,507,928        | 2,714,905            | 6,222,833        | 1,976,127        | 8,198,960         | -                | 8,198,960         | 100.0                   | -                          |
| <b>Subtotal</b>                           |                              | <b>4,279,228</b> | <b>3,836,949</b>     | <b>8,116,177</b> | <b>2,888,414</b> | <b>11,004,591</b> | <b>1,663,036</b> | <b>12,667,627</b> | <b>74.0</b>             | -                          |
| <b>Overall total on March 31, 2010</b>    |                              | <b>4,305,352</b> | <b>3,924,718</b>     | <b>8,230,070</b> | <b>4,600,769</b> | <b>12,830,839</b> | <b>3,004,968</b> | <b>15,835,807</b> | <b>8.0</b>              | -                          |
| <b>%</b>                                  |                              | <b>27.2</b>      | <b>24.8</b>          | <b>52.0</b>      | <b>29.0</b>      | <b>81.0</b>       | <b>19.0</b>      | <b>100.0</b>      |                         | -                          |
| <b>Overall total on December 31, 2009</b> |                              | <b>4,741,443</b> | <b>4,144,704</b>     | <b>8,886,147</b> | <b>4,424,421</b> | <b>13,310,568</b> | <b>3,002,675</b> | <b>16,313,243</b> |                         | -                          |
| <b>%</b>                                  |                              | <b>29.1</b>      | <b>25.4</b>          | <b>54.5</b>      | <b>27.1</b>      | <b>81.6</b>       | <b>18.4</b>      | <b>100.0</b>      |                         | -                          |
| <b>Overall total on March 31, 2009</b>    |                              | <b>3,654,478</b> | <b>3,139,908</b>     | <b>6,794,386</b> | <b>2,940,718</b> | <b>9,735,104</b>  | <b>1,689,372</b> | <b>11,424,476</b> |                         | -                          |
| <b>%</b>                                  |                              | <b>32.0</b>      | <b>27.5</b>          | <b>59.5</b>      | <b>25.7</b>      | <b>85.2</b>       | <b>14.8</b>      | <b>100.0</b>      |                         | -                          |

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





*Notes to the Consolidated Financial Statements***g) Breakdown of allowance for loan losses**

|  | R\$ thousand            |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | 2010                    |                         | 2009                    |
|  | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| <b>Opening balance</b>                           | <b>16,313,243</b>       | <b>14,952,605</b>       | <b>10,262,601</b>       |
| - Specific provision (1)                         | 8,886,147               | 8,422,312               | 5,928,371               |
| - Generic provision (2)                          | 4,424,421               | 3,539,466               | 2,713,660               |
| - Additional provision (3)                       | 3,002,675               | 2,990,827               | 1,620,570               |
| <b>Additions</b>                                 | <b>2,159,287</b>        | <b>2,730,033</b>        | <b>2,919,604</b>        |
| <b>Reductions</b>                                | <b>(2,636,723)</b>      | <b>(2,399,580)</b>      | <b>(1,757,729)</b>      |
| <b>Balance from the acquired institution (4)</b> | <b>-</b>                | <b>1,030,185</b>        | <b>-</b>                |
| <b>Closing balance</b>                           | <b>15,835,807</b>       | <b>16,313,243</b>       | <b>11,424,476</b>       |
| - Specific provision (1)                         | 8,230,070               | 8,886,147               | 6,794,386               |
| - Generic provision (2)                          | 4,600,769               | 4,424,421               | 2,940,718               |
| - Additional provision (3)                       | 3,004,968               | 3,002,675               | 1,689,372               |

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

**h) Recovery**

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

|   | R\$ thousand            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2010                    |                         | 2009                    |
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| Amount recorded                         | 2,159,287               | 2,730,033               | 2,919,604               |
| Amount recovered (1)                    | (508,119)               | (616,201)               | (311,707)               |
| <b>Expense net of amounts recovered</b> | <b>1,651,168</b>        | <b>2,113,832</b>        | <b>2,607,897</b>        |

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

**i) Changes in renegotiated portfolio**

|                           | R\$ thousand                  |                               |                               |
|---------------------------|-------------------------------|-------------------------------|-------------------------------|
|                           | <b>2010</b>                   | <b>2009</b>                   |                               |
|                           | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| <b>Opening balance</b>    | <b>5,546,177</b>              | <b>4,916,023</b>              | <b>3,089,034</b>              |
| Amount renegotiated       | 1,132,877                     | 1,286,826                     | 925,250                       |
| Amount received           | (485,500)                     | (167,413)                     | (267,651)                     |
| Reductions                | (352,928)                     | (489,259)                     | (246,066)                     |
| <b>Closing balance</b>    | <b>5,840,626</b>              | <b>5,546,177</b>              | <b>3,500,567</b>              |
| Allowance for loan losses | 3,665,188                     | 3,420,258                     | 2,146,673                     |
| Percentage on portfolio   | 62.8%                         | 61.7%                         | 61.3%                         |

*Notes to the Consolidated Financial Statements***j) Income on loan and leasing operations**

|   | R\$ thousand                    |                                 |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|
|   | 2010<br>1 <sup>st</sup> quarter | 2009<br>4 <sup>th</sup> quarter | 2009<br>1 <sup>st</sup> quarter |
| Discounted trade receivables and loans  | 5,781,000                       | 5,419,643                       | 5,314,287                       |
| Financings                              | 1,899,641                       | 1,878,953                       | 2,025,716                       |
| Agribusiness and agribusiness loans     | 270,791                         | 225,960                         | 196,387                         |
| <b>Subtotal</b>                         | <b>7,951,432</b>                | <b>7,524,556</b>                | <b>7,536,390</b>                |
| Recovery of credits charged-off as loss | 508,119                         | 616,201                         | 311,707                         |
| <b>Subtotal</b>                         | <b>8,459,551</b>                | <b>8,140,757</b>                | <b>7,848,097</b>                |
| Leasing net of expenses                 | 640,112                         | 758,553                         | 887,061                         |
| <b>Total</b>                            | <b>9,099,663</b>                | <b>8,899,310</b>                | <b>8,735,158</b>                |

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

|   | R\$ thousand     |                     |                   |
|---|------------------|---------------------|-------------------|
|   | 2010<br>March 31 | 2009<br>December 31 | 2009<br>March 31  |
| <b>Assets other receivables</b>                                       |                  |                     |                   |
| Exchange purchases pending settlement                                 | 7,921,683        | 6,369,274           | 20,236,026        |
| Foreign exchange acceptances and term documents in foreign currencies | 2,121            | 374                 | 149               |
| Exchange sale receivables   | 2,467,032        | 2,669,759           | 13,273,100        |
| (-) Advances in local currency received                               | (528,962)        | (241,384)           | (377,112)         |
| Income receivable on advances granted                                 | 91,355           | 171,229             | 253,198           |
| <b>Total</b>  | <b>9,953,229</b> | <b>8,969,252</b>    | <b>33,385,361</b> |
| <b>Liabilities other liabilities</b>                                  |                  |                     |                   |
| Exchange sales pending settlement                                     | 2,450,726        | 2,665,162           | 13,097,375        |
| Exchange purchase payables  | 8,121,115        | 6,850,570           | 19,477,345        |
| (-) Advances on foreign exchange contracts                            | (5,125,949)      | (5,602,946)         | (10,220,211)      |

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|                                       |                  |                  |                   |
|---------------------------------------|------------------|------------------|-------------------|
| Other                                 | 6,465            | 5,248            | 12,503            |
| <b>Total</b>                          | <b>5,452,357</b> | <b>3,918,034</b> | <b>22,367,012</b> |
| <b>Net foreign exchange portfolio</b> | <b>4,500,872</b> | <b>5,051,218</b> | <b>11,018,349</b> |
| <b>Memorandum accounts</b>            |                  |                  |                   |
| Loans available for imports           | 1,315,406        | 1,385,155        | 1,329,461         |
| Confirmed exports loans               | 71,684           | 74,938           | 104,132           |

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*Notes to the Consolidated Financial Statements***Foreign exchange results****Breakdown of foreign exchange transactions result adjusted to facilitate presentation**

|  | R\$ thousand            |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | 2010                    | 2009                    |                         |
|  | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| <b>Foreign exchange operations result</b>                        | <b>130,877</b>          | <b>134,943</b>          | <b>308,745</b>          |
| <b>Adjustments:</b>  |                         |                         |                         |
| - Income on foreign currency financing (1)                       | 19,419                  | 3,662                   | 9,112                   |
| - Income on export financing (1)                                 | 82,464                  | 79,510                  | 124,696                 |
| - Income on foreign investments (2)                              | 46,518                  | 496                     | 85,995                  |
| - Expenses of liabilities with foreign bankers (3)<br>(Note 17c) | (158,341)               | (16,493)                | (108,426)               |
| - Funding expenses (4)   | (57,034)                | (61,574)                | (113,868)               |
| - Other  | 45,439                  | (7,776)                 | (89,604)                |
| <b>Total adjustments</b>   | <b>(21,535)</b>         | <b>(2,175)</b>          | <b>(92,095)</b>         |
| <b>Adjusted foreign exchange operations result</b>               | <b>109,342</b>          | <b>132,768</b>          | <b>216,650</b>          |

(1) Classified in item Income from loan operations ;

(2) Demonstrated in item Income on securities transactions ;

(3) Relates to funds for financing advances on foreign exchange contracts and import financing, classified in item Expenses of borrowing and onlending ; and

(4) Refers to funding expenses of resources applied on foreign exchange transactions.

**b) Sundry**

|                                  | R\$ thousand |             |            |
|----------------------------------|--------------|-------------|------------|
|                                  | 2010         | 2009        |            |
|                                  | March 31     | December 31 | March 31   |
| Tax credits (Note 34c)           | 16,557,045   | 15,692,042  | 14,748,010 |
| Credit card operations           | 10,569,918   | 11,029,745  | 7,080,401  |
| Borrowers by escrow deposits     | 6,609,519    | 5,846,298   | 6,658,648  |
| Prepaid taxes                    | 2,072,017    | 2,292,796   | 1,825,495  |
| Sundry borrowers                 | 1,675,178    | 1,774,571   | 2,243,669  |
| Trade and credit receivables (1) | 2,524,335    | 3,131,826   | 3,034,971  |

Advances to *Fundo Garantidor de Crédito*

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|                                 |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|
| (Deposit Guarantee Fund FGC)    | 669,757           | 715,422           | 852,418           |
| Payments to be reimbursed       | 505,281           | 458,128           | 492,822           |
| Receivables from sale of assets | 67,691            | 72,703            | 95,085            |
| Other                           | 194,891           | 234,868           | 168,518           |
| <b>Total</b>                    | <b>41,445,632</b> | <b>41,248,399</b> | <b>37,200,037</b> |

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

*Notes to the Consolidated Financial Statements***12) OTHER ASSETS****a) Foreclosed assets/others**

|                                     | R\$ thousand   |                            |                |                |                  |
|-------------------------------------|----------------|----------------------------|----------------|----------------|------------------|
|                                     | Cost           | Provision<br>for<br>losses | 2010           | Residual value |                  |
|                                     |                |                            | March 31       | December<br>31 | 2009<br>March 31 |
| Real estate                         | 178,526        | (34,896)                   | 143,630        | 126,458        | 122,901          |
| Goods subject to special conditions | 58,970         | (58,970)                   | -              | -              | -                |
| Vehicles and similar                | 489,428        | (148,496)                  | 340,932        | 323,174        | 256,096          |
| Inventories/warehouse               | 27,696         | -                          | 27,696         | 21,829         | 16,620           |
| Machinery and equipment             | 12,863         | (7,020)                    | 5,843          | 5,228          | 4,069            |
| Others                              | 8,091          | (6,969)                    | 1,122          | 1,037          | 1,013            |
| <b>Total on March 31, 2010</b>      | <b>775,574</b> | <b>(256,351)</b>           | <b>519,223</b> |                |                  |
| <b>Total on December 31, 2009</b>   | <b>730,326</b> | <b>(252,600)</b>           |                | <b>477,726</b> |                  |
| <b>Total on March 31, 2009</b>      | <b>637,819</b> | <b>(237,120)</b>           |                |                | <b>400,699</b>   |

**b) Prepaid expenses**

|  | R\$ thousand     |                  |                  |
|--|------------------|------------------|------------------|
|  | 2010             | 2009             |                  |
|  | March 31         | December 31      | March 31         |
| Commission on the placement of financing (1) | 755,959          | 811,301          | 950,919          |
| Insurance selling expenses (2)               | 401,743          | 383,420          | 294,392          |
| Advertising and publicity expenses (3)       | 68,636           | 79,375           | 104,515          |
| Other  | 182,248          | 164,922          | 74,065           |
| <b>Total</b>                                 | <b>1,408,586</b> | <b>1,439,018</b> | <b>1,423,891</b> |

(1) Commissions paid to merchants and car dealers. As of 2Q08, commission on the placement of financings are included in the respective financing/leasing operations balance;

(2) Commissions paid to brokers for the sale of insurance, private pension plans and savings bonds products; and

(3) Prepaid expenses for future advertising and marketing.





*Notes to the Consolidated Financial Statements***13) INVESTMENTS****a) Changes in investments in the consolidated financial statements**

| Affiliates                          | R\$ thousand     |                     |                  |
|-------------------------------------|------------------|---------------------|------------------|
|                                     | 2010<br>March 31 | 2009<br>December 31 | 2009<br>March 31 |
| - IRB-Brasil Resseguros S.A.        | 427,214          | 445,171             | 408,733          |
| - Integritas Participações S.A.     | 419,564          | 410,618             | 343,076          |
| - Serasa S.A.                       | 86,434           | 84,651              | 79,451           |
| - BES Investimento do Brasil S.A.   | 84,931           | 85,663              | 52,785           |
| - Other                             | 186              | 177                 | 312              |
| <b>Total in affiliates</b>          | <b>1,018,329</b> | <b>1,026,280</b>    | <b>884,357</b>   |
| - Tax incentives                    | 260,448          | 262,056             | 327,773          |
| - Other investments                 | 538,921          | 543,292             | 538,412          |
| Provision for:                      |                  |                     |                  |
| - Tax incentives                    | (231,074)        | (232,881)           | (294,307)        |
| - Other investments                 | (49,937)         | (49,930)            | (55,889)         |
| <b>Overall total of investments</b> | <b>1,536,687</b> | <b>1,548,817</b>    | <b>1,400,346</b> |

*Notes to the Consolidated Financial Statements*

b) The adjustments resulting from the equity accounting for investments were recorded in income accounts, under Equity in the Earnings (losses) of Unconsolidated Companies and correspond to R\$28,755 thousand in the first quarter of 2010 (R\$142,011 thousand in the fourth quarter of 2009 and in the first quarter of 2009 - R\$5,567 thousand) .

| Companies   | Capital stock | Adjusted shareholders equity | Number of shares/quotas held (thousands) |           | Consolidated ownership on capital stock | Adjusted net income (loss) | Equity Accounting Adjustments (1) |                         |                         |
|---|---------------|------------------------------|--|-----------|---|----------------------------|-----------------------------------|-------------------------|-------------------------|
|   |               |                              | Common                                   | Preferred |   |                            | 2010                              | 2009                    |                         |
|   |               |                              |  |           |   |                            | 1 <sup>st</sup> quarter           | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| IRB-Brasil Resseguros S.A. (2)                            | 1,030,000     | 2,011,365                    | -  | 212       | 21.24%                                  | 47,114                     | 10,007                            | 55,318                  | (1,028)                 |
| BES Investimento do Brasil S.A. Banco de Investimento (2) | 300,000       | 424,655                      | 10,524                                   | 10,524    | 20.00%                                  | 13,600                     | 2,720                             | 3,566                   | 3,736                   |
| Serasa S.A.   | 145,000       | 1,046,416                    | 909                                      | -         | 8.26%                                   | 85,738                     | 7,082                             | 2,577                   | 2,383                   |
| Integritas Participações S.A. (2)                         | 98,779        | 640,536                      | 22,581                                   | -         | 20.54%                                  | 43,554                     | 8,946                             | 80,550                  | 476                     |
| <b>Equity in the earnings of unconsolidated companies</b> |               |                              |  |           |   |                            | <b>28,755</b>                     | <b>142,011</b>          | <b>5,567</b>            |

(1) Equity adjustments comprise participation in the results recorded by the companies as from their acquisition and include equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting practices, when applicable;J

(2) Data related to February 28, 2010 unaudited.

*Notes to the Consolidated Financial Statements***14) PREMISES AND EQUIPMENT AND LEASED ASSETS**

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

|  | Annual rate | Cost             | Depreciation       | 2010<br>March 31 | R\$ thousand        |                  |
|--|-------------|------------------|--------------------|------------------|---------------------|------------------|
|  |             |                  |                    |                  | Residual value      |                  |
|  |             |                  |                    |                  | 2009<br>December 31 | 2009<br>March 31 |
| Premises and equipment:                    |             |                  |                    |                  |                     |                  |
| - Buildings                                | 4%          | 676,695          | (377,855)          | 298,840          | 306,342             | 324,428          |
| - Land                                     | -           | 346,214          | -                  | 346,214          | 346,231             | 350,476          |
| Facilities, furniture and equipment in use | 10%         | 3,176,844        | (1,742,394)        | 1,434,450        | 1,434,205           | 1,369,355        |
| Security and communication systems         | 10%         | 191,412          | (116,367)          | 75,045           | 74,881              | 70,206           |
| Data processing systems                    | 20 a 50%    | 1,442,346        | (963,181)          | 479,165          | 481,289             | 434,043          |
| Transportation systems                     | 20%         | 34,860           | (20,413)           | 14,447           | 13,235              | 15,116           |
| Financing lease of data processing systems | 20 a 50%    | 2,070,728        | (1,482,956)        | 587,772          | 750,125             | 711,649          |
| <b>Subtotal</b>                            |             | <b>7,939,099</b> | <b>(4,703,166)</b> | <b>3,235,933</b> | <b>3,406,308</b>    | <b>3,275,273</b> |
| Leased assets                              |             | 20,972           | (12,638)           | 8,334            | 11,646              | 10,854           |
| <b>Total on March 31 , 2010</b>            |             | <b>7,960,071</b> | <b>(4,715,804)</b> | <b>3,244,267</b> |                     |                  |
| <b>Total on December 31 , 2009</b>         |             | <b>8,052,800</b> | <b>(4,634,846)</b> |                  | <b>3,417,954</b>    |                  |
| <b>Total on March 31, 2009</b>             |             | <b>7,687,711</b> | <b>(4,401,584)</b> |                  |                     | <b>3,286,127</b> |

*Notes to the Consolidated Financial Statements*

Bradesco Organization's premises and equipment present an unrecorded surplus value of R\$1,886,949 thousand (December 31, 2009 - R\$1,876,842 thousand and March 31, 2009 - R\$1,611,334 thousand) based on appraisal reports prepared by independent experts in 2010, 2009 and 2008.

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

The fixed assets to reference shareholders' equity ratio in the economic-financial consolidated is 19.85% (December 31, 2009 - 18.63% and March 31, 2009 - 14.12%), and in the financial consolidated is 45.06% (December 31, 2009 - 45.68% and March 31, 2009 - 48.93%), whereas the maximum limit is 50%.

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

**15) INTANGIBLE ASSETS**

**a) Goodwill**

Goodwill from investment acquisitions amounted to R\$2,458,426 thousand, of which R\$491,112 thousand represents the difference between book value and market value of shares recorded in Permanent Assets - Investments (BM&FBovespa and Integritas/Fleury shares), to be amortized upon their realization and R\$1,967,314 thousand representing future profitability/client portfolio, which will be amortized over twenty years.

In the first quarter of 2010, goodwill amortization totaled R\$58,873 thousand (in the fourth quarter of 2009 - R\$33,471 thousand and in the first quarter of 2009 - R\$24,577 thousand).

*Notes to the Consolidated Financial Statements***b) Intangible assets**

Acquired intangible assets comprise:

|   | Amortization rate (1) | Cost             | Amortization       | R\$ thousand     |                     |                  |
|---|-----------------------|------------------|--------------------|------------------|---------------------|------------------|
|   |                       |                  |                    | Residual value   |                     | March 31         |
|   |                       |                  |                    | 2010<br>March 31 | 2009<br>December 31 |                  |
| Acquisition of banking services rights    | Contract (4)          | 2,836,188        | (1,332,132)        | 1,504,056        | 1,603,773           | 1,535,908        |
| Software (2)                              | 20% to 50%            | 3,651,678        | (1,981,964)        | 1,669,714        | 1,598,877           | 1,186,331        |
| Future profitability/client portfolio (3) | 5% to 20%             | 2,134,342        | (200,809)          | 1,933,533        | 1,992,406           | 470,319          |
| Other                                     | 20%                   | 52,557           | (24,291)           | 28,266           | 32,970              | 138,060          |
| <b>Total on March 31, 2010</b>            |                       | <b>8,674,765</b> | <b>(3,539,196)</b> | <b>5,135,569</b> |                     |                  |
| <b>Total on December 31, 2009</b>         |                       | <b>8,491,567</b> | <b>(3,263,541)</b> |                  | <b>5,228,026</b>    |                  |
| <b>Total on March 31, 2009</b>            |                       | <b>6,061,496</b> | <b>(2,730,878)</b> |                  |                     | <b>3,330,618</b> |

- (1) Intangible assets are amortized over the estimated period of economic benefit and charged to other administrative expenses and other operating expenses;
- (2) Software acquired and/or developed by specialized companies;
- (3) Mainly composed by goodwill on the acquisition of shareholders' interest of Banco Ibi - R\$1,048,575 thousand, Odontoprev - R\$364,018 thousand, Ágora Corretora - R\$335,891 thousand and in Europ Assistance Serviços de Assistência Personalizados - R\$27,998 thousand, net of accrued amortization; and
- (4) Based on each pay-back agreement.

Expenses with research and development of systems corresponded to R\$35,693 thousand in the quarter (in the fourth quarter of 2009 - R\$24,894 thousand and in the first quarter of 2009 - R\$17,391 thousand) .

*Notes to the Consolidated Financial Statements***c) Change in intangible assets by type**

|                                     | R\$ thousand                                   |                  |   |               |                  |
|-------------------------------------|--|------------------|---|---------------|------------------|
|                                     | Acquisition<br>of banking<br>service<br>rights | Software         | Future<br>profitability/<br>client<br>portfolio | Other         | Total            |
| <b>Balance on December 31, 2009</b> | <b>1,603,773</b>                               | <b>1,598,877</b> | <b>1,992,406</b>                                | <b>32,970</b> | <b>5,228,026</b> |
| Additions /Write-offs               | 43,292   | 129,613          | -   | 8,404         | 181,309          |
| Amortization for the period         | (143,009)                                      | (58,776)         | (58,873)  | (13,108)      | (273,766)        |
| <b>Balance on March 31, 2010</b>    | <b>1,504,056</b>                               | <b>1,669,714</b> | <b>1,933,533</b>                                | <b>28,266</b> | <b>5,135,569</b> |

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

|   |                   |                   |                    |                       |                    | R\$ thousand       |                    |
|---|-------------------|-------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|
|   | 2010              |                   |                    |                       |                    | 2009               |                    |
|   | 1 to 30<br>days   | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | March 31           | December<br>31     | March 31           |
| Demand deposits (1)                           | 31,590,287        | -                 | -                  | -                     | 31,590,287         | 34,627,064         | 24,999,970         |
| Savings deposits (1)                          | 45,194,691        | -                 | -                  | -                     | 45,194,691         | 44,162,309         | 37,391,607         |
| Interbank deposits                            | 119,741           | 157,549           | 51,928             | 36,540                | 365,758            | 752,059            | 406,164            |
| Time deposits (2)                             | 5,421,309         | 10,983,998        | 9,344,241          | 66,827,137            | 92,576,685         | 90,495,976         | 105,423,543        |
| Other investment<br>deposits                  | 994,252           | -                 | -                  | -                     | 994,252            | 1,035,676          | 881,850            |
| <b>Overall total on<br/>March 31, 2010</b>    | <b>83,320,280</b> | <b>11,141,547</b> | <b>9,396,169</b>   | <b>66,863,677</b>     | <b>170,721,673</b> |                    |                    |
| <b>%</b>                                      | <b>48.8</b>       | <b>6.5</b>        | <b>5.5</b>         | <b>39.2</b>           | <b>100.0</b>       |                    |                    |
| <b>Overall total on<br/>December 31, 2009</b> | <b>83,561,376</b> | <b>9,372,739</b>  | <b>11,547,447</b>  | <b>66,591,522</b>     |                    | <b>171,073,084</b> |                    |
| <b>%</b>                                      | <b>48.8</b>       | <b>5.5</b>        | <b>6.8</b>         | <b>38.9</b>           |                    | <b>100.0</b>       |                    |
| <b>Overall total on<br/>March 31, 2009</b>    | <b>69,993,927</b> | <b>12,428,981</b> | <b>7,416,963</b>   | <b>79,263,263</b>     |                    |                    | <b>169,103,134</b> |
| <b>%</b>                                      | <b>41.4</b>       | <b>7.3</b>        | <b>4.4</b>         | <b>46.9</b>           |                    |                    | <b>100.0</b>       |

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

(2) Considers the maturities established in investments.

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*Notes to the Consolidated Financial Statements***b) Federal funds purchased and securities sold under agreements to repurchase**

|   | 2010              |                  |                  |                    | R\$ thousand<br>2009 |                    |                   |
|---|-------------------|------------------|------------------|--------------------|----------------------|--------------------|-------------------|
|   | 1 to 30 days      | 31 to 180 days   | 181 to 360 days  | More than 360 days | March 31             | December 31        | March 31          |
| <b>Own portfolio</b>                          | <b>17,251,759</b> | <b>6,000,660</b> | <b>7,330,206</b> | <b>29,911,020</b>  | <b>60,493,645</b>    | <b>44,257,954</b>  | <b>32,613,923</b> |
| Government securities                         | 16,701,858        | 139,640          | 1,909,470        | 95,923             | 18,846,891           | 6,860,640          | 953,828           |
| Debentures of own issuance                    | 527,199           | 5,046,555        | 5,420,736        | 29,795,303         | 40,789,793           | 36,961,717         | 31,650,765        |
| Foreign                                       | 22,702            | 814,465          | -                | 19,794             | 856,961              | 435,597            | 9,330             |
| <b>Third-party portfolio (1)</b>              | <b>66,823,881</b> | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>66,823,881</b>    | <b>68,417,064</b>  | <b>55,702,256</b> |
| <b>Unrestricted portfolio (1)</b>             | <b>231,925</b>    | <b>603,994</b>   | <b>18,530</b>    | <b>-</b>           | <b>854,449</b>       | <b>598,028</b>     | <b>3,343,022</b>  |
| <b>Overall total on March 31, 2010 (2)</b>    | <b>84,307,565</b> | <b>6,604,654</b> | <b>7,348,736</b> | <b>29,911,020</b>  | <b>128,171,975</b>   |                    |                   |
| <b>%</b>                                      | <b>65.8</b>       | <b>5.2</b>       | <b>5.7</b>       | <b>23.3</b>        | <b>100.0</b>         |                    |                   |
| <b>Overall total on December 31, 2009 (2)</b> | <b>74,550,284</b> | <b>3,395,355</b> | <b>8,644,541</b> | <b>26,682,866</b>  |                      | <b>113,273,046</b> |                   |
| <b>%</b>                                      | <b>65.8</b>       | <b>3.0</b>       | <b>7.6</b>       | <b>23.6</b>        |                      | <b>100.0</b>       |                   |
| <b>Overall total on March 31, 2009 (2)</b>    | <b>56,199,464</b> | <b>4,438,796</b> | <b>2,476,767</b> | <b>28,544,174</b>  |                      |                    | <b>91,659,201</b> |
| <b>%</b>                                      | <b>61.3</b>       | <b>4.8</b>       | <b>2.8</b>       | <b>31.1</b>        |                      |                    | <b>100.0</b>      |

(1) Represented by government securities; and

(2) Includes R\$26,064,243 thousand (December 31, 2009 - R\$27,883,930 thousand and March 31, 2009 R\$18,967,149 thousand) of investment fund applications 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 issuance of securities**

|  | 2010            |                   |                    |                          | R\$ thousand<br>2009 |                  |                  |
|--|-----------------|-------------------|--------------------|--------------------------|----------------------|------------------|------------------|
|  | 1 to 30<br>days | 31 to 180<br>days | 181 to 360<br>days | More<br>than<br>360 days | March<br>31          | December<br>31   | March<br>31      |
| <b>Securities - domestic:</b>  |                 |                   |                    |                          |                      |                  |                  |
| - Exchange acceptances   | -               | -                 | -                  | -                        | -                    | -                | 256              |
| - Mortgage bonds   | 76,550          | 512,029           | 402,806            | 4,124                    | 995,509              | 898,598          | 785,861          |
| - Letters of credit for real estate  | -               | -                 | -                  | 1,093                    | 1,093                | -                | -                |
| - Letters of credit for agribusiness   | 88,189          | 342,827           | 998,333            | 33,891                   | 1,463,240            | 1,585,957        | 1,634,621        |
| - Debentures (1)   | -               | 25,852            | -                  | 730,163                  | 756,015              | 740,452          | 1,531,476        |
| <b>Subtotal</b>  | <b>164,739</b>  | <b>880,708</b>    | <b>1,401,139</b>   | <b>769,271</b>           | <b>3,215,857</b>     | <b>3,225,007</b> | <b>3,952,214</b> |
| <b>Securities - foreign:</b>   |                 |                   |                    |                          |                      |                  |                  |
| - MTN Program Issues (2) (3)   | 1,370           | -                 | -                  | 1,335,750                | 1,337,120            | 260,295          | 254,656          |
| - Securitization of future flow of money orders received from abroad (d)                             | 6,165           | 226,888           | 285,851            | 3,412,844                | 3,931,748            | 3,906,134        | 4,878,817        |
| - Securitization of future flow of credit card bill receivables from cardholders resident abroad (d) | 532             | 45,791            | 47,102             | 1,009                    | 94,434               | 114,600          | 236,800          |
| - Issuance costs   | -               | -                 | -                  | (28,646)                 | (28,646)             | (23,452)         | (42,767)         |
| <b>Subtotal</b>  | <b>8,067</b>    | <b>272,679</b>    | <b>332,953</b>     | <b>4,720,957</b>         | <b>5,334,656</b>     | <b>4,257,577</b> | <b>5,327,506</b> |
| <b>Overall total on March 31, 2010</b>   | <b>172,806</b>  | <b>1,153,387</b>  | <b>1,734,092</b>   | <b>5,490,228</b>         | <b>8,550,513</b>     |                  |                  |
| <b>%</b>   | <b>2.0</b>      | <b>13.5</b>       | <b>20.3</b>        | <b>64.2</b>              | <b>100.0</b>         |                  |                  |
| <b>Overall total on December 31, 2009</b>  | <b>402,172</b>  | <b>897,707</b>    | <b>2,067,772</b>   | <b>4,114,933</b>         |                      | <b>7,482,584</b> |                  |
| <b>%</b>   | <b>5.4</b>      | <b>12.0</b>       | <b>27.6</b>        | <b>55.0</b>              |                      | <b>100.0</b>     |                  |
| <b>Overall total on March 31, 2009</b>   | <b>168,147</b>  | <b>1,494,374</b>  | <b>1,343,380</b>   | <b>6,273,819</b>         |                      |                  | <b>9,279,720</b> |
| <b>%</b>   | <b>1.8</b>      | <b>16.1</b>       | <b>14.5</b>        | <b>67.6</b>              |                      |                  | <b>100.0</b>     |

- (1) Refers to Bradesco Leasing S.A. Arrendamento Mercantil's issuances of simple debentures not convertible into shares, maturing on May 1, 2011 with 104% of CDI remuneration, respective interest is classified in the short term;
- (2) Issuance of securities in the international market for costumers' foreign exchange operations, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, substantially in the short term; and

- (3) In March 2010, it includes the issue of 4.10% senior notes due in 2015 amounting to US\$750,000 thousand.  
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*Notes to the Consolidated Financial Statements*

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

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

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

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

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

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

|  | Date of Issue | Transaction amount | Maturity         | R\$ thousand     |                     |                  |
|--|---------------|--------------------|------------------|------------------|---------------------|------------------|
|  |               |                    |                  | Total            |                     | March 31         |
|  |               |                    |                  | 2010<br>March 31 | 2009<br>December 31 |                  |
|  | 8.20.2003     | 595,262            | 8.20.2010        | 20,403           | 39,748              | 96,207           |
|  | 7.28.2004     | 305,400            | 8.20.2012        | 70,467           | 75,862              | 139,653          |
|  | 6.11.2007     | 481,550            | 5.20.2014        | 444,691          | 434,789             | 580,646          |
|  | 6.11.2007     | 481,550            | 5.20.2014        | 444,775          | 435,347             | 580,646          |
| Securitization of future flow of money orders received from abroad | 12.20.2007    | 354,260            | 11.20.2014       | 320,176          | 330,357             | 464,569          |
|  | 12.20.2007    | 354,260            | 11.20.2014       | 320,176          | 330,357             | 464,569          |
|  | 3.06.2008     | 836,000            | 5.20.2015        | 889,433          | 871,859             | 1,160,052        |
|  | 12.19.2008    | 1,168,500          | 2.22.2016<br>(1) | 889,926          | 869,356             | 1,160,700        |
|  | 3.20.2009     | 225,590            | 2.20.2015        | 177,439          | 173,433             | 231,775          |
|  | 12.17.2009    | 133,673            | 11.20.2014       | 133,208          | 128,851             | -                |
|  | 12.17.2009    | 133,673            | 2.20.2017        | 132,647          | 129,719             | -                |
|  | 12.17.2009    | 89,115             | 2.20.2020        | 88,407           | 86,456              | -                |
| <b>Total</b>   |               | <b>5,158,833</b>   |                  | <b>3,931,748</b> | <b>3,906,134</b>    | <b>4,878,817</b> |
| Securitization of future flow of credit                            |               |                    |                  |                  |                     |                  |

|   |           |                |           |               |                |                |
|---|-----------|----------------|-----------|---------------|----------------|----------------|
| card bill receivables from<br>cardholders resident abroad | 7.10.2003 | 800,818        | 6.15.2011 | 94,434        | 114,600        | 236,800        |
| <b>Total</b>  |           | <b>800,818</b> |           | <b>94,434</b> | <b>114,600</b> | <b>236,800</b> |

(1) Maturity extended from 2.20.2015 to 2.22.2016

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*Notes to the Consolidated Financial Statements***e) Expenses with funding and monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Savings deposits   | 642,672                       | 610,611                       | 652,068                       |
| Time deposits  | 2,187,333                     | 2,292,038                     | 3,224,255                     |
| Federal funds purchased and securities sold under agreements to repurchase   | 2,417,849                     | 2,346,777                     | 2,687,671                     |
| Funds from issuance of securities  | 177,798                       | 151,457                       | 224,973                       |
| Other funding expenses   | 85,823                        | 90,101                        | 96,998                        |
| <b>Subtotal</b>  | <b>5,511,475</b>              | <b>5,490,984</b>              | <b>6,885,965</b>              |
| Expenses for monetary restatement and interest on technical provisions from insurance, private pension plans and savings bonds | 1,493,549                     | 1,171,800                     | 1,373,602                     |
| <b>Total</b>   | <b>7,005,024</b>              | <b>6,662,784</b>              | <b>8,259,567</b>              |

*Notes to the Consolidated Financial Statements***17) BORROWING AND ONLENDING****a) Borrowing**

|   | 2010             |                   |                    |                          | R\$ thousand<br>2009 |                  |                   |
|---|------------------|-------------------|--------------------|--------------------------|----------------------|------------------|-------------------|
|   | 1 to 30<br>days  | 31 to 180<br>days | 181 to 360<br>days | More<br>than 360<br>days | March 31             | December<br>31   | March 31          |
| <b>Local</b>                              | <b>557</b>       | <b>-</b>          | <b>-</b>           | <b>-</b>                 | <b>557</b>           | <b>540</b>       | <b>554</b>        |
| - Official institutions                   | -                | -                 | -                  | -                        | -                    | -                | 29                |
| - Other institutions                      | 557              | -                 | -                  | -                        | 557                  | 540              | 525               |
| <b>Foreign</b>                            | <b>1,096,113</b> | <b>4,301,083</b>  | <b>2,425,535</b>   | <b>770,265</b>           | <b>8,592,996</b>     | <b>8,004,596</b> | <b>12,679,602</b> |
| <b>Overall total on March 31, 2010</b>    | <b>1,096,670</b> | <b>4,301,083</b>  | <b>2,425,535</b>   | <b>770,265</b>           | <b>8,593,553</b>     |                  |                   |
| <b>%</b>                                  | <b>12.7</b>      | <b>50.1</b>       | <b>28.2</b>        | <b>9.0</b>               | <b>100.0</b>         |                  |                   |
| <b>Overall total on December 31, 2009</b> | <b>1,263,093</b> | <b>3,995,373</b>  | <b>2,424,607</b>   | <b>322,063</b>           |                      | <b>8,005,136</b> |                   |
| <b>%</b>                                  | <b>15.8</b>      | <b>49.9</b>       | <b>30.3</b>        | <b>4.0</b>               |                      | <b>100.0</b>     |                   |
| <b>Overall total on March 31, 2009</b>    | <b>1,183,371</b> | <b>4,721,042</b>  | <b>6,144,662</b>   | <b>631,081</b>           |                      |                  | <b>12,680,156</b> |
| <b>%</b>                                  | <b>9.3</b>       | <b>37.2</b>       | <b>48.5</b>        | <b>5.0</b>               |                      |                  | <b>100.0</b>      |

**b) Onlending**

|  | 2010             |                   |                    |                       | R\$ thousand<br>2009 |                   |                   |
|--|------------------|-------------------|--------------------|-----------------------|----------------------|-------------------|-------------------|
|  | 1 to 30<br>days  | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | March 31             | December<br>31    | March 31          |
| <b>Local</b>                           | <b>1,046,643</b> | <b>2,625,928</b>  | <b>3,099,569</b>   | <b>14,358,227</b>     | <b>21,130,367</b>    | <b>19,321,806</b> | <b>17,739,662</b> |
| - National Treasury                    | -                | -                 | 62,143             | -                     | 62,143               | 124,020           | 103,631           |
| - BNDES                                | 324,462          | 830,789           | 1,066,304          | 6,114,515             | 8,336,070            | 8,139,480         | 6,994,742         |
| - CEF                                  | 1,643            | 7,135             | 8,563              | 71,581                | 88,922               | 91,124            | 96,493            |
| - FINAME                               | 720,538          | 1,788,004         | 1,962,559          | 8,171,480             | 12,642,581           | 10,966,534        | 10,544,048        |
| - Other institutions                   | -                | -                 | -                  | 651                   | 651                  | 648               | 748               |
| <b>Foreign</b>                         | <b>2,305</b>     | <b>-</b>          | <b>480,654</b>     | <b>865</b>            | <b>483,824</b>       | <b>794</b>        | <b>381</b>        |
| <b>Overall total on March 31, 2010</b> | <b>1,048,948</b> | <b>2,625,928</b>  | <b>3,580,223</b>   | <b>14,359,092</b>     | <b>21,614,191</b>    |                   |                   |
| <b>%</b>                               | <b>4.8</b>       | <b>12.1</b>       | <b>16.6</b>        | <b>66.5</b>           | <b>100.0</b>         |                   |                   |
|  | <b>1,067,304</b> | <b>2,617,105</b>  | <b>2,838,139</b>   | <b>12,800,052</b>     |                      | <b>19,322,600</b> |                   |

|   |                  |                  |                  |                   |                   |
|---|------------------|------------------|------------------|-------------------|-------------------|
| <b>Overall total on December 31, 2009</b> |                  |                  |                  |                   |                   |
| <i>%</i>                                  | <b>5.5</b>       | <b>13.5</b>      | <b>14.7</b>      | <b>66.3</b>       | <b>100.0</b>      |
| <b>Overall total on March 31, 2009</b>    |                  |                  |                  |                   |                   |
|   | <b>1,134,042</b> | <b>2,433,244</b> | <b>3,360,730</b> | <b>10,812,027</b> | <b>17,740,043</b> |
| <i>%</i>                                  | <b>6.4</b>       | <b>13.7</b>      | <b>18.9</b>      | <b>61.0</b>       | <b>100.0</b>      |

*Notes to the Consolidated Financial Statements***c) Borrowing and onlending expenses**

|   | R\$ thousand            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2010                    | 2009                    |                         |
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| <b>Borrowing:</b>                           |                         |                         |                         |
| - Local                                     | 468                     | (562)                   | 110                     |
| - Foreign                                   | 14,643                  | 11,929                  | 32,158                  |
| <b>Subtotal borrowing</b>                   | <b>15,111</b>           | <b>11,367</b>           | <b>32,268</b>           |
| <b>Local onlending:</b>                     |                         |                         |                         |
| - National Treasury                         | 1,337                   | 720                     | 1,488                   |
| - BNDES                                     | 138,952                 | 143,626                 | 142,193                 |
| - CEF                                       | 1,357                   | 1,670                   | 2,081                   |
| - FINAME                                    | 192,748                 | 179,746                 | 199,203                 |
| - Other institutions                        | 59                      | 37                      | 28                      |
| <b>Foreign onlending:</b>                   |                         |                         |                         |
| - Payables to foreign bankers<br>(Note 11a) | 158,341                 | 16,493                  | 108,426                 |
| - Other expenses with foreign<br>onlending  | (26,446)                | (51,156)                | (575)                   |
| <b>Subtotal onlending</b>                   | <b>466,348</b>          | <b>291,136</b>          | <b>452,844</b>          |
| <b>Total</b>                                | <b>481,459</b>          | <b>302,503</b>          | <b>485,112</b>          |

**18) CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES TAX AND SOCIAL SECURITY****a) Contingent assets**

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

- PIS - R\$55,216 thousand: claiming the compensation of PIS on the Gross Operating Revenue, paid pursuant to Decree Laws 2,445/88 and 2,449/88, over the amount due under the terms of the Supplementary Law 07/70 (PIS Repique).

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

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



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

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

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

**I - Labor claims**

These are claims brought by former employees seeking indemnity, especially for unpaid overtime. In proceedings requiring judicial deposit, the amount of labor claims is recorded

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### *Notes to the Consolidated Financial Statements*

considering the effective perspective of loss of these deposits. For other proceedings, the provision is recorded based on the average of total payments made for claims settled in the last 12 months, considering the year of the judicial ruling.

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

#### **II - Civil claims**

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

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

It is worth noting the increase in legal claims pleading the incidence of inflation rates which were excluded from the monetary restatement of savings accounts balances due to Government Economic Plans (especially Bresser and *Verão* Economic Plans, currently barred) which were part of the Government economic policy to reduce inflation in the past. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been provisioned taking into consideration claims effectively notified and their assessed loss perspectives, the APDF /165 lawsuit (failure to comply with fundamental concepts) brought by the National Confederation of the Financial System (CONSIF), with a view to suspending all the pending lawsuits about economic plans is pending judgment by the Federal Supreme Court (STF).

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

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

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

The main issues are:

- Cofins R\$3,710,546 thousand: it requests authorization to calculate and pay Cofins, as from October 2005, on the effective income, whose concept is in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation basis introduced by paragraph 1 of Article 3 of Law 9,718/98;

- IRPJ/Loan Losses R\$712,591 thousand: it requests authorization to deduct, for purposes of determination of the calculation basis of IRPJ and CSLL, the amount of effective and definite

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*Notes to the Consolidated Financial Statements*

credit losses, total or partial, suffered in the reference years from 1997 to 2009, regardless of the compliance with the conditions and terms provided for in Articles 9 to 14 of Law 9,430/96 that only apply to temporary losses;

- INSS Autonomous Brokers R\$732,881 thousand: questions the incidence of social security contribution on remunerations paid to autonomous service providers, established by Supplementary Law 84/96 and subsequent regulations/amendments, at the rate of 20% and additional of 2.5%, under the argument that services are not provided to insurance companies, but to policyholders, thus being outside the incidence of the contribution provided for in item I, Article 22, of Law 8,212/91, with new wording given in Law 9,876/99;

- CSLL Deductibility on the IRPJ calculation basis R\$522,177 thousand: it requests to calculate and pay income tax due, related to the reference year of 1997 and subsequent years, without adding the CSLL to the respective calculation basis, set forth by Article 1, of Law 9,316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and

- PIS R\$275,575 thousand: it requests the authorization to offset amounts overpaid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the amount above the calculation basis laid down in the Constitution, i.e., gross operating revenue, as defined in the income tax legislation concept in Article 44 of Law 4,506/64, not including interest income.

*Notes to the Consolidated Financial Statements***IV - Provisions by nature**

|                             | R\$ thousand      |                    |                   |
|-----------------------------|-------------------|--------------------|-------------------|
|                             | <b>2010</b>       | <b>2009</b>        |                   |
|                             | <b>March 31</b>   | <b>December 31</b> | <b>March 31</b>   |
| Labor claims                | 1,599,215         | 1,595,534          | 1,554,544         |
| Civil claims                | 2,385,667         | 2,342,634          | 1,649,911         |
| <b>Subtotal (1)</b>         | <b>3,984,882</b>  | <b>3,938,168</b>   | <b>3,204,455</b>  |
| Tax and social security (2) | 7,902,499         | 7,066,453          | 7,407,905         |
| <b>Total</b>                | <b>11,887,381</b> | <b>11,004,621</b>  | <b>10,612,360</b> |

(1) Note 20b; and

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

**V - Changes in provisions**

|                                       | R\$ thousand     |                  |                                    |
|---------------------------------------|------------------|------------------|------------------------------------|
|                                       | <b>2010</b>      |                  |                                    |
|                                       | <b>Labor</b>     | <b>Civil</b>     | <b>Tax and social security (1)</b> |
| <b>At the beginning of the period</b> | <b>1,595,534</b> | <b>2,342,634</b> | <b>7,066,453</b>                   |
| Monetary restatement                  | 44,440           | 72,863           | 110,017                            |
| Net reversals and write-offs          | 87,520           | 71,475           | 730,956                            |
| Payments                              | (128,279)        | (101,305)        | (4,927)                            |
| <b>At the end of the period</b>       | <b>1,599,215</b> | <b>2,385,667</b> | <b>7,902,499</b>                   |

(1) Comprises, substantially, legal liabilities.

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

The Bradesco Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and based on the opinion of legal advisors, classifies the lawsuits according to the expectation of loss. The trends of administrative and judicial proceedings are periodically analyzed and, if necessary, the related risks are reclassified. In this context the contingent proceedings evaluated as having the risk of possible loss are not recognized in the financial statements. The main proceedings are related to leasing companies Tax on Services of any Nature (ISSQN), the total processes of which corresponds to R\$221,323 thousand. In this lawsuit, the demand of tax by municipalities other than those where the companies are located and from which the tax is collected in compliance with the law is discussed, as well as the nature of the Leasing Agreement not being a case of formal

disallowance when recording tax credit.

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*Notes to the Consolidated Financial Statements***19) SUBORDINATED DEBT**

| Maturity                 | Original term in years | Amount of the operation | Currency | Remuneration  | 2010      | R\$ thousand |           |  |
|--------------------------|------------------------|-------------------------|----------|---|-----------|--------------|-----------|--|
|                          |                        |                         |          |   | March 31  | December 31  | March 31  |  |
| <b>In Brazil:</b>        |                        |                         |          |   |           |              |           |  |
| Subordinated CDB         |                        |                         |          |   |           |              |           |  |
| 2011                     | 5                      | 4,504,022               | R\$      | 102.5% to 104.0% of CDI rate  | 7,125,585 | 6,979,342    | 6,519,225 |  |
| 2012                     | 5                      | 3,236,273               | R\$      | 103.0% of CDI rate or 100.0% of CDI rate + (0.344% p.a. - 0.4914%) or IPCA + (7.102% p.a. 7.632% p.a.)  | 4,246,795 | 4,152,514    | 3,871,855 |  |
| 2013                     | 5                      | 575,000                 | R\$      | 100.0% of CDI rate + (0.344% p.a. 1.0817% p.a.) or IPCA + (7.74% p.a. 8.20% p.a.)                       | 718,885   | 700,900      | 650,611   |  |
| 2014                     | 6                      | 1,000,000               | R\$      | 112.0% of CDI rate  | 1,157,136 | 1,131,496    | 1,051,113 |  |
| 2015                     | 6                      | 1,274,696               | R\$      | 108.0% and 112.0% of CDI rate or IPCA + (6.92% p.a. 8.55% p.a.)   | 1,396,840 | 1,343,765    | 11,924    |  |
| 2016                     | 6                      | 500                     | R\$      | IPCA + (7.1292% p.a.)   | 518       | -            | -         |  |
| 2012                     | 10                     | 1,569,751               | R\$      | 100.0% of DI rate CETIP or 100.0% of CDI rate + (0.75% p.a. 0.87% p.a.) or 101.0% to 102.5% of CDI rate | 4,788,267 | 4,689,431    | 4,379,328 |  |
| 2019                     | 10                     | 20,000                  | R\$      | IPCA + (7.76% p.a.)   | 21,698    | 20,877       | -         |  |
| For loan operations (3): |                        |                         |          |   |           |              |           |  |
| 2010 to 2013             | 1 to 4                 | 1,913                   | R\$      | 100.0% to 106.0% of CDI rate  | 2,416     | 2,368        | 2,487     |  |

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|                           |         |                   |      |                           |                   |                   |                   |
|---------------------------|---------|-------------------|------|---------------------------|-------------------|-------------------|-------------------|
| 2010 to 2012              | up to 2 | 217,319           | R\$  | 8.25% to 14.88% p.a. rate | 228,646           | 304,003           | 526,586           |
| <b>Subtotal in Brazil</b> |         | <b>12,399,474</b> |      |                           | <b>19,686,786</b> | <b>19,324,696</b> | <b>17,013,129</b> |
| <b>Abroad:</b>            |         |                   |      |                           |                   |                   |                   |
| 2011                      | 10      | 353,700           | US\$ | 10.25% p.a. rate          | 274,424           | 261,487           | 356,390           |
| 2012 (1)                  | 10      | 315,186           | Yen  | 4.05% p.a. rate           | 248,230           | 236,799           | 322,685           |
| 2013                      | 10      | 1,434,750         | US\$ | 8.75% p.a. rate           | 887,907           | 882,067           | 1,197,203         |
| 2014                      | 10      | 801,927           | Euro | 8.00% p.a. rate           | 558,729           | 570,412           | 713,454           |
| Undetermined (2)          |         | 720,870           | US\$ | 8.875% p.a. rate          | 537,988           | 525,966           | 699,354           |
| 2019                      | 10      | 1,333,575         | US\$ | 6.75% p.a. rate           | 1,370,483         | 1,328,427         | -                 |
| Issuance costs            |         |                   |      |                           | (23,818)          | (25,877)          | (28,210)          |
| <b>Subtotal abroad</b>    |         | <b>4,960,008</b>  |      |                           | <b>3,853,943</b>  | <b>3,779,281</b>  | <b>3,260,876</b>  |
| <b>Overall total</b>      |         | <b>17,359,482</b> |      |                           | <b>23,540,729</b> | <b>23,103,977</b> | <b>20,274,005</b> |



*Notes to the Consolidated Financial Statements*

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

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*Notes to the Consolidated Financial Statements***20) OTHER LIABILITIES****a) Tax and social security**

|  | R\$ thousand      |                     |                   |
|--|-------------------|---------------------|-------------------|
|  | 2010<br>March 31  | 2009<br>December 31 | 2009<br>March 31  |
| Provision for tax risks (Note 18b IV)        | 7,902,499         | 7,066,453           | 7,407,905         |
| Provision for deferred income tax (Note 34f) | 4,455,906         | 3,985,467           | 3,165,039         |
| Taxes and contributions on profits payable   | 654,999           | 1,490,563           | 528,228           |
| Taxes and contributions payable              | 589,463           | 661,185             | 570,288           |
| <b>Total</b>                                 | <b>13,602,867</b> | <b>13,203,668</b>   | <b>11,671,460</b> |

**b) Sundry**

|  | R\$ thousand      |                     |                   |
|--|-------------------|---------------------|-------------------|
|  | 2010<br>March 31  | 2009<br>December 31 | 2009<br>March 31  |
| Credit card operations   | 8,631,474         | 9,293,317           | 5,219,923         |
| Provision for payments   | 3,160,088         | 3,780,262           | 2,960,929         |
| Provision for contingent liabilities (civil and labor) (Note 18b IV) | 3,984,882         | 3,938,168           | 3,204,455         |
| Sundry creditors   | 2,212,229         | 1,949,166           | 1,693,207         |
| Liabilities for acquisition of assets – financial leasing (1)        | 821,250           | 987,527             | 1,036,928         |
| Liabilities for acquisition of assets and rights                     | 582,695           | 630,132             | 777,868           |
| Liabilities for official agreements                                  | 289,869           | 269,746             | 314,724           |
| Other  | 782,807           | 908,340             | 572,053           |
| <b>Total</b>   | <b>20,465,294</b> | <b>21,756,658</b>   | <b>15,780,087</b> |

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

*Notes to the Consolidated Financial Statements***21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS****a) Provisions by account**

|   | Insurance (1)        |           | Life and Private Pension Plans (2) |                      |            |            | Savings bonds        |           |           |
|---|----------------------|-----------|------------------------------------|----------------------|------------|------------|----------------------|-----------|-----------|
|   | 2010                 | 2009      | 2010                               | 2009                 |            | 2010       | 2009                 |           |           |
|   | December<br>March 31 | March 31  | March 31                           | December<br>March 31 | March 31   | March 31   | December<br>March 31 |           |           |
| <b>Current and long-term liabilities</b>              |                      |           |                                    |                      |            |            |                      |           |           |
| Mathematical provision for benefits to be granted     | -                    | -         | -                                  | 56,058,586           | 54,422,399 | 47,005,121 | -                    | -         | -         |
| Mathematical provision for benefits granted           | -                    | -         | -                                  | 4,611,792            | 4,475,137  | 4,318,588  | -                    | -         | -         |
| Mathematical provision for redemptions                | -                    | -         | -                                  | -                    | -          | -          | 2,577,680            | 2,479,748 | 2,215,697 |
| Provision for incurred but not reported (INBR) claims | 1,412,500            | 1,350,222 | 1,308,571                          | 613,648              | 599,718    | 556,704    | -                    | -         | -         |
| Unearned premiums provision                           | 1,707,619            | 1,941,858 | 1,723,691                          | 53,738               | 78,343     | 69,236     | -                    | -         | -         |
| Provision for contribution insufficiency (3)          | -                    | -         | -                                  | 3,078,175            | 3,031,715  | 2,578,399  | -                    | -         | -         |
| Provision for unsettled claims                        | 1,436,041            | 1,329,263 | 1,244,090                          | 724,273              | 748,777    | 709,420    | -                    | -         | -         |
| Financial fluctuation provision                       | -                    | -         | -                                  | 632,082              | 621,884    | 643,297    | -                    | -         | -         |
|   | -                    | -         | -                                  | 567,214              | 560,714    | 485,633    | -                    | -         | -         |

|  |                  |                  |                  |                   |                   |                   |                  |                  |                  |
|--|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Premium insufficiency provision        |                  |                  |                  |                   |                   |                   |                  |                  |                  |
| Financial surplus provision            | -                | -                | -                | 391,588           | 367,289           | 324,771           | -                | -                | -                |
| Provision for drawings and redemptions | -                | -                | -                | -                 | -                 | -                 | 453,698          | 436,026          | 434,505          |
| Provision for administrative expenses  | -                | -                | -                | 138,085           | 141,688           | 143,788           | 103,395          | 100,598          | 81,733           |
| Provision for contingencies            | -                | -                | -                | -                 | -                 |                   | 6,640            | 7,288            | 7,808            |
| Other provisions                       | 2,415,817        | 2,234,738        | 2,273,099        | 702,420           | 644,516           | 548,906           | -                | -                | -                |
| <b>Total provisions</b>                | <b>6,971,977</b> | <b>6,856,081</b> | <b>6,549,451</b> | <b>67,571,601</b> | <b>65,692,180</b> | <b>57,383,863</b> | <b>3,141,413</b> | <b>3,023,660</b> | <b>2,739,743</b> |

- (1) Other provisions basically refers to the technical provisions of the individual health portfolio made in order to:
- (i) cover the differences of future premium adjustments and those necessary to the portfolio technical balance; and
  - (ii) cover payment release of health care coverage to dependents in case the policyholder dies, adopting the rules of the Actuarial Technical Notes approved by ANS;
- (2) Comprises individual insurance plan and private pension plan operations; and
- (3) The contribution insufficiency provision for retirement and pension plans is calculated according to the normalized biometric table AT-2000, improved by 1.5% p.a., considering males separated from females, who have a longer life expectancy, and actual real interest rate of 4.0% p.a.. For disabilities plans, the provision is also actuarially calculated according to the biometric AT-49 (male) table and the 4.0% p.a. real interest rate.

*Notes to the Consolidated Financial Statements***b) Technical provisions by product**

|                                   | Insurance        |                  |                  | Life and Private Pension Plans |                   |                   | Savings bonds    |                  |                  |            |
|-----------------------------------|------------------|------------------|------------------|--------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------|
|                                   | 2010             | 2009             | March 31         | 2010                           | 2009              | March 31          | 2010             | 2009             | March 31         |            |
|                                   | March 31         | December 31      |                  | March 31                       | December 31       |                   | March 31         | December 31      |                  |            |
| Health (1)                        | 3,405,227        | 3,555,436        | 3,428,997        | -                              | -                 | -                 | -                | -                | -                | 3,         |
| Auto/RCF                          | 2,059,361        | 1,837,189        | 1,755,254        | -                              | -                 | -                 | -                | -                | -                | 2,         |
| Dpvat                             | 147,161          | 119,972          | 96,833           | 148,543                        | 200,436           | 189,807           | -                | -                | -                | -          |
| Life                              | 17,210           | 16,676           | 20,889           | 2,819,513                      | 2,706,602         | 2,475,685         | -                | -                | -                | 2,         |
| Basic lines                       | 1,343,018        | 1,326,808        | 1,247,478        | -                              | -                 | -                 | -                | -                | -                | 1,         |
| Unrestricted Benefits             |                  |                  |                  |                                |                   |                   |                  |                  |                  |            |
| Generating Plan - PGBL            | -                | -                | -                | 11,791,264                     | 11,778,567        | 10,448,100        | -                | -                | -                | 11,        |
| Long-Term Life Insurance -        |                  |                  |                  |                                |                   |                   |                  |                  |                  |            |
| VGBL                              | -                | -                | -                | 36,583,871                     | 35,130,823        | 28,751,281        | -                | -                | -                | 36,        |
| Traditional plans                 | -                | -                | -                | 16,228,410                     | 15,875,752        | 15,518,990        | -                | -                | -                | 16,        |
| Savings bonds                     | -                | -                | -                | -                              | -                 | -                 | 3,141,413        | 3,023,660        | 2,739,743        | 3,         |
| <b>Total technical provisions</b> | <b>6,971,977</b> | <b>6,856,081</b> | <b>6,549,451</b> | <b>67,571,601</b>              | <b>65,692,180</b> | <b>57,383,863</b> | <b>3,141,413</b> | <b>3,023,660</b> | <b>2,739,743</b> | <b>77,</b> |

(1) See Note 21a item 1.

*Notes to the Consolidated Financial Statements***c) Guarantees of technical provisions**

|   | Insurance        |                  |                  | Life and Private Pension Plans |                   |                   | Savings bonds    |                  |                  | M          |
|---|------------------|------------------|------------------|--------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------|
|   | 2010             | 2009             |                  | 2010                           | 2009              |                   | 2010             | 2009             |                  |            |
|   | March<br>31      | December<br>31   | March<br>31      | March<br>31                    | December<br>31    | March<br>31       | March<br>31      | December<br>31   | March<br>31      |            |
| Investment<br>fund quotas<br>(VGBL and<br>PGBL)                 | -                | -                | -                | 48,375,134                     | 46,909,390        | 39,199,380        | -                | -                | -                | 48,        |
| Investment<br>fund quotas<br>(excluding<br>VGBL and<br>PGBL)    | 5,807,731        | 5,693,441        | 5,059,932        | 15,174,562                     | 14,483,249        | 13,173,982        | 2,863,138        | 2,765,794        | 2,459,078        | 23,        |
| Government<br>securities  | -                | 95,844           | 339,105          | 3,021,687                      | 3,149,892         | 3,110,648         | -                | -                | -                | 3,         |
| Private<br>securities   | 22,584           | 21,710           | 163,802          | 775,134                        | 745,626           | 946,263           | 175,832          | 165,910          | 124,054          |            |
| Shares  | 2,027            | 1,959            | 2,387            | 202,499                        | 493,147           | 1,028,943         | 222,457          | 181,346          | 226,468          |            |
| Receivables   | 686,790          | 617,462          | 504,422          | -                              | -                 | -                 | -                | -                | -                |            |
| Real estate   | -                | -                | 7,213            | -                              | -                 | -                 | -                | -                | 10,173           |            |
| Deposits<br>retained at<br>IRB and<br>court<br>deposits         | 6,428            | 6,347            | 7,137            | 58,121                         | 60,262            | 64,462            | -                | -                | -                |            |
| Reinsurance<br>credits  | 671,710          | 663,354          | 657,923          | 5,349                          | 5,749             | 10,657            | -                | -                | -                |            |
| <b>Total<br/>guarantees<br/>of<br/>technical<br/>provisions</b> | <b>7,197,270</b> | <b>7,100,117</b> | <b>6,741,921</b> | <b>67,612,486</b>              | <b>65,847,315</b> | <b>57,534,335</b> | <b>3,261,427</b> | <b>3,113,050</b> | <b>2,819,773</b> | <b>78,</b> |

*Notes to the Consolidated Financial Statements***d) Retained premiums from insurance, private pension plans contributions and savings bonds**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Premiums written   | 3,085,812                     | 3,228,806                     | 2,901,088                     |
| Supplementary private pension plan contributions (including VGBL)                | 3,290,559                     | 4,295,235                     | 2,294,015                     |
| Revenues from savings bonds  | 526,192                       | 575,856                       | 413,380                       |
| Coinsurance premiums   | (27,376)                      | (26,884)                      | (68,015)                      |
| Refunded premiums  | (23,853)                      | (32,450)                      | (26,515)                      |
| <b>Net premiums written</b>  | <b>6,851,334</b>              | <b>8,040,563</b>              | <b>5,513,953</b>              |
| Reinsurance premiums   | (60,367)                      | (37,488)                      | (68,859)                      |
| <b>Retained premiums from insurance, private pension plans and savings bonds</b> | <b>6,790,967</b>              | <b>8,003,075</b>              | <b>5,445,094</b>              |

**22) MINORITY INTEREST IN SUBSIDIARIES**

|                         | R\$ thousand    |                    |                 |
|-------------------------|-----------------|--------------------|-----------------|
|                         | <b>2010</b>     | <b>2009</b>        |                 |
|                         | <b>March 31</b> | <b>December 31</b> | <b>March 31</b> |
| Andorra Holdings S.A.   | 176,087         | 172,632            | 162,167         |
| Banco Bradesco BBI S.A. | 88,374          | 86,812             | 82,629          |
| Celta Holding S.A.      | 60,085          | 59,497             | 55,948          |
| Other (1)               | 492,001         | 478,734            | 36,266          |
| <b>Total</b>            | <b>816,547</b>  | <b>797,675</b>     | <b>337,010</b>  |

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

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

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

**2010****2009**

|                                 | March 31             | December 31          | March 31             |
|---------------------------------|----------------------|----------------------|----------------------|
| Common shares                   | 1,710,204,835        | 1,713,543,005        | 1,534,934,979        |
| Preferred shares                | 1,710,204,658        | 1,713,542,828        | 1,534,934,821        |
| <b>Subtotal</b>                 | <b>3,420,409,493</b> | <b>3,427,085,833</b> | <b>3,069,869,800</b> |
| Treasury (common shares)        | -                    | (3,338,170)          | (146,721)            |
| Treasury (preferred shares)     | -                    | (3,197,260)          | (34,600)             |
| <b>Total outstanding shares</b> | <b>3,420,409,493</b> | <b>3,420,550,403</b> | <b>3,069,688,479</b> |



*Notes to the Consolidated Financial Statements***b) Breakdown of capital stock in number of shares**

|  | <b>Common</b>        | <b>Preferred</b>     | <b>Total</b>         |
|--|----------------------|----------------------|----------------------|
| <b>Number of outstanding shares on December 31, 2009</b> | <b>1,710,204,835</b> | <b>1,710,345,568</b> | <b>3,420,550,403</b> |
| Shares acquired and cancelled                            | -                    | (140,910)            | (140,910)            |
| <b>Number of outstanding shares on March 31, 2010</b>    | <b>1,710,204,835</b> | <b>1,710,204,658</b> | <b>3,420,409,493</b> |

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

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

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

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

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

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

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

*Notes to the Consolidated Financial Statements*

The calculation of interest on shareholders' equity and dividends related to the first quarter of 2010 is as follows:

|   | R\$ thousand     | % (1)        |
|---|------------------|--------------|
| Net income for the period   | 2,102,706        |              |
| (-) Legal reserve   | (105,135)        |              |
| <b>Adjusted calculation basis</b>   | <b>1,997,571</b> |              |
| Interest on shareholders' equity (gross) provisioned (payable)                | 608,025          |              |
| Withholding income tax on interest on shareholders' equity                    | (91,204)         |              |
| <b>Interest on shareholders' equity (net)</b>                                 | <b>516,821</b>   |              |
| Monthly dividends paid and provisioned  | 138,105          |              |
| <b>Interest on shareholders' equity (net) and dividends on March 31, 2010</b> | <b>654,926</b>   | <b>32.79</b> |
| <b>Interest on shareholders' equity (net) and dividends on March 31, 2009</b> | <b>568,608</b>   | <b>34.74</b> |

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

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

| Description  | Per share (gross) |                     | Gross paid/<br>provisioned<br>amount | Withholding<br>Income Tax<br>(IRRF)<br>(15%) | R\$ thousand                       |
|--|-------------------|---------------------|--------------------------------------|--|------------------------------------|
|  | Common<br>shares  | Preferred<br>shares |                                      |  | Net paid/<br>provisioned<br>amount |
| Monthly dividends  | 0.039658          | 0.043624            | 138,105                              | -  | 138,105                            |
| Supplementary provisioned interest<br>on<br>shareholders' equity | 0.169299          | 0.186229            | 608,025                              | 91,204                                       | 516,821                            |
| <b>Total on March 31, 2010 YTD</b>                               | <b>0.208957</b>   | <b>0.229853</b>     | <b>746,130</b>                       | <b>91,204</b>                                | <b>654,926</b>                     |

**d) Treasury shares**

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

*Notes to the Consolidated Financial Statements***24) FEE AND COMMISSION INCOME**

|                                   | R\$ thousand            |                         |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
|                                   | 2010                    | 2009                    |                         |
|                                   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| Card income                       | 954,748                 | 940,898                 | 822,931                 |
| Checking accounts                 | 542,148                 | 543,131                 | 547,721                 |
| Loan operations                   | 406,909                 | 421,244                 | 380,858                 |
| Asset management                  | 429,512                 | 429,909                 | 368,940                 |
| Collections                       | 257,340                 | 259,469                 | 236,264                 |
| Custody and<br>brokerage services | 114,014                 | 115,812                 | 89,431                  |
| Consortium<br>management          | 97,252                  | 94,786                  | 80,194                  |
| Taxes paid                        | 69,018                  | 66,247                  | 63,248                  |
| Underwriting                      | 76,227                  | 104,881                 | 22,352                  |
| Other                             | 133,263                 | 118,088                 | 138,147                 |
| <b>Total</b>                      | <b>3,080,431</b>        | <b>3,094,465</b>        | <b>2,750,086</b>        |

**25) PERSONNEL EXPENSES**

|                               | R\$ thousand            |                         |                         |
|-------------------------------|-------------------------|-------------------------|-------------------------|
|                               | 2010                    | 2009                    |                         |
|                               | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| Payroll                       | 1,000,991               | 1,003,676               | 948,279                 |
| Benefits                      | 417,442                 | 396,794                 | 363,403                 |
| Social security<br>charges    | 376,441                 | 363,761                 | 319,817                 |
| Employee<br>profit sharing    | 205,019                 | 178,678                 | 123,223                 |
| Provision for<br>labor claims | 109,209                 | 111,028                 | 81,191                  |
| Training                      | 11,469                  | 27,015                  | 16,163                  |
| <b>Total</b>                  | <b>2,120,571</b>        | <b>2,080,952</b>        | <b>1,852,076</b>        |

*Notes to the Consolidated Financial Statements***26) OTHER ADMINISTRATIVE EXPENSES**

|   | R\$ thousand            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2010                    | 2009                    |                         |
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| Third-party services                              | 724,077                 | 701,426                 | 585,195                 |
| Communication                                     | 334,475                 | 327,884                 | 298,692                 |
| Advertising and publicity                         | 152,363                 | 282,488                 | 109,265                 |
| Depreciation and amortization                     | 221,516                 | 202,527                 | 157,809                 |
| Depreciation of financial leasing - Law 11,638/07 | 91,863                  | 93,213                  | 96,555                  |
| Transportation                                    | 142,311                 | 149,688                 | 147,723                 |
| Financial system services                         | 86,059                  | 88,665                  | 61,809                  |
| Rentals   | 143,519                 | 145,479                 | 133,447                 |
| Data processing                                   | 190,766                 | 212,022                 | 182,574                 |
| Asset maintenance and conservation                | 107,456                 | 111,485                 | 99,347                  |
| Asset leasing                                     | 97,710                  | 99,563                  | 108,056                 |
| Asset leasing - Law 11,638/07                     | (91,863)                | (93,213)                | (106,316)               |
| Supplies  | 62,564                  | 65,552                  | 53,548                  |
| Security and surveillance                         | 66,143                  | 64,083                  | 60,260                  |
| Water, electricity and gas                        | 54,853                  | 52,015                  | 50,395                  |
| Travels   | 21,154                  | 22,341                  | 15,545                  |
| Other   | 159,283                 | 149,278                 | 103,840                 |
| <b>Total</b>                                      | <b>2,564,249</b>        | <b>2,674,496</b>        | <b>2,157,744</b>        |

**27) TAX EXPENSES**

|   | R\$ thousand            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2010                    | 2009                    |                         |
|   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter |
| Contribution for Social Security Financing (Cofins) | 489,804                 | 471,682                 | 392,045                 |
| Tax on Services (ISS)                               | 88,521                  | 91,525                  | 79,536                  |
| Social Integration Program (PIS) contribution       | 82,798                  | 83,990                  | 74,351                  |
| Municipal Real Estate Tax (IPTU) expenses           | 16,055                  | 6,338                   | 13,218                  |
| Other   | 58,565                  | 43,822                  | 36,803                  |
| <b>Total</b>  | <b>735,743</b>          | <b>697,357</b>          | <b>595,953</b>          |



*Notes to the Consolidated Financial Statements***28) OTHER OPERATING INCOME**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Other interest income                          | 224,548                       | 199,665                       | 207,597                       |
| Reversal of other operating provisions (1)     | 94,069                        | 435,118                       | 50,739                        |
| Gains on sale of goods                         | 13,711                        | 27,805                        | 6,534                         |
| Revenues from recovery of charges and expenses | 13,050                        | 13,266                        | 16,544                        |
| Others   | 308,808                       | 242,082                       | 190,461                       |
| <b>Total</b>                                   | <b>654,186</b>                | <b>917,936</b>                | <b>471,875</b>                |

(1) In the fourth quarter of 2009, it includes R\$388,162 thousand related to the adhesion to the tax amnesty program.

**29) OTHER OPERATING EXPENSES**

|   | R\$ thousand                  |                               |                               |
|---|-------------------------------|-------------------------------|-------------------------------|
|   | <b>2010</b>                   | <b>2009</b>                   |                               |
|   | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Other financial expenses  | 631,509                       | 511,240                       | 559,480                       |
| Sundry losses   | 305,599                       | 362,667                       | 254,649                       |
| Interest expenses with leasing obligations - Law 11,638/07            | 15,370                        | 6,140                         | 31,025                        |
| Intangible assets amortization acquisition of banking services rights | 143,009                       | 134,521                       | 133,444                       |
| Expenses with other operating provisions (1)                          | 573,379                       | 237,173                       | 246,435                       |
| Goodwill amortization   | 58,873                        | 33,471                        | 24,577                        |
| Expenses with impairment analysis                                     | -                             | 39,636                        | -                             |
| Other   | 254,478                       | 338,093                       | 291,937                       |
| <b>Total</b>  | <b>1,982,217</b>              | <b>1,662,941</b>              | <b>1,541,547</b>              |

(1) Includes supplementary provision for civil lawsuits first quarter of 2010 economic plans R\$35,661 thousand (in the fourth quarter of 2009 R\$111,378 thousand and in the first quarter of 2009 R\$175,091 thousand), and provision for tax contingencies amounting to R\$396,731 thousand.

**30) NON-OPERATING RESULT**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| Result on sale and write-off of assets and investments | (86,420)                      | (73,799)                      | (14,007)                      |
| Non-operating provisions                               | (17,511)                      | (3,957)                       | (34,476)                      |
| Others   | 8,557                         | (53,938)                      | 8,504                         |
| <b>Total</b>   | <b>(95,374)</b>               | <b>(131,694)</b>              | <b>(39,979)</b>               |

*Notes to the Consolidated Financial Statements***31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT)**

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

|   | R\$ thousand                        |   |                                     |   |   |   |
|---|-------------------------------------|---|-------------------------------------|---|---|---|
|   | 2010                                | 2009                                      | 2010                                | 2009  |   |   |
|   | March 31<br>Assets<br>(liabilities) | December<br>31<br>Assets<br>(liabilities) | March 31<br>Assets<br>(liabilities) | 1 <sup>st</sup> quarter<br>Revenues<br>(expenses) | 4 <sup>th</sup> quarter<br>Revenues<br>(expenses) | 1 <sup>st</sup> quarter<br>Revenues<br>(expenses) |
| <b>Interest on shareholders equity and dividends:</b> | <b>(13,889)</b>                     | <b>(653,209)</b>                          | <b>(13,313)</b>                     | -   | -   | -   |
| Cidade de Deus Companhia Comercial de Participações   | (9,789)                             | (324,347)                                 | (9,789)                             | -   | -   | -   |
| Fundação Bradesco                                     | (4,100)                             | (328,862)                                 | (3,524)                             | -   | -   | -   |
| <b>Demand deposits:</b>                               | <b>(300)</b>                        | <b>(113)</b>                              | <b>(690)</b>                        | -   | -   | -   |
| Fundação Bradesco                                     | (282)                               | (80)                                      | (674)                               | -   | -   | -   |
| Elo Participações e Investimentos S.A.                | (9)                                 | (10)                                      | (8)                                 | -   | -   | -   |
| Nova Cidade de Deus Participações S.A.                | (9)                                 | (11)                                      | (2)                                 | -   | -   | -   |
| Cidade de Deus Companhia Comercial de Participações   | -                                   | (12)                                      | (6)                                 | -   | -   | -   |
| <b>Time deposits:</b>                                 | <b>(8,834)</b>                      | <b>(17,199)</b>                           | <b>(19,769)</b>                     | <b>(13)</b>                                       | <b>(5)</b>  | <b>(8)</b>  |
| Cidade de Deus Companhia Comercial de Participações   | (8,834)                             | (17,199)                                  | (19,769)                            | (13)  | (5)   | (8)   |
| <b>Rental of branches:</b>                            | -                                   | -   | -                                   | <b>(117)</b>                                      | <b>(117)</b>                                      | <b>(114)</b>                                      |
| Fundação Bradesco                                     | -                                   | -   | -                                   | (117)   | (117)   | (114)   |
| <b>Subordinated debts:</b>                            | <b>(142,658)</b>                    | <b>(134,086)</b>                          | <b>(130,021)</b>                    | <b>(2,773)</b>                                    | <b>(13,494)</b>                                   | <b>(3,310)</b>                                    |
| Cidade de Deus Companhia Comercial de Participações   | (69,570)                            | (62,446)                                  | (31,062)                            | (1,336)   | (2,112)   | (697)   |
| Fundação Bradesco                                     | (73,088)                            | (71,640)                                  | (98,959)                            | (1,437)   | (11,382)  | (2,613)   |



*Notes to the Consolidated Financial Statements***b) Compensation of key Management personnel**

Each year, the Annual Shareholders Meeting approves:

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

For 2010, the maximum amount of R\$256,400 thousand was set for management compensation (share-based compensation and bonuses) and R\$231,000 thousand to finance defined contribution supplementary private pension plans.

**Short-term Management benefits**

|                          | R\$ thousand                    |                                 |                                 |
|--------------------------|---------------------------------|---------------------------------|---------------------------------|
|                          | 2010<br>1 <sup>st</sup> quarter | 2009<br>4 <sup>th</sup> quarter | 2009<br>1 <sup>st</sup> quarter |
| Share-based compensation | 35,639                          | 36,852                          | 34,723                          |
| Bonuses                  | 30,068                          | 2,911                           | 11,954                          |
| INSS contributions       | 14,688                          | 8,916                           | 10,473                          |
| <b>Total</b>             | <b>80,395</b>                   | <b>48,679</b>                   | <b>57,150</b>                   |

**Post-employment benefits**

|  | R\$ thousand                    |                                 |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|
|  | 2010<br>1 <sup>st</sup> quarter | 2009<br>4 <sup>th</sup> quarter | 2009<br>1 <sup>st</sup> quarter |
| Defined contribution supplementary private pension plans | 35,094                          | 12,816                          | 13,430                          |
| <b>Total</b>   | <b>35,094</b>                   | <b>12,816</b>                   | <b>13,430</b>                   |

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

**Other information**

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

- 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

**Notes to the Consolidated Financial Statements**

of the Board of Directors or Board of Executive Officers and their relatives.

**II) Shareholding**

Members of the Board of Directors and Board of Executive Officers, jointly, had the following shareholding in Bradesco on March 31, 2010:

|                  |       |
|------------------|-------|
| Common shares    | 0.74% |
| Preferred shares | 1.07% |
| Total shares     | 0.91% |

**32) FINANCIAL INSTRUMENTS****a) Risk management process**

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

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

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

**Credit risk management**

Credit risk is the possibility that a counterparty of a loan or financial operation may not wish to, or may suffer some change in its ability to comply with its contractual obligations, which may generate losses for the Organization.

To mitigate credit risk, Bradesco continuously reviews the processes of credit activities processes, implementing improvements, examining and preparing inventories of credit approval and recovery procedures, monitoring concentrations and identifying new areas of credit risks.

**Market risk management**

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

Market risk management at Bradesco enables the Organization to make strategic decisions with agility and a high level of reliance through the use of methodologies in line with the best international practices and the recommendations of the New Capital Accord.

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

*Notes to the Consolidated Financial Statements*

We present below the balance sheet by currency

|  | R\$ thousand       |                    |                    |                   |                   |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|
|  | 2010               |                    |                    | 2009              |                   |
|  | March 31           | March 31           | December 31        | December 31       | March 31          |
|  | Balance            | Domestic           | Foreign (1)<br>(2) | Foreign (1) (2)   |                   |
| <b>Assets</b>  |                    |                    |                    |                   |                   |
| <b>Current and long-term assets</b>  | <b>522,709,537</b> | <b>484,932,757</b> | <b>37,776,780</b>  | <b>35,015,842</b> | <b>52,879,238</b> |
| Funds available  | 8,704,665          | 5,209,579          | 3,495,086          | 1,439,198         | 2,523,466         |
| Interbank investments  | 97,164,512         | 95,389,170         | 1,775,342          | 3,578,126         | 4,313,491         |
| Securities and derivative financial instruments                            | 157,308,589        | 149,178,618        | 8,129,971          | 8,088,989         | 9,562,623         |
| Interbank and interdepartmental accounts                                   | 36,673,991         | 36,253,911         | 420,080            | 373,409           | 310,022           |
| Loan and leasing operations  | 166,396,091        | 150,923,594        | 15,472,497         | 14,420,882        | 13,790,926        |
| Other receivables and assets   | 56,461,689         | 47,977,885         | 8,483,804          | 7,115,238         | 22,378,710        |
| <b>Permanent assets</b>  | <b>9,916,523</b>   | <b>9,909,587</b>   | <b>6,936</b>       | <b>6,898</b>      | <b>8,805</b>      |
| Investments  | 1,536,687          | 1,536,687          | -                  | -                 | -                 |
| Premises and equipment and leased assets                                   | 3,244,267          | 3,237,478          | 6,789              | 6,809             | 8,673             |
| Intangible assets  | 5,135,569          | 5,135,422          | 147                | 89                | 132               |
| <b>Total</b>   | <b>532,626,060</b> | <b>494,842,344</b> | <b>37,783,716</b>  | <b>35,022,740</b> | <b>52,888,043</b> |
| <b>Liabilities</b>   |                    |                    |                    |                   |                   |
| <b>Current and long-term liabilities</b>                                   | <b>488,429,750</b> | <b>459,325,556</b> | <b>29,104,194</b>  | <b>27,254,426</b> | <b>46,398,945</b> |
| Deposits   | 170,721,673        | 165,134,532        | 5,587,141          | 5,875,807         | 8,511,241         |
| Federal funds purchased and securities sold under agreements to repurchase | 128,171,975        | 127,315,013        | 856,962            | 435,597           | 9,330             |
| Funds from issuance of securities  | 8,550,513          | 3,215,857          | 5,334,656          | 4,312,381         | 5,496,316         |
| Interbank and interdepartmental accounts                                   | 2,062,661          | 988,517            | 1,074,144          | 1,201,478         | 1,540,259         |
| Borrowing and onlending  | 30,207,744         | 20,842,966         | 9,364,778          | 8,277,133         | 13,080,982        |
| Derivative financial instruments   | 2,468,739          | 2,257,675          | 211,064            | 161,581           | 681,204           |
| Technical provision of insurance, private pension plans and savings bonds  | 77,684,991         | 77,683,205         | 1,786              | 1,694             | 3,057             |

|   |                    |                    |                     |                    |                    |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|
| <b>Other liabilities:</b>                     |                    |                    |                     |                    |                    |
| - Subordinated debt                           | 23,540,729         | 19,686,786         | 3,853,943           | 3,779,281          | 3,260,876          |
| - Other                                       | 45,020,725         | 42,201,005         | 2,819,720           | 3,209,474          | 13,815,680         |
| <b>Deferred income</b>                        | <b>292,397</b>     | <b>292,397</b>     | -                   | -                  | -                  |
| <b>Minority interest in subsidiaries</b>      | <b>816,547</b>     | <b>816,547</b>     | -                   | -                  | -                  |
| <b>Shareholders equity</b>                    | <b>43,087,366</b>  | <b>43,087,366</b>  | -                   | -                  | -                  |
| <b>Total</b>                                  | <b>532,626,060</b> | <b>503,521,866</b> | <b>29,104,194</b>   | <b>27,254,426</b>  | <b>46,398,945</b>  |
| <b>Net position of assets and liabilities</b> |                    |                    | <b>8,679,522</b>    | <b>7,768,314</b>   | <b>6,489,098</b>   |
| Net position of derivatives (2)               |                    |                    | (18,370,200)        | (16,071,190)       | (14,614,146)       |
| Other net memorandum accounts (3)             |                    |                    | (409,771)           | (55,136)           | 38,858             |
| <b>Net exchange position (liability)</b>      |                    |                    | <b>(10,100,449)</b> | <b>(8,358,012)</b> | <b>(8,086,190)</b> |

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

*Notes to the Consolidated Financial Statements*

We present the VaR in the chart below

| Risk factors                          | R\$ thousand     |                     |                  |
|---------------------------------------|------------------|---------------------|------------------|
|                                       | 2010<br>March 31 | 2009<br>December 31 | 2009<br>March 31 |
| Fixed rates                           | 3,870            | 10,351              | 16,282           |
| Internal exchange coupon              | 729              | 179                 | 7,338            |
| Foreign currency                      | 12,789           | 954                 | 10,159           |
| IGP-M                                 | 512              | 289                 | 54               |
| IPCA                                  | 1,200            | 2,799               | 66,173           |
| Variable income                       | 3,264            | 7,766               | 12,021           |
| Sovereign/Eurobonds and<br>Treasuries | 2,250            | 9,250               | 88,015           |
| Other                                 | 23               | 24                  | 57               |
| Correlation/diversification<br>effect | (8,382)          | (11,556)            | (70,887)         |
| <b>VaR (Value at Risk)</b>            | <b>16,255</b>    | <b>20,056</b>       | <b>129,212</b>   |

**Sensitivity analysis**

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

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

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

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

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





*Notes to the Consolidated Financial Statements*

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

The following tables present the financial exposure sensitivity analysis on March 31, 2010 and December 31, 2009 (Trading and Banking Portfolios) pursuant to CVM Rule 475/08 and do not reflect how these market risk exposures are managed in the Organization's daily operations, according to information provided in this note.

| Risk factors                       | Trading and Banking portfolios<br>Definition  | On March 31, 2010 - R\$ thousand |                    |                    |
|------------------------------------|---|----------------------------------|--------------------|--------------------|
|                                    |   | Scenarios (1)                    |                    |                    |
|                                    |   | 1                                | 2                  | 3                  |
| Interest rates in Reais            | Exposures subject to changes in fixed interest rates and interest rate coupon                     | (2,397)                          | (703,021)          | (1,352,400)        |
| Price indexes                      | Exposures subject to the changes in price index coupon rate                                       | (8,202)                          | (1,121,631)        | (1,999,521)        |
| Domestic exchange coupon           | Exposures subject to the changes in foreign currency coupon rate                                  | (73)                             | (2,490)            | (4,927)            |
| Foreign currency                   | Exposures subject to exchange variation   | (4,940)                          | (123,510)          | (247,021)          |
| Equities                           | Exposures subject to stocks price variation   | (14,300)                         | (357,497)          | (714,994)          |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (764)                            | (41,823)           | (81,213)           |
| Other                              | Exposures not classified in the previous definitions  | -                                | (1)                | (2)                |
| <b>Total not correlated</b>        |   | <b>(30,676)</b>                  | <b>(2,349,973)</b> | <b>(4,400,078)</b> |
| <b>Total correlated</b>            |   | <b>(15,392)</b>                  | <b>(1,510,989)</b> | <b>(2,787,843)</b> |

| Risk factors | Trading and Banking portfolios<br>Definition | On December 31, 2009 - R\$ thousand |   |   |
|--------------|--|-------------------------------------|---|---|
|              |  | Scenarios (1)                       |   |   |
|              |  | 1                                   | 2 | 3 |

|                                    |   |                 |                    |                    |
|------------------------------------|---|-----------------|--------------------|--------------------|
|                                    | Exposures subject to fixed interest rates variation   |                 |                    |                    |
| Interest rates in Reais            | and interest rate coupon  | (3,983)         | (901,254)          | (1,729,973)        |
|                                    | Exposures subject to the variation of price index   |                 |                    |                    |
| Price indexes                      | coupon rate   | (7,437)         | (1,052,419)        | (1,871,014)        |
|                                    | Exposures subject to the variation of foreign   |                 |                    |                    |
| Domestic exchange coupon           | currency coupon rate  | (95)            | (2,949)            | (5,889)            |
|                                    | Exposures subject to exchange variation   |                 |                    |                    |
| Foreign currency                   |   | (337)           | (8,434)            | (16,868)           |
|                                    | Exposures subject to stocks price variation   |                 |                    |                    |
| Equities                           |   | (12,251)        | (306,264)          | (612,529)          |
|                                    | Exposures subject to the interest rate variation of securities traded on the international market |                 |                    |                    |
| Sovereign/Eurobonds and Treasuries |   | (1,083)         | (54,670)           | (103,964)          |
|                                    | Exposures not classified into previous definitions  |                 |                    |                    |
| Other                              |   | -               | (14)               | (28)               |
| <b>Total not correlated</b>        |   | <b>(25,186)</b> | <b>(2,326,004)</b> | <b>(4,340,265)</b> |
| <b>Total correlated</b>            |   | <b>(16,960)</b> | <b>(1,810,669)</b> | <b>(3,369,293)</b> |

(1) Amounts net of tax effects

We present below the sensitivity analysis of the Trading Portfolio, which represents exposures that may cause material impacts on the Organization's results. It is worth mentioning that results show the impacts for each scenario for a static portfolio position on March 31, 2010 and December 31, 2009. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. In addition, as previously mentioned, we maintain a continued process of market risk management, which continuously seeks, through market dynamics, ways of mitigating/minimizing related risks, according to the strategy determined by Senior Management.

*Notes to the Consolidated Financial Statements*

Therefore, in case of signs of deterioration in a certain position, proactive measures are taken to minimize potential negative impacts, aiming at maximizing the risk/return ratio for the Organization.

| Risk factors                       | Trading portfolios<br>Definition  | On March 31, 2010 - R\$ thousand |                  |                  |
|------------------------------------|---|----------------------------------|------------------|------------------|
|                                    |   | Scenarios (1)                    |                  |                  |
|                                    |   | 1                                | 2                | 3                |
| Interest rates in Reais            | Exposures subject to changes in fixed interest rates and interest rate coupon                     | (162)                            | (33,868)         | (67,095)         |
| Price indexes                      | Exposures subject to changes in price index coupon rate   | (64)                             | (9,377)          | (18,435)         |
| Domestic exchange coupon           | Exposures subject to the changes in foreign currency coupon rate                                  | (29)                             | (1,856)          | (3,666)          |
| Foreign currency                   | Exposures subject to exchange variation   | (4,940)                          | (123,510)        | (247,021)        |
| Equities                           | Exposures subject to stocks price variation   | (939)                            | (23,478)         | (46,956)         |
| Sovereign/Eurobonds and Treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (211)                            | (7,019)          | (13,692)         |
| Other                              | Exposures not classified in the previous definitions  | -                                | (1)              | (2)              |
| <b>Total not correlated</b>        |   | <b>(6,345)</b>                   | <b>(199,109)</b> | <b>(396,867)</b> |
| <b>Total correlated</b>            |   | <b>(4,720)</b>                   | <b>(130,565)</b> | <b>(260,596)</b> |

| Risk factors            | Trading portfolio<br>Definition   | On December 31, 2009 - R\$ thousand |           |           |
|-------------------------|---|-------------------------------------|-----------|-----------|
|                         |   | Scenarios (1)                       |           |           |
|                         |   | 1                                   | 2         | 3         |
| Interest rates in Reais | Exposures subject to changes in fixed interest rates and interest rate coupon | (766)                               | (170,612) | (336,518) |
|                         | Exposures subject to changes in price   |                                     |           |           |

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|                             |                                   |                |                  |                  |
|-----------------------------|-----------------------------------|----------------|------------------|------------------|
| Price indexes               | index coupon rate                 | (270)          | (39,565)         | (77,676)         |
|                             | Exposures subject to changes in   |                |                  |                  |
| Domestic exchange coupon    | foreign currency coupon rate      | (3)            | (141)            | (279)            |
|                             | Exposures subject to exchange     |                |                  |                  |
| Foreign currency            | variation                         | (337)          | (8,434)          | (16,868)         |
|                             | Exposures subject to stocks price |                |                  |                  |
| Equities                    | variation                         | (1,285)        | (32,126)         | (64,252)         |
|                             | Exposures subject to the interest |                |                  |                  |
|                             | rate                              |                |                  |                  |
|                             | variation of securities traded on |                |                  |                  |
| Sovereign/Eurobonds and     | the                               |                |                  |                  |
| Treasuries                  | international market              | (746)          | (18,661)         | (36,375)         |
|                             | Exposures not classified in the   |                |                  |                  |
| Other                       | previous definitions              | -              | (14)             | (28)             |
| <b>Total not correlated</b> |                                   | <b>(3,407)</b> | <b>(269,553)</b> | <b>(531,996)</b> |
| <b>Total correlated</b>     |                                   | <b>(1,881)</b> | <b>(205,907)</b> | <b>(406,008)</b> |

(1) Amounts net of tax effects.

### *Notes to the Consolidated Financial Statements*

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

- Scenario 1:** Based on market information from March 31, 2010 and December 31, 2009 (BM&FBovespa, Anbima, etc), base point stresses were applied for interest rates and 1% variation for prices. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$1.80, whereas on December 31, 2009 it was R\$1.76. For the interest rate scenario, the 1-year fixed interest rate applied on the positions at March 31, 2010 and December 31, 2009 were 10.88% p.a. and 10.51% p.a., respectively.
- Scenario 2:** 25% stresses were determined based on the markets at March 31, 2010 and December 31, 2009. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$2.23, whereas on December 31, 2009 it was R\$2.18. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2010 and December 31, 2009 were 13.58% p.a. and 13.13% p.a., respectively. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices.
- Scenario 3:** 50% stresses were determined based on the markets on March 31, 2010 and December 31, 2009. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$2.67, whereas on December 31, 2009 it was R\$2.62. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2010 and December 31, 2009 were 16.30% p.a. and 15.75% p.a., respectively. Scenarios for other risk factors also represented a 50% stress on the respective curves or prices.

### **Liquidity Risk**

The Liquidity Risk is the possibility of the Organization not having enough financial funds to honor its commitments due to the mismatch between payments and deposits, taking in consideration different currencies and the settlement terms of its rights and obligations.

Bradesco has a Liquidity Policy that establishes the minimum liquidity levels that the Organization must keep, as well as instruments to manage the liquidity in regular and crisis scenarios. The liquidity risk is controlled daily in an independent manner, with the distribution of reports to the management and control areas, as well as the Board of Executive Officers.

*Notes to the Consolidated Financial Statements*

We present the Balance Sheet by maturity in the chart below

|   | R\$ thousand       |                   |                    |                       |                        |                    |
|---|--------------------|-------------------|--------------------|-----------------------|------------------------|--------------------|
|   | 1 to 30<br>days    | 31 to 180<br>days | 181 to 360<br>days | More than<br>360 days | Not stated<br>maturity | Total              |
| <b>Assets</b>   |                    |                   |                    |                       |                        |                    |
| <b>Current and long-term assets</b>   | <b>273,073,706</b> | <b>79,947,103</b> | <b>37,725,864</b>  | <b>131,962,864</b>    | -                      | <b>522,709,537</b> |
| Funds available   | 8,704,665          | -                 | -                  | -                     | -                      | 8,704,665          |
| Interbank investments   | 69,866,286         | 25,192,495        | 1,202,075          | 903,656               | -                      | 97,164,512         |
| Securities and derivative financial instruments (1)                             | 112,567,153        | 4,041,294         | 6,994,331          | 33,705,811            | -                      | 157,308,589        |
| Interbank and interdepartmental accounts  | 36,185,557         | 5,563             | 4,628              | 478,243               | -                      | 36,673,991         |
| Loan and leasing operations   | 21,318,970         | 43,730,998        | 25,343,949         | 76,002,174            | -                      | 166,396,091        |
| Other receivables and assets  | 24,431,075         | 6,976,753         | 4,180,881          | 20,872,980            | -                      | 56,461,689         |
| <b>Permanent assets</b>   | <b>240,519</b>     | <b>756,532</b>    | <b>833,793</b>     | <b>6,202,778</b>      | <b>1,882,901</b>       | <b>9,916,523</b>   |
| Investments   | -                  | -                 | -                  | -                     | 1,536,687              | 1,536,687          |
| Premises and equipment and leased assets  | 44,970             | 224,849           | 269,818            | 2,358,416             | 346,214                | 3,244,267          |
| Intangible assets   | 195,549            | 531,683           | 563,975            | 3,844,362             | -                      | 5,135,569          |
| <b>Total on March 31, 2010</b>  | <b>273,314,225</b> | <b>80,703,635</b> | <b>38,559,657</b>  | <b>138,165,642</b>    | <b>1,882,901</b>       | <b>532,626,060</b> |
| <b>Total on December 31, 2009</b>   | <b>265,077,183</b> | <b>74,648,728</b> | <b>35,062,982</b>  | <b>129,827,148</b>    | <b>1,607,051</b>       | <b>506,223,092</b> |
| <b>Total on March 31, 2009</b>  | <b>270,851,058</b> | <b>62,452,096</b> | <b>31,323,948</b>  | <b>116,068,185</b>    | <b>1,445,657</b>       | <b>482,140,944</b> |
| <b>Liabilities</b>  |                    |                   |                    |                       |                        |                    |
| <b>Current and long-term liabilities</b>  | <b>258,169,655</b> | <b>29,094,014</b> | <b>33,902,414</b>  | <b>166,729,367</b>    | <b>534,300</b>         | <b>488,429,750</b> |
| Deposits (2)  | 83,320,280         | 11,141,547        | 9,396,169          | 66,863,677            | -                      | 170,721,673        |
| Federal funds purchased and securities sold under agreements to repurchase      | 84,307,565         | 6,604,654         | 7,348,736          | 29,911,020            | -                      | 128,171,975        |
| Funds from issuance of securities   | 172,806            | 1,153,387         | 1,734,092          | 5,490,228             | -                      | 8,550,513          |
| Interbank and interdepartmental accounts  | 2,062,661          | -                 | -                  | -                     | -                      | 2,062,661          |
| Borrowing and onlending   | 2,145,618          | 6,927,011         | 6,005,758          | 15,129,357            | -                      | 30,207,744         |
| Derivative financial instruments  | 1,997,426          | 150,240           | 213,347            | 107,726               | -                      | 2,468,739          |
| Technical provisions for insurance, private pension plans and savings bonds (2) | 56,124,725         | 1,833,187         | 1,056,558          | 18,670,521            | -                      | 77,684,991         |
| Other liabilities:  |                    |                   |                    |                       |                        |                    |

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|  |                    |                   |                   |                    |                   |                    |
|--|--------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| - Subordinated debts                               | 92,471             | 128,804           | 4,550,736         | 18,234,418         | 534,300           | 23,540,729         |
| - Other  | 27,946,103         | 1,155,184         | 3,597,018         | 12,322,420         | -                 | 45,020,725         |
| <b>Deferred income</b>                             | <b>292,397</b>     | -                 | -                 | -                  | -                 | <b>292,397</b>     |
| <b>Minority interest in subsidiaries</b>           | -                  | -                 | -                 | -                  | <b>816,547</b>    | <b>816,547</b>     |
| <b>Shareholders equity</b>                         | -                  | -                 | -                 | -                  | <b>43,087,366</b> | <b>43,087,366</b>  |
| <b>Total on March 31, 2010</b>                     | <b>258,462,052</b> | <b>29,094,014</b> | <b>33,902,414</b> | <b>166,729,367</b> | <b>44,438,213</b> | <b>532,626,060</b> |
| <b>Total on December 31, 2009</b>                  | <b>243,987,413</b> | <b>23,845,786</b> | <b>31,095,923</b> | <b>164,220,184</b> | <b>43,073,786</b> | <b>506,223,092</b> |
| <b>Total on March 31, 2009</b>                     | <b>217,864,375</b> | <b>28,842,997</b> | <b>24,470,216</b> | <b>174,625,429</b> | <b>36,337,927</b> | <b>482,140,944</b> |
| <b>Accumulated net assets on March 31, 2010</b>    | <b>14,852,173</b>  | <b>66,461,794</b> | <b>71,119,037</b> | <b>42,555,312</b>  | -                 | -                  |
| <b>Accumulated net assets on December 31, 2009</b> | <b>21,089,770</b>  | <b>71,892,712</b> | <b>75,859,771</b> | <b>41,466,735</b>  | -                 | -                  |
| <b>Accumulated net assets on March 31, 2009</b>    | <b>52,986,683</b>  | <b>86,595,782</b> | <b>93,449,514</b> | <b>34,892,270</b>  | -                 | -                  |

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

*Notes to the Consolidated Financial Statements***Capital Adequacy Ratio (Basel)**

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

We present the Capital Adequacy Ratio II in the chart below

| Calculation basis Capital Adequacy Ratio (Basel II) (1)   | R\$ thousand |                    |            |                    |            |                    |
|---|--------------|--------------------|------------|--------------------|------------|--------------------|
|   | 2010         |                    | 2009       |                    |            |                    |
|   | March 31     | December 31        | March 31   | December 31        | March 31   | December 31        |
|   | Financial    | Economic-financial | Financial  | Economic-financial | Financial  | Economic-financial |
| Calculation basis Capital Adequacy Ratio (Basel)  | 43,087,366   | 43,087,366         | 41,753,751 | 41,753,751         | 35,306,357 | 35,306,357         |
| Reduction for tax credits Bacen Resolution 3,059/02   | -            | -                  | -          | -                  | (143,180)  | (143,180)          |
| Reduction for deferred assets Bacen Resolution 3,444/07   | (315,872)    | (433,638)          | (320,790)  | (353,589)          | (235,266)  | (361,733)          |
| Decrease in gains/losses of mark-to-market adjustments in DPV and derivatives Bacen Resolution 3,444/07 | 1,346,716    | 1,346,716          | 1,328,495  | 1,328,495          | 2,373,130  | 2,373,130          |
| Additional provision to the minimum required by Bacen Resolution 2,682/99 (4)                           | 3,004,207    | 3,004,968          | 3,001,912  | 3,002,675          | 1,688,078  | 1,689,372          |



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|  |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Minority interest/other  | 168,787            | 816,547            | 163,845            | 797,675            | 417,046            | 337,010            |
| <b>Reference shareholders equity - Tier I</b>  | <b>47,291,204</b>  | <b>47,821,959</b>  | <b>45,927,213</b>  | <b>46,529,007</b>  | <b>39,406,165</b>  | <b>39,200,956</b>  |
| Total of gains/losses of adjustments to market value in Available for Sale (DPV) and derivatives Bacen Resolution 3,444/07 | (1,346,716)        | (1,346,716)        | (1,328,495)        | (1,328,495)        | (2,373,130)        | (2,373,130)        |
| Subordinated debt (3)  | 9,816,056          | 9,816,056          | 10,950,907         | 10,950,907         | 10,941,584         | 10,941,584         |
| <b>Reference shareholders equity Tier II (3)</b>   | <b>8,469,340</b>   | <b>8,469,340</b>   | <b>9,622,412</b>   | <b>9,622,412</b>   | <b>8,568,454</b>   | <b>8,568,454</b>   |
| <b>Total reference shareholders equity (Tier I + Tier II)</b>  | <b>55,760,544</b>  | <b>56,291,299</b>  | <b>55,549,625</b>  | <b>56,151,419</b>  | <b>47,974,619</b>  | <b>47,769,410</b>  |
| Deduction of instruments for funding - Bacen Resolution 3,444/07   | (84,931)           | (228,458)          | (85,904)           | (223,821)          | (52,785)           | (313,837)          |
| <b>Reference shareholders equity (a)</b>   | <b>55,675,613</b>  | <b>56,062,841</b>  | <b>55,463,721</b>  | <b>55,927,598</b>  | <b>47,921,834</b>  | <b>47,455,573</b>  |
| <b>Capital allocation (by risk)</b>  |                    |                    |                    |                    |                    |                    |
| - Credit risk  | 34,655,230         | 34,871,767         | 32,911,105         | 33,046,469         | 30,491,748         | 30,726,169         |
| - Market risk  | 202,277            | 202,277            | 329,750            | 329,750            | 731,594            | 1,257,089          |
| - Operational risk   | 1,677,756          | 1,677,756          | 1,132,832          | 1,132,832          | 570,527            | 570,527            |
| <b>Required reference shareholders equity (b)</b>  | <b>36,535,263</b>  | <b>36,751,800</b>  | <b>34,373,687</b>  | <b>34,509,051</b>  | <b>31,793,869</b>  | <b>32,553,785</b>  |
| <b>Margin (a b)</b>  | <b>19,140,350</b>  | <b>19,311,041</b>  | <b>21,090,034</b>  | <b>21,418,547</b>  | <b>16,127,965</b>  | <b>14,901,788</b>  |
| <b>Risk-weighted assets (2) (c)</b>  | <b>332,138,752</b> | <b>334,107,270</b> | <b>312,488,064</b> | <b>313,718,649</b> | <b>289,035,178</b> | <b>295,943,503</b> |

**Capital  
adequacy ratio  
(a/c)**

**16.76%      16.78%      17.75%                      17.83%      16.58%                      16.04%**

- (1) Article 4 of Bacen Circular Letter 3,389/08 gives the option to exclude position sold in foreign currency for purposes of ascertaining the Capital Adequacy Ratio, also computing tax effects, carried out with the purpose of hedging investments abroad. Bradesco opted to do this on September 2008;
- (2) As of July 1, 2008, with the New Basel Capital Accord (Basel II), risk-weighted assets are determined based on 11%, required reference shareholders' equity which is the minimum capital required by Bacen;
- (3) On April 14, 2010, Bacen approved the request for early redemption of funding amounting to US\$300,000 thousand of perpetual subordinated debt issued in June 2005. Adjusting these effects, Capital Adequacy Ratio would be 16.60% for the Financial Conglomerate, and 16.62% for the Economic-financial conglomerate; and
- (4) The Capital Adequacy Ratio will also have the following impacts, which were already identified for this year (simulations on March 31, 2010): a) CMN Resolution 3,825/09 revokes, as from April 1, CMN Resolution 3,674 which allows the full addition of the additional provision for loan losses at the calculation of the Reference Shareholders' Equity, and, in this scenario, the Capital Adequacy Ratio would

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*Notes to the Consolidated Financial Statements*

be 15.86% for the Financial Conglomerate, and 15.88% for the Economic -Financial Conglomerate ; and b) as from 2H10 the Operating Risk of non-financial companies will be considered for capital allocation, and, in this scenario, the Capital Adequacy Ratio would be 15.86% for the Financial Conglomerate, and 15.55% for the Economic -Financial Conglomerate.

Pursuant to the New Basel Capital Accord, the Bacen published CMN Resolutions 3,380/06, 3,464/07 and 3,721/09, concerning the structures for managing operating, market and credit risks. It also published Circular Letters 3,360/07, 3,361/07 to 3,366/07, 3,368/07, 3,383/08, 3,388/08 and 3,389/08, which define the methodologies for the portions of capital necessary for credit, market and operating risks, as well as CMN Resolutions 3,444/07 and 3,490/07, amending rules for the determination of reference shareholders' equity and setting the bases for the calculation of required reference shareholders' equity. Therefore, as of July 2008, the National Financial System started operating according to the rules of the New Basel Capital Accord, standardized approach.

**b) Market value**

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

| Portfolios   | Book value  | Market value | Unrealized gain (loss) without tax effects |                         |                         |                         |           | R\$ thousand |          |
|--|-------------|--------------|--|-------------------------|-------------------------|-------------------------|-----------|--------------|----------|
|  |             |              | In the result                              |                         |                         | In shareholders' equity |           | December 31  | March 31 |
|  |             |              | 2010                                       | 2010                    | 2009                    | 2010                    | 2009      |              |          |
|  |             |              | March 31                                   | 1 <sup>st</sup> quarter | 4 <sup>th</sup> quarter | 1 <sup>st</sup> quarter | March 31  |              |          |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 157,308,589 | 160,910,617  | 4,167,360                                  | 3,674,991               | 1,034,975               | 3,602,028               | 3,082,780 | 2,168,206    |          |
| - Adjustment of available-for-sale securities (Note 8 c II)          |             |              | 565,332                                    | 592,211                 | (1,133,231)             | -                       | -         | -            |          |
| - Adjustment of held-to-maturity securities (Note 8d item 7)         |             |              | 3,602,028                                  | 3,082,780               | 2,168,206               | 3,602,028               | 3,082,780 | 2,168,206    |          |
| Loan and leasing operations (1) (Notes 3g and 10)                    | 198,106,815 | 198,600,844  | 494,029                                    | 500,972                 | 124,906                 | 494,029                 | 500,972   | 124,906      |          |
|  | 1,536,687   | 8,656,862    | 7,120,175                                  | 6,629,363               | 68,159                  | 7,120,175               | 6,629,363 | 68,159       |          |

Investments  
(Notes 3j and 13)  
(2)

|   |            |            |                   |                   |                  |                   |                  |                  |
|---|------------|------------|-------------------|-------------------|------------------|-------------------|------------------|------------------|
| Treasury shares<br>(Note 23d)                         | -          | -          | -                 | -                 | -                | -                 | 27,554           | (1,561)          |
| Time deposits<br>(Notes 3n and<br>16a)                | 92,576,685 | 92,426,541 | 150,144           | 111,265           | 252,176          | 150,144           | 111,265          | 252,176          |
| Funds from<br>issuance of<br>securities (Note<br>16c) | 8,550,513  | 8,544,090  | 6,423             | 7,077             | 17,393           | 6,423             | 7,077            | 17,393           |
| Borrowing and<br>onlending (Notes<br>17a and 17b)     | 30,207,744 | 30,111,878 | 95,866            | 54,968            | 41,497           | 95,866            | 54,968           | 41,497           |
| Subordinated<br>debts (Note 19)                       | 23,540,729 | 24,663,926 | (1,123,197)       | (855,901)         | (246,307)        | (1,123,197)       | (855,901)        | (246,307)        |
| <b>Unrealized gains<br/>without tax<br/>effects</b>   |            |            | <b>10,910,800</b> | <b>10,122,735</b> | <b>1,292,799</b> | <b>10,345,468</b> | <b>9,558,078</b> | <b>2,424,469</b> |

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

(2) Basically includes the surplus of interest in Cielo (former Visanet), Odontoprev, BM&FBovespa and Cetip.

*Notes to the Consolidated Financial Statements*

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

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

**33) EMPLOYEE BENEFITS**

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

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

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

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

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

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

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

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

*Notes to the Consolidated Financial Statements*

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

Bradesco's facilities abroad provide their employees and directors with a private pension plan with variable contribution, which accumulate funds during the participant's professional career, by means of contributions paid by an employee and in equal proportion by Bradesco. The contributions of employees, directors and of Bradesco in its facilities abroad are jointly equivalent to at most 5% of the annual salary of the benefit.

Expenses with contributions made in the first quarter of 2010 amounted to R\$73,269 thousand (in the fourth quarter of 2009 R\$55,106 thousand and in the first quarter of 2009 R\$51,214 thousand).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and directors several other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, amounted to R\$428,911 thousand in the first quarter of 2010 (in the first quarter of 2009 R\$423,809 thousand and in the first quarter of 2009 R\$379,566 thousand).

*Notes to the Consolidated Financial Statements***34) INCOME TAX AND SOCIAL CONTRIBUTION****a) Calculation of income tax and social contribution charges**

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| <b>Income before income tax and social contribution</b>                            | <b>2,689,696</b>              | <b>2,758,802</b>              | <b>2,412,611</b>              |
| Total income tax and social contribution at rates of 25% and 15%, respectively (1) | (1,075,878)                   | (1,103,521)                   | (965,044)                     |
| <b>Effect of additions and exclusions on the tax calculation:</b>                  |                               |                               |                               |
| Equity in the earnings of unconsolidated companies                                 | 11,502                        | 56,804                        | 2,227                         |
| Exchange gain/(loss)   | 30,540                        | (71,752)                      | (48,582)                      |
| Non-deductible expenses, net of non-taxable income (2)                             | (56,769)                      | 105,732                       | (29,607)                      |
| Tax credits recorded from previous periods   | 241,732                       | -                             | -                             |
| Interest on shareholders' equity (paid and payable)                                | 243,210                       | 210,218                       | 209,260                       |
| Effect of the difference of the social contribution rate (3)                       | 152,209                       | 175,204                       | 120,879                       |
| Other amounts  | (115,864)                     | 58,292                        | 26,810                        |
| <b>Income tax and social contribution for the period</b>                           | <b>(569,318)</b>              | <b>(569,023)</b>              | <b>(684,057)</b>              |

(1) The social contribution rate for companies of the financial and insurance sectors was increased to 15%, according to Law 11,727/08, remaining at 9% for other companies (Note 3h);

(2) In the fourth quarter of 2009, comprises the tax effect from the adhesion to the tax amnesty program of debits managed by RFB and PGFN, established by Law 11, 941/09; and

(3) Refers to the adjustment of the effective rate of social contribution in relation to the rate (40%) shown.

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

|  | R\$ thousand                  |                               |                               |
|--|-------------------------------|-------------------------------|-------------------------------|
|  | <b>2010</b>                   | <b>2009</b>                   |                               |
|  | <b>1<sup>st</sup> quarter</b> | <b>4<sup>th</sup> quarter</b> | <b>1<sup>st</sup> quarter</b> |
| <b>Current taxes:</b>  |                               |                               |                               |
| <b>Income tax and social contribution payable</b>              | <b>(1,486,130)</b>            | <b>367,863</b>                | <b>(1,608,704)</b>            |
| <b>Deferred taxes:</b>   |                               |                               |                               |
| Amount recorded/realized for the period on temporary additions | 661,483                       | (625,602)                     | 657,807                       |
| <b>Use of opening balances of:</b>                             |                               |                               |                               |
| Negative basis of social contribution                          | (55,047)                      | (26,825)                      | (35,896)                      |



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|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Tax loss   | (153,724)        | 82,178           | (100,496)        |
| <b>Tax credits recorded from previous periods</b>        |                  |                  |                  |
| Negative basis of social contribution                    | 12,102           | -                | -                |
| Tax loss   | 33,617           | -                | -                |
| Temporary additions                                      | 196,013          | -                | -                |
| <b>Recording/utilization in the period on:</b>           |                  |                  |                  |
| Negative basis of social contribution                    | 11,117           | (2,420)          | 12,764           |
| Tax loss   | 211,251          | (364,217)        | 390,468          |
| <b>Total deferred taxes</b>                              | <b>916,812</b>   | <b>(936,886)</b> | <b>924,647</b>   |
| <b>Income tax and social contribution for the period</b> | <b>(569,318)</b> | <b>(569,023)</b> | <b>(684,057)</b> |

*Notes to the Consolidated Financial Statements***c) Origin of tax credits of deferred income tax and social contribution**

|  | R\$ thousand             |                        |                    |                         |                         |
|--|--------------------------|------------------------|--------------------|-------------------------|-------------------------|
|  | Balance on<br>12.31.2009 | Amount<br>recorded (3) | Amount<br>realized | Balance on<br>3.31.2010 | Balance on<br>3.31.2009 |
| Allowance for loan losses  | 7,724,064                | 1,231,160              | 1,034,786          | 7,920,438               | 5,910,919               |
| Provision for civil contingencies  | 827,553                  | 105,836                | 38,041             | 895,348                 | 613,341                 |
| Provision for tax contingencies  | 1,970,367                | 297,443                | 1,862              | 2,265,948               | 1,833,202               |
| Labor provisions   | 578,623                  | 74,015                 | 47,476             | 605,162                 | 569,872                 |
| Provision for devaluation of securities and investments                    | 121,010                  | 549                    | 827                | 120,732                 | 149,120                 |
| Provision for devaluation of foreclosed assets                             | 104,500                  | 9,481                  | 6,841              | 107,140                 | 96,976                  |
| Adjustment to market value of trading securities                           | 13,317                   | 1,119                  | 185                | 14,251                  | 14,857                  |
| Amortized goodwill   | 1,031,107                | 12,655                 | 51,759             | 992,003                 | 1,160,869               |
| Provision for interest on shareholders equity (1)                          | -                        | 208,948                | -                  | 208,948                 | 178,634                 |
| Law 11,638/07 adjustments  | 93,665                   | 13,279                 | 636                | 106,308                 | 87,531                  |
| Other  | 1,787,044                | 235,903                | 150,479            | 1,872,468               | 1,528,566               |
| <b>Total tax credits over temporary differences</b>                        | <b>14,251,250</b>        | <b>2,190,388</b>       | <b>1,332,892</b>   | <b>15,108,746</b>       | <b>12,143,887</b>       |
| Tax losses and negative basis of social contribution in Brazil and abroad  | 1,119,281                | 268,087                | 208,771            | 1,178,597               | 1,635,420               |
| <b>Subtotal</b>  | <b>15,370,531</b>        | <b>2,458,475</b>       | <b>1,541,663</b>   | <b>16,287,343</b>       | <b>13,779,307</b>       |
| Adjustment to market value of available-for-sale securities                | 51,388                   | 8,251                  | 37,184             | 22,455                  | 562,157                 |
| Social contribution Provisional Measure 2,158-35 of August 24, 2001 (2)    | 270,123                  | -                      | 22,876             | 247,247                 | 406,546                 |
| <b>Total tax credits (Note 11b)</b>  | <b>15,692,042</b>        | <b>2,466,726</b>       | <b>1,601,723</b>   | <b>16,557,045</b>       | <b>14,748,010</b>       |
| <b>Deferred tax liabilities (Note 34f)</b>                                 | <b>3,985,467</b>         | <b>657,772</b>         | <b>187,333</b>     | <b>4,455,906</b>        | <b>3,165,039</b>        |
| <b>Tax credits net of deferred tax liabilities</b>                         | <b>11,706,575</b>        | <b>1,808,954</b>       | <b>1,414,390</b>   | <b>12,101,139</b>       | <b>11,582,971</b>       |
| <b>- Percentage of net tax credits over shareholders equity (Note 32a)</b> | <b>20.9%</b>             |                        |                    | <b>21.6%</b>            | <b>24.4%</b>            |
| <b>- Percentage of net tax credits over total</b>                          | <b>2.3%</b>              |                        |                    | <b>2.3%</b>             | <b>2.4%</b>             |

**assets**

- (1) The tax credit relative to interest on shareholders' equity is recorded up to the limit allowed by the tax law;
- (2) Up to the end of the year, Bradesco expects to realize R\$31,193 thousand, which will be recorded upon use (item d); and
- (3) Includes tax credit related to the increase in the social contribution rate for companies in the financial and insurance sectors, established by Law 11,727/08, equivalent to R\$77,288 thousand (Note 3h).

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

|                                | R\$ thousand          |                     |                             |                     |                   |
|--------------------------------|-----------------------|---------------------|-----------------------------|---------------------|-------------------|
|                                | Temporary differences |                     | Tax loss and negative basis |                     | Total             |
|                                | Income tax            | Social contribution | Income tax                  | Social contribution |                   |
| 2010                           | 1,639,366             | 862,542             | 255,341                     | 55,000              | 2,812,249         |
| 2011                           | 2,285,462             | 1,105,867           | 204,580                     | 69,179              | 3,665,088         |
| 2012                           | 2,499,557             | 1,217,205           | 192,055                     | 66,613              | 3,975,430         |
| 2013                           | 1,618,282             | 793,402             | 138,231                     | 28,628              | 2,578,543         |
| 2014                           | 2,023,468             | 999,573             | 118,098                     | 30,772              | 3,171,911         |
| 2015 (1 <sup>st</sup> quarter) | 42,607                | 21,415              | 20,094                      | 6                   | 84,122            |
| <b>Total</b>                   | <b>10,108,742</b>     | <b>5,000,004</b>    | <b>928,399</b>              | <b>250,198</b>      | <b>16,287,343</b> |

|              | R\$ thousand  |        |        |        |        |                |
|--------------|---|--------|--------|--------|--------|----------------|
|              | Social contribution tax credit - Provisional Measure 2,158 35 |        |        |        |        |                |
|              | 2010  | 2011   | 2012   | 2013   | 2014   | Total          |
| <b>Total</b> | 31,193  | 27,786 | 76,467 | 81,727 | 30,074 | <b>247,247</b> |

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

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$14,809,989 thousand (December 31, 2009 R\$14,026,544 thousand and March 31, 2009 R\$12,960,602 thousand), of which R\$13,519,605 thousand (December 31, 2009 R\$12,755,568 thousand and March 31, 2009 R\$11,069,727 thousand) is relative to temporary differences, R\$1,071,383 thousand (December 31, 2009 R\$1,031,153 thousand and March 31, 2009 R\$1,535,560 thousand) to tax losses and negative basis of social contribution and R\$219,001 thousand (December 31, 2009 R\$239,823 thousand and March 31, 2009 R\$355,315 thousand) comprises tax credit over social contribution Provisional Measure 2,158-35.

**e) Unrecorded tax credits**

Tax credits of R\$74,152 thousand (December 31, 2009 R\$274,222 thousand and March 31, 2009 R\$75,238 thousand) have not been recorded in the financial statements, and will be recorded when prospects of realization are probable according to studies and analyses prepared by the Management and in accordance with Bacen rules.

Due to the *Ação Direta de Inconstitucionalidade* (lawsuit filed at the Supreme Court claiming the unconstitutionality of a law approved by congress) filed by CONSIF against Law 11,727/08, Articles 17 and 41, tax credits from previous periods arising from the Social Contribution rate increase from 9% to 15% were recorded up to the limit of the

corresponding consolidated tax liabilities. The unrecognized tax credit balance related to the Social Contribution rate increase not recorded amounts to R\$735,500 thousand (note 3h).

*Notes to the Consolidated Financial Statements***f) Deferred tax liabilities**

|   | R\$ thousand     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2010             | 2009             |                  |
|   | March 31         | December 31      | March 31         |
| Mark-to-market adjustment of derivative financial instruments | 311,713          | 469,141          | 586,031          |
| Difference in depreciation                                    | 3,427,393        | 2,996,545        | 1,892,706        |
| Operations in the market for future settlement                | 82,178           | 1,454            | 1,768            |
| Others  | 634,622          | 518,327          | 684,534          |
| <b>Total</b>  | <b>4,455,906</b> | <b>3,985,467</b> | <b>3,165,039</b> |

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

**35) OTHER INFORMATION**

a) The Bradesco Organization manages investment funds and portfolios with net assets on March 31, 2010 of R\$258,562,728 thousand (December 31, 2009 - R\$247,700,191 thousand and March 31, 2009 R\$200,975,384 thousand).

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

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

Compliance with Bacen compulsory deposit requirement in cash, not remunerated may be collected from time deposits (1) replaced by credits acquired up to 45% of the acquisitions and interbank deposits acquired up to June 30, 2010 from deposits acquired up to June 30, 2010 financial institutions, basically derived from (i) loan operations; (ii) receivables from leasing operations; (iii) advances and other issuance credits or liability of non-financial individuals and corporations, (iv) interbank deposits with guaranteed assets provided for by laws; (v) fixed income securities issued by non-financial entities, composing the institution's portfolio or investment funds; (vi) receivables pertaining to Receivables Securitization Funds (FIDC); (vii) FIDC quotas organized by the Deposit Guarantee Association (FGC); and (viii) foreign currency acquisitions with Bacen made with financial institution's resale commitment, combined with Bacen's repurchase commitment, only accepting the deduction of credits acquired from institutions whose Reference Shareholders' Equity reaches up to R\$2.5 billion.

(1) Financial Statements will be impacted as of April 2010.

*Notes to the Consolidated Financial Statements*

c) On January 21, 2010, Bradesco entered into a Memorandum of Understanding with the controlling shareholders of Ibi Services S. de R. L. México (Ibi México) and RFS Human Management S. de R.L., to acquire 100% of their capital stock. Ibi México has a loan portfolio of 1.3 billion Mexican Pesos, equivalent to R\$180 million, shareholders equity of 566 million Mexican Pesos, or nearly R\$79 million, and over 1 million credit cards. The business foresees a 20-year Partnership Agreement with C&A México S. de R.L. (C&A México), for the exclusive joint sale of financial products and services through the C&A México retail chain. This transaction is subject to the compliance of usual condition precedent to this type of operation, especially procedures, the signature of definitive contracts and the approval of competent Mexican and Brazilian authorities. The parties expect to conclude legal processes and execute all agreements up to June 2010.

d) As part of the process of convergence with international accounting standards, certain rules and their interpretation were issued by the Brazilian Accounting Pronouncements Committee (CPC), which are applicable to financial institutions only after approval by BACEN. The accounting standards which have been approved by BACEN include the following:

- Resolution 3,566/08 Impairment of Assets;
- Resolution 3,604/08 Statement of Cash Flow;
- Resolution 3,570/09 Related-Party Disclosures; and
- Resolution 3,823/09 Provisions, Contingent Liabilities and Contingent Assets.

At present, it is not practicable to estimate when BACEN will approve the other CPC accounting standards or whether their adoption, subsequent to approval, will be effective for future periods, or applicable retroactively. As a result, it is not yet possible to estimate the accounting effects of these standards on Bradesco's financial statements.

Bacen Resolution 3786/09 and Circular 3472/09 established that financial institutions and others authorized to operate by Bacen, constituted as publicly held companies or which are obliged to form an audit committee shall, as from December 31, 2010, prepare annually and publish in up to 90 days from the base date December 31, their consolidated financial statements, prepared in accordance with international financial reporting standards (IFRS), in compliance with standards issued by the International Accounting Standards Board. (IASB). Accordingly, Bradesco is currently analyzing the accounting effects of the transition to IFRS and will conclude this process within the deadlines established by Bacen.

e) On April 23, 2010, Bradesco presented to the Spanish Santander Group (Santander), a Binding Proposal (Proposal) for the acquisition of the shares held by Santander in the following companies:

- In Cielo S.A. (Cielo), corresponding to 2.09% of the company's capital for the amount of R\$ 425 million; and
- In Companhia Brasileira de Soluções e Serviços (CBSS), corresponding to 10.67% of the company's capital for the amount of R\$ 139.2 million.

Considering that the Proposal was accepted by Santander on the same date, the completion of the purchase is now contingent upon a satisfactory negotiation process related to the final documents and compliance with the applicable legal and regulatory formalities.



*Notes to the Consolidated Financial Statements*

Once the transaction has been concluded, Bradesco's stake in Cielo will increase from 26.56% to 28.65% and in CBSS from 34.33% to 45.00%, strengthening its percentage of ownership of companies operating in the bank card market.

f) On April 27, 2010 Banco Bradesco S.A. and Banco do Brasil S.A. signed a non-binding memorandum of understanding for the preparation of a business model, involving:

- The integration of part of their card operations
- The launch of a Brazilian brand of credit, debit and pre-paid cards for account-holders and non-account-holders;
- The joint creation of new businesses for private label cards (cards offered to non-account-holder clients through partner merchants);
- The creation of a company to sell cards to certain determined groups of non-account-holder clients;
- The transfer of shareholdings retained by both institutions and their subsidiaries in CBSS S.A., for the subsequent creation of a new company.

The Banks announced their are studying the possibility of transferring their interests in Cielo S.A. to a new company to be created, while observing the interests of their shareholders, the requirements of the BM&FBovespa's Novo Mercado listing rules and the companies' Bylaws.

If the operation is concluded, the Banks intend to set up a holding company which will integrate and manage the businesses listed above, in addition to generating gains in synergy, the structuring of new private label businesses, and other similar businesses, and constructing a business model that will permit the offer of branded cards on a nationwide basis.

The conclusion of the operation is subject to technical, legal and financial studies, the satisfactory negotiation of the final documents and compliance with the applicable legal and regulatory requirements.

**Management Bodies**

Cidade de Deus, Osasco, SP, April 27, 2010.

**Board of Directors**

**Chairman**

Lázaro de Mello Brandão

**Vice-Chairman**

Antônio Bornia

**Members**

Mário da Silveira Teixeira Júnior

Márcio Artur Laurelli Cypriano

João Aguiar Alvarez

Denise Aguiar Alvarez

Luiz Carlos Trabuco Cappi

Carlos Alberto Rodrigues  
Guilherme

Ricardo Espírito Santo Silva  
Salgado

**Board of Executive Officers**

**Executive Officers**

**Chief Executive Officer**

Luiz Carlos Trabuco Cappi

**Executive Vice-Presidents**

Laércio Albino Cezar

Arnaldo Alves Vieira

Sérgio Socha

Julio de Siqueira Carvalho de  
Araujo

**Department Directors**

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Airton Celso Exel Andreolli

Alexandre da Silva Glüher

Alfredo Antônio Lima de  
Menezes

Altair Antônio de Souza

Amilton Nieto

André Bernardino da Cruz Filho

André Marcelo da Silva Prado

André Rodrigues Cano

Antonio de Jesus Mendes

Antonio José da Barbara

Arnaldo Nissental

Cassiano Ricardo Scarpelli

Clayton Camacho

Denise Pauli Pavarina

Douglas Tevis Francisco

Fernando Barbaresco

Fernando Roncolato Pinho

Jair Delgado Scalco

Jean Philippe Leroy

João Albino Winkelmann

José Luiz Rodrigues Bueno

José Maria Soares Nunes

Josué Augusto Pancini

Julio Alves Marques

Laércio Carlos de Araújo Filho

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Antônio Bornia

Mário da Silveira Teixeira Júnior

Márcio Artur Laurelli Cypriano

Luiz Carlos Trabuco Cappi

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Coordinator

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José Lucas Ferreira de Melo

Romulo Nagib Lasmar

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Coordinator

Carlos Alberto Rodrigues Guilherme

Domingos Figueiredo de Abreu

Milton Matsumoto

Marco Antonio Rossi

\*Alexandre da Silva Glüher

Clayton Camacho

Roberto Sobral Hollander

\*Frederico William Wolf

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(Non-Statutory)**

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Coordinator

Julio de Siqueira Carvalho de Araujo

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Norberto Pinto Barbedo  
Domingos Figueiredo de Abreu

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Odair Afonso Rebelato  
Aurélio Conrado Boni  
Ademir Cossiello  
Sérgio Alexandre Figueiredo  
Clemente  
Candido Leonelli  
Maurício Machado de Minas

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Luiz Alves dos Santos  
Luiz Carlos Angelotti  
Luiz Carlos Brandão Cavalcanti  
Júnior  
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Marcos Bader  
Marcos Daré  
Marcos Villanova  
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Barros  
Paulo Aparecido dos Santos  
Paulo Faustino da Costa  
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Octávio de Lazari Júnior

Osmar Roncolato Pinho

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Almir Rocha  
Antonio Gualberto Diniz  
Antonio Piovesan  
Delvair Fidencio de Lima  
Diaulas Morize Vieira Marcondes  
Junior

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Glaucimar Peticov  
\*Frederico William Wolf

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Laércio Albino Cezar  
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Gadelha

Francisco Assis da Silveira Junior Marco Antonio Rossi  
Geraldo Dias Pacheco Roberto Sobral Hollander

João Alexandre Silva

João Carlos Gomes da Silva

José Sergio Bordin

Mauricio Gomes Maciel

Volnei Wulff

Wilson Reginaldo Martins

**Fiscal Council**

**Members**

Domingos Aparecido Maia - Coordinator

Nelson Lopes de Oliveira

Ricardo Abecassis Espírito Santo Silva

**Substitute Members**

João Batistela Biazon

Jorge Tadeu Pinto de Figueiredo

Renaud Roberto Teixeira

**Ombudsman Department**

Julio Alves Marques Ombudsman

\* Pending approval by the  
Brazilian Central Bank

**General Accounting Committee**

Luiz Carlos Angelotti Accountant-CRC 1SP203959/O-0

*Independent Auditor s Report on Limited Review*

**Independent Auditors Report on Limited Review**

(A free translation of the original in Portuguese)

To the Board of Directors Banco Bradesco S.A.

1. We carried out limited reviews of the accounting information presented in the consolidated Quarterly Information of Banco Bradesco S.A. and its subsidiaries, comprising the consolidated balance sheets as of March 31, 2010, December 31, 2009 and March 31, 2009 and the related consolidated statements of income, of changes in stockholders' equity, of cash flows and of value added for the quarters then ended. This information is the responsibility of the Bank's management.
2. Our reviews were carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of the Quarterly Information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications which should be made to the Quarterly Information referred to above in order that this information be stated in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN) and the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information.

São Paulo, April 27, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

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

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*Independent Auditor s Report Summary*

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory attributions, having examined the Management Report and the Financial Statements related to the first quarter of 2010 and in view of the limited review report prepared by PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, based on the current corporate law, fairly reflect the Company s equity and financial position.

Cidade de Deus, Osasco, São Paulo, April 27, 2010

Domingos Aparecido Maia

Nelson Lopes de Oliveira

Ricardo Abecassis E. Santo Silva

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For further information:

Board of Executive Officers

Domingos Figueiredo de Abreu

Executive Vice-President and Executive IRO

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[4000.abreu@bradesco.com.br](mailto:4000.abreu@bradesco.com.br)

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Brazil

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 03, 2010



BANCO BRADESCO S.A.

By: /s/ Domingos Figueiredo  
de Abreu

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**Domingos Figueiredo de  
Abreu  
Executive Vice-President  
and  
Investor Relations  
Officer**

### **FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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