Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization to the Market and to Regulatory Bodies.

ISO 9001




# Report on Economic and Financial Analysis

March **2009**

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## *Forward-Looking Statements*

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

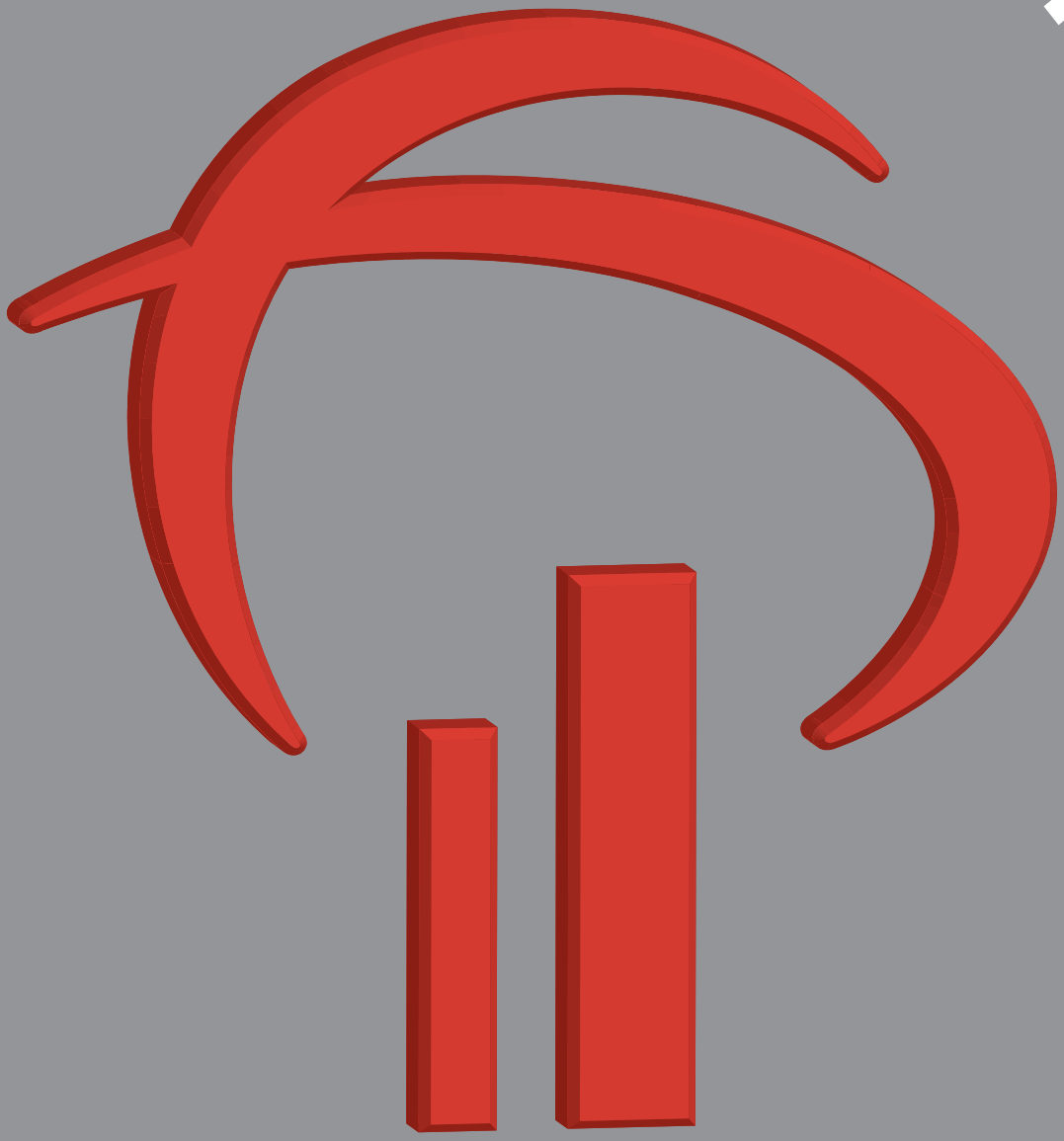
Factors which could modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers in loan operations, with the consequent increase in the allowance for loan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

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

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

*Press Release*

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**Management, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization to the Market and to Regulatory Bodies**

ISO 9001 2000

## Highlights

The main figures obtained by Bradesco in 1Q09 are presented below:

1. Net income for 1Q09 totaled R$1.723 billion (a -9.6% variation relative to the adjusted net income of R$1.907 billion in 1Q08), corresponding to EPS of R$2.42 (accumulated over 12 months) and a 21.0% return on Average Shareholders' Equity[1].

2. Net income comprised R$1.073 billion from financial activities, which represented 62% of the total, and R$650 million from Insurance and Private Pension Plan activities, which accounted for 38% of total Net Income.

3. Market capitalization as of April 30, 2009 stood at R$76.389 billion.

4. Total Assets reached R$482.141 billion in March 2009, an increase of 35.6% in relation to the same period in 2008. Annualized return on average Assets reached 1.5%, vis-à-vis 2.2% in the same period of last year.

5. The Expanded Loan Portfolio[2] stood at R$214.291 billion, 26.5% higher on a y-o-y analysis. Loans to individuals totaled R$73.630 billion (up by 18.3%), while loans to corporations totaled R$140.661 billion (up by 31.2%).

6. Assets under Management reached R$640.347 billion, an increase of 26.7% vis-à-vis the R$505.365 billion of March 2008.

7. Shareholders' Equity stood at R$35.306 billion in March 2009, a 7.3% y-o-y growth. The Capital Adequacy Ratio (Basel II) stood at 16.0% in 1Q09, 13.2% of which being Tier I Capital.

8. Remuneration to shareholders in the form of Interest on Shareholders' Capital and Dividends paid and provisioned in 1Q09 amounted to R$2.528 billion, R$ 647 million of which related to the income generated in the quarter, equivalent to 37.6%, and R$1.881 billion related to the fiscal period of 2008.

9. The Efficiency Ratio in March 2009 stood at 41.5% (41.7% in March 2008).

10. In the quarter, investments in infrastructure, information technology and telecommunications amounted to R$793 million, up by 43.9 % y-o-y.

11. In the period, taxes and contributions, including social security, paid or provisioned, totaled R$3.159 billion, R$1.686 billion of which stemming from main activities developed by the Bradesco Organization, equivalent to 97.85% of the Net Income and R$1.473 billion related, mainly, to financial intermediation taxes withheld and paid by third parties.

12. Bradesco has a comprehensive distribution network, with 4,559 Branches (3,375 branches + 1,184 mini-branches(PABs)), 29,764 ATMs in the Bradesco Dia&Noite (Day&Night) Network, 16,710 Bradesco Expresso outlets, 5,959 Banco Postal (Postal Bank) Branches, 2,695 Electronic Service Branches and 152 branches of Finasa Promotora de Vendas. 5,679 ATMs in the Banco24Horas (24HourBank) Network are also available to Bradesco clients.

## Highlights

13. Awards and Acknowledgements received in 1Q09:

- The highest profitability in the private sector of U.S. and Latin America (Consultoria Economática);
- Most valuable brand of the banking sector in Latin America and 12th worldwide (Brand Finance/The Banker);
- 5th world's most valuable brand among retail banks (The Banker);
- Best Private Banking in Brazil for the second consecutive year (Euromoney);
- The most liquid bank in Latin America (Global Finance);
- Sustainability International Award (Golden Peacock Global Award for Corporate Social Responsibility 2009);
- The leader in the Insurance Market in 2008 (Insurance Brokers Union of São Paulo (Sincor-SP)/Valor Econômico);
- The largest private agent of the National Bank for Economic and Social Development (BNDES) in 2008 (Gazeta Mercantil); and
- Banco Bradesco and BMC – the leaders in payroll deductible loans for the Social Security National Institute (INSS) benefit recipients (Ministry of Social Security).

14. Socially, aiming at contributing to a better education in Brazil, Bradesco has been developing for over 52 years a broad social and educational program through Fundação Bradesco, maintaining 40 schools mainly located in regions of acute socio-economic poverty throughout all Brazilian states and Brasília, the Federal District. In 2009, with a budget estimated at R$231.343 million, Fundação Bradesco will be able to service over 642 thousand people in the various segments of operation. Among these services, 111,762(3) students will receive free-of-charge quality education.

(1) Excluding the assets valuation adjustment recorded in Shareholders' Equity;
(2) Considering Sureties, Guarantees, credit cards receivables (cash purchases and credit purchases from storeowners) and loan assignment (Receivables Securitization Funds - FIDC); and
(3) Forecast.

## Main Information

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 | Variation% | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | 1Q09 x 4Q08 | 1Q09 x 1Q08 |
| **Statement of Income for the Period – R$ million** | | | | | | | | | | |
| Accounting Net Income | 1,723 | 1,605 | 1,910 | 2,002 | 2,102 | 2,193 | 1,810 | 2,302 | 7.4 | (18.0) |
| Adjusted Net Income | 1,723 | 1,806 | 1,910 | 2,002 | 1,907 | 1,854 | 1,850 | 1,801 | (4.6) | (9.6) |
| Adjusted Net Interest Income | 7,661 | 6,672 | 6,334 | 6,593 | 6,050 | 5,997 | 5,580 | 5,704 | 14.8 | 26.6 |
| Provision for Loan Losses Expenses | (2,920) | (1,962) | (1,824) | (1,834) | (1,667) | (1,556) | (1,438) | (1,344) | 48.8 | 75.2 |
| Fees and Commissions | 2,837 | 2,818 | 2,819 | 2,775 | 2,803 | 2,896 | 2,742 | 2,609 | 0.7 | 1.2 |
| Administrative and Personnel Expenses | (3,903) | (4,180) | (3,936) | (3,684) | (3,552) | (3,794) | (3,395) | (3,293) | (6.6) | 9.9 |
| **Balance Sheet – R$ million** | | | | | | | | | | |
| Total Assets | 482,141 | 454,413 | 422,662 | 403,232 | 355,470 | 341,144 | 317,648 | 290,568 | 6.1 | 35.6 |
| Securities | 130,816 | 131,598 | 132,373 | 118,956 | 105,167 | 114,452 | 108,098 | 103,577 | (0.6) | 24.4 |
| Loan Operations (1) | 214,291 | 215,345 | 197,250 | 181,602 | 169,408 | 161,407 | 140,094 | 130,819 | (0.5) | 26.5 |
| – Individuals | 73,630 | 73,768 | 69,984 | 65,872 | 62,226 | 59,277 | 54,383 | 49,832 | (0.2) | 18.3 |
| – Corporations | 140,661 | 141,577 | 127,266 | 115,730 | 107,182 | 102,130 | 85,711 | 80,987 | (0.6) | 31.2 |
| Provision for Loan Losses (PLL) | (11,424) | (10,263) | (9,136) | (8,652) | (8,104) | (7,826) | (7,428) | (7,033) | 11.3 | 41.0 |
| Total Deposits | 169,104 | 164,493 | 139,170 | 122,752 | 106,710 | 98,323 | 86,736 | 82,601 | 2.8 | 58.5 |
| Technical Provisions | 66,673 | 64,587 | 62,888 | 62,068 | 59,722 | 58,526 | 55,319 | 52,900 | 3.2 | 11.6 |
| Shareholder's Equity | 35,306 | 34,257 | 34,168 | 33,711 | 32,909 | 30,358 | 29,214 | 27,515 | 3.1 | 7.3 |
| Total Funds Raised and Managed | 640,347 | 597,177 | 570,116 | 552,082 | 505,365 | 482,971 | 452,698 | 421,602 | 7.2 | 26.7 |
| **Performance Indicators % (except when otherwise stated)** | | | | | | | | | | |
| Net Income per Share – R$ (2) | 2.42 | 2.48 | 2.50 | 2.48 | 2.41 | 2.38 | 2.30 | 2.24 | (2.4) | 0.4 |
| Book Value per Share (Common and Preferred) – R$ | 11.50 | 11.16 | 11.13 | 10.98 | 10.72 | 10.03 | 9.65 | 9.17 | 3.0 | 7.3 |
| Annualized Return on Average Shareholder's Equity (3) (4) | 21.0 | 23.8 | 25.4 | 27.2 | 28.7 | 28.3 | 30.0 | 31.5 | (2.8) p.p | (7.7) p.p |
| Annualized Return on Average Assets (4) | 1.5 | 1.9 | 2.0 | 2.1 | 2.2 | 2.4 | 2.5 | 2.5 | (0.4) p.p | (0.7) p.p |
| Average Rate – (Adjusted Net Interest Income/ Total Average Assets – Repos – Permanent Assets) Annualized | 8.4 | 7.9 | 8.3 | 9.4 | 9.2 | 9.8 | 9.7 | 10.3 | 0.5 p.p | (0.8) p.p |
| Fixed Assets Ratio – Total Consolidated | 14.1 | 13.5 | 17.6 | 16.2 | 12.1 | 14.5 | 14.7 | 8.5 | 0.6 p.p | 2.0 p.p |
| Combined Ratio – Insurance (5) | 86.2 | 89.7 | 84.4 | 84.9 | 83.9 | 92.8 | 92.3 | 87.7 | (3.5) p.p | 2.3 p.p |
| Efficiency Ratio (ER) (2) | 41.5 | 42.0 | 41.6 | 41.3 | 41.7 | 41.8 | 41.8 | 42.0 | (0.5) p.p | (0.2) p.p |
| Coverage Ratio (Fees and Commissions / Administrative and Personnel Expenses) (2) | 71.6 | 73.1 | 75.5 | 77.8 | 78.7 | 80.2 | 80.6 | 79.4 | (1.5) p.p | (7.1) p.p |
| Market Capitalization – R$ million (6) | 65,154 | 65,354 | 88,777 | 95,608 | 93,631 | 109,463 | 107,222 | 95,545 | (0.3) | (30.4) |
| **Loan Portfolio Quality %** | | | | | | | | | | |
| PLL / Loan Portfolio | 6.6 | 5.9 | 5.7 | 5.8 | 5.8 | 6.0 | 6.4 | 6.5 | 0.7 p.p | 0.8 p.p |
| Non Performing Loans (> 60 days (7) / Loan Portfolio) | 5.4 | 4.5 | 4.2 | 4.3 | 4.3 | 4.2 | 4.4 | 4.5 | 0.9 p.p | 1.1 p.p |
| Delinquency Ratio (> 90 days (7) / Loan Portfolio) | 4.3 | 3.6 | 3.5 | 3.5 | 3.5 | 3.5 | 3.7 | 3.7 | 0.7 p.p | 0.8 p.p |
| Coverage Ratio (PLL/ >90 days (7)) | 152.4 | 165.6 | 163.6 | 165.9 | 166.5 | 168.7 | 171.7 | 173.7 | (13.2) p.p | (14.1) p.p |
| Coverage Ratio (PLL / > 60 days (7)) | 122.3 | 130.7 | 135.7 | 136.6 | 137.0 | 140.7 | 144.1 | 144.1 | (8.4) p.p | (14.7) p.p |
| **Operating Limits %** | | | | | | | | | | |
| Capital Adequacy Ratio – Total Consolidated (8) | 16.0 | 16.1 | 15.6 | 12.9 | 13.9 | 14.0 | 14.2 | 16.1 | (0.1) p.p | 2.1 p.p |
| Tier I | 13.2 | 12.9 | 12.5 | 10.1 | 10.5 | 10.2 | 10.8 | 11.6 | 0.3 p.p | 2.7 p.p |
| Tier II | 2.9 | 3.3 | 3.3 | 2.9 | 3.6 | 3.9 | 3.8 | 4.5 | (0.4) p.p | (0.7) p.p |
| Deductions | (0.1) | (0.1) | (0.2) | (0.1) | (0.2) | (0.1) | (0.4) | – | – | 0.1 p.p |

## Main Information

| | Mar09 | Dec08 | Sep08 | Jun08 | Mar08 | Dec07 | Sep07 | Mar07 | Variation% | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Mar09 x Dec08 | Mar09 x Mar08 |
| **Structural Information – Units** | | | | | | | | | | |
| Outlets | 39,427 | 38,183 | 36,140 | 34,709 | 32,758 | 29,982 | 28,573 | 27,342 | **3.3** | **20.4** |
| – Branches | 3,375 | 3,359 | 3,235 | 3,193 | 3,169 | 3,160 | 3,067 | 3,031 | **0.5** | **6.5** |
| – Advanced Service Branch (PAAs) (9) | 1,183 | 1,032 | 902 | 584 | 135 | 130 | 130 | 130 | **14.6** | **776.3** |
| – Mini-Branches (PABs) (9) | 1,184 | 1,183 | 1,185 | 1,181 | 1,175 | 1,151 | 1,103 | 1,083 | **0.1** | **0.8** |
| – Electronic Service Branch (PAEs) (9) | 1,512 | 1,523 | 1,561 | 1,545 | 1,515 | 1,495 | 1,426 | 1,432 | **(0.7)** | **(0.2)** |
| – Outplaced ATM Network Terminals | 3,389 | 3,296 | 3,074 | 2,904 | 2,877 | 2,776 | 2,652 | 2,571 | **2.8** | **17.8** |
| – 24-Hour Bank Network Assisted Terminals | 5,068 | 4,732 | 4,378 | 4,153 | 3,763 | 3,523 | 3,387 | 3,287 | **7.1** | **34.7** |
| – Banco Postal (Postal Bank) | 5,959 | 5,946 | 5,924 | 5,882 | 5,851 | 5,821 | 5,753 | 5,709 | **0.2** | **1.8** |
| – Bradesco Expresso (Correspondent Banks) | 16,710 | 16,061 | 14,562 | 13,413 | 12,381 | 11,539 | 10,657 | 9,699 | **4.0** | **35.0** |
| – Finasa Promotora de Vendas (Finasa Branches) | 152 | 156 | 216 | 268 | 357 | 375 | 388 | 392 | **(2.6)** | **(57.4)** |
| – Promotora de Vendas – BMC (Correspondent Banks) | 884 | 883 | 1,078 | 1,561 | 1,510 | – | – | – | **0.1** | **(41.5)** |
| – Credicerto Promotora de Vendas (BMC Branches) | – | – | 13 | 13 | 13 | – | – | – | **–** | **–** |
| – Branches/Subsidiaries Abroad | 11 | 12 | 12 | 12 | 12 | 12 | 10 | 8 | **(8.3)** | **(8.3)** |
| ATMs | 35,443 | 34,524 | 32,942 | 31,993 | 30,956 | 29,913 | 28,738 | 28,002 | **2.7** | **14.5** |
| – Proprietary | 29,764 | 29,218 | 28,092 | 27,362 | 26,735 | 25,974 | 24,911 | 24,498 | **1.9** | **11.3** |
| – 24-Hour Bank | 5,679 | 5,306 | 4,850 | 4,631 | 4,221 | 3,939 | 3,827 | 3,504 | **7.0** | **34.5** |
| Credit Card, Debit Card and Private Label – in millions | 85.2 | 83.2 | 81.6 | 79.2 | 74.3 | 71.7 | 68.4 | 64.3 | **2.4** | **14.7** |
| Internet Banking – users in millions | 10.1 | 9.8 | 9.5 | 9.2 | 8.8 | 8.6 | 8.3 | 8.1 | **3.1** | **14.8** |
| Employees | 86,650 | 86,622 | 85,577 | 84,224 | 83,124 | 82,773 | 81,943 | 80,287 | **–** | **4.2** |
| **Clients – million** | | | | | | | | | | |
| Checking Accounts | 20.2 | 20.1 | 20.0 | 19.8 | 19.1 | 18.8 | 17.1 | 16.9 | **0.5** | **5.8** |
| Savings Accounts | 34.2 | 35.8 | 33.8 | 32.5 | 32.2 | 34.6 | 32.1 | 31.3 | **(4.5)** | **6.2** |
| Insurance Group | 28.6 | 27.5 | 26.8 | 25.8 | 25.0 | 24.0 | 22.0 | 19.1 | **4.0** | **14.4** |
| – Policyholders | 24.1 | 23.0 | 22.4 | 21.5 | 20.8 | 19.8 | 17.8 | 15.0 | **4.8** | **15.9** |
| – Pension Plan Participants | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.8 | **–** | **5.3** |
| – Savings Bonds Clients | 2.5 | 2.5 | 2.5 | 2.4 | 2.3 | 2.3 | 2.3 | 2.3 | **–** | **8.7** |
| Finasa | 4.2 | 4.9 | 4.9 | 5.0 | 5.3 | 5.5 | 5.6 | – | **(14.3)** | **(20.8)** |

(1) Including sureties and guarantees and Credit Card receivables (cash purchases and credit purchases) and loan assignment (FIDC);

(2) Accumulated over 12 months;

(3) Excluding the assets valuation adjustment recorded in Shareholders' Equity;

(4) YTD Net Income per period;

(5) Excluding additional provisions;

(6) Number of shares (less treasury shares) x closing quote of common and preferred shares of the last trading day of the period;

(7) Credits overdue;

(8) As of 3Q08 already calculated in accordance with the New Basel Capital Rules (BIS II); and

(9) PAB: Branch located in a company with Bank's employees; PAE (in Companies): Branch located in a company that has electronic service; PAA: Branch located in a Municipality that does not have a branch.

## Ratings

### Main Ratings

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

| Moody's Investors Service | | | | | | | |
|---|---|---|---|---|---|---|---|
| Financial Strengh | International Scale | | | | | Scale Domestic | |
| | Debt Foreign Currency | Deposit Domestic Currency | | Deposit Foreign Currency | | Domestic Currency | |
| B - | Long-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term |
| | Baa3 | A1 | P - 1 | Ba2 | NP | Aaa.br | BR - 1 |

| Standard & Poor's | | | | | | R&I Inc. | Austin Rating | | |
|---|---|---|---|---|---|---|---|---|---|
| International Scale – Counterparty Rating | | | | Domestic Scale | | International Scale | Domestic Scale | | |
| Foreign Currency | | Domestic Currency | | Counterparty Rating | | Issuer Rating | Corporate Governance | 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 | | | | |

## Statement of Income

### Adjusted Statement of Net Income

To allow a better analysis and comparability between the periods, we are presenting the Statement of Reported Net Income excluding non-recurring events that impacted the comparative periods (Adjusted Net Income).

| | | | R$ million |
|---|---|---|---|
| | 1Q09 | 4Q08 | 1Q08 |
| **Reported Net Income** | **1,723** | **1,605** | **2,102** |
| Divestments / Mark-to-Market of Investments (1) | – | (454) | (387) |
| Additional Provision for Loan Losses (2) | – | 597 | – |
| Effects of Compliance with Law 11,638/07 (3) | – | 88 | – |
| Full Goodwill Amortization (4) | – | – | 53 |
| Legal Provisions – Economic Plans (5) | – | 68 | 56 |
| Other | – | 7 | – |
| Tax Effects | – | (105) | 83 |
| **Subtotal non-Recurring Events** | **–** | **201** | **(195)** |
| **Adjusted Net Income** | **1,723** | **1,806** | **1,907** |

(1) Partial divestment in 1Q08 of R$352 million and mark-to-market in 4Q08 of R$454 million of our stake in Visa International;
(2) Out of the R$597 million, R$429 million are recorded under "excess PLL "and R$168 million are recorded under "general PLL", due to the rating review of some Corporate clients;
(3) It basically refers to financial leasing adjustment (lessee);
(4) Referring to the full goodwill amortization in affiliated companies/subsidiaries; and
(5) In 2008, represented by the recording of civil liabilities - economic plans above the average recording of previous quarters.

## Statement of Income

### Analytical Breakdown of Statement of Adjusted Income

In order to provide better understanding, comparability and analysis of Bradesco's results, we are using the Statement of Adjusted Income in the analyses and comments of this Report on Economic and Financial Analysis, which is obtained from adjustments made to the Reported Statement of Income, as shown below:

R$ million

| | 1Q09 | | |
|---|---|---|---|
| | Reported Statement of Income | Fiscal Hedge (1) | Adjusted Statement of Income |
| **Net Interest Income** | **7,752** | **(91)** | **7,661** |
| – Interest | 6,592 | – | 6,592 |
| – Non-interest | 1,160 | (91) | 1,069 |
| PLL | (2,920) | – | (2,920) |
| **Gross Income from Financial Intermediation** | **4,832** | **(91)** | **4,741** |
| Income from Insurance, Private Pension Plans, Savings Bonds Operations | 537 | – | 537 |
| Fees and Commissions | 2,837 | – | 2,837 |
| Personnel Expenses | (1,776) | – | (1,776) |
| Other Administrative Expenses | (2,127) | – | (2,127) |
| Tax Expenses | (595) | 10 | (585) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 6 | – | 6 |
| Other Operating Income/Expenses | (1,262) | – | (1,262) |
| **Operating Income** | **2,452** | **(81)** | **2,371** |
| Non-Operating Income | (39) | – | (39) |
| Income Tax (IR)/Social Contribution (CS) and Minority Interest | (690) | 81 | (609) |
| **Net Income** | **1,723** | **–** | **1,723** |

(1) Partial result from derivatives used for hedge of investments abroad that, in terms of Net Income, simply annuls fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy.

R$ million

| | 4Q08 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Reported Statement of Income | Visa Inc. (1) | Provision Legal – Economic Plans (2) | PLL (3) | Effects of Compliance with Law 11,638/07 (4) | Fiscal Hedge (5) | Other | Adjusted Statement of Income |
| **Net Interest Income** | **5,375** | **(454)** | **–** | **–** | **–** | **1,751** | **–** | **6,672** |
| – Interest | 6,214 | – | – | – | – | – | – | 6,214 |
| – Non-interest | (839) | (454) | – | – | – | 1,751 | – | 458 |
| PLL | (2,559) | – | – | 597 | – | – | – | (1,962) |
| **Gross Income from Financial Intermediation** | **2,816** | **(454)** | **–** | **597** | **–** | **1,751** | **–** | **4,710** |
| Income from Insurance, Private Pension Plans, Savings Bonds Operations | 543 | – | – | – | – | – | – | 543 |
| Fees and Commissions | 2,818 | – | – | – | – | – | – | 2,818 |
| Personnel Expenses | (1,890) | – | – | – | – | – | – | (1,890) |
| Other Administrative Expenses | (2,250) | – | – | – | (40) | – | – | (2,290) |
| Tax Expenses | (306) | – | – | – | – | (190) | – | (496) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 47 | – | – | – | – | – | – | 47 |
| Other Operating Income/Expenses | (1,206) | – | 68 | – | 128 | – | 7 | (1,003) |
| **Operating Income** | **572** | **(454)** | **68** | **597** | **88** | **1,561** | **7** | **2,439** |
| Non-Operating Income | (6) | – | – | – | – | – | – | (6) |
| IR/CS and Minority Interest | 1,039 | 154 | (23) | (203) | (30) | (1,561) | (3) | (627) |
| **Net Income** | **1,605** | **(300)** | **45** | **394** | **58** | **–** | **4** | **1,806** |

(1) Mark-to-market of Visa Inc shares;
(2) Represented by recording of civil provisions – economic plans above the average recording from previous quarters;
(3) Referring to the recording of excess PLL in the amount of R$429 million and rating review of Corporate clients in the amount of R$168 million;
(4) Basically referring to financial leasing adjustments; and
(5) Partial result from derivatives used for hedge of investments abroad that, in terms of Net Income, simply annuls fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy.

## Statement of Income

R$ million

| | 1Q08 | | | | | |
|---|---|---|---|---|---|---|
| | Reported Statement of Income | Divestments (1) | Goodwill (2) | Civil – Economic Plans (3) | Fiscal Hedge (4) | Adjusted Statement of Income |
| **Net Interest Income** | **6,096** | **–** | **–** | **–** | **(46)** | **6,050** |
| – Interest | 5,544 | – | – | – | – | 5,544 |
| – Non-Interest | 552 | – | – | – | (46) | 506 |
| PLL | (1,667) | – | – | – | – | (1,667) |
| **Gross Income from Financial Intermediation** | **4,429** | **–** | **–** | **–** | **(46)** | **4,383** |
| Income from Insurance, Private Pension Plan,Savings Bonds Operations | 515 | – | – | – | – | 515 |
| Fees and Commissions | 2,803 | – | – | – | – | 2,803 |
| Personnel Expenses | (1,737) | – | – | – | – | (1,737) |
| Other Administrative Expenses | (1,815) | – | – | – | – | (1,815) |
| Tax Expenses | (611) | – | – | – | 6 | (605) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 32 | – | – | – | – | 32 |
| Other Operating Income/Expenses | (1,117) | – | 53 | 56 | – | (1,008) |
| **Operating Income** | **2,499** | **–** | **53** | **56** | **(40)** | **2,568** |
| Non-Operating Income | 402 | (387) | – | – | – | 15 |
| IR/CS and Minority Interest | (799) | 120 | (18) | (19) | 40 | (676) |
| **Net Income** | **2,102** | **(267)** | **35** | **37** | **–** | **1,907** |

(1) Basically the partial divestment in Visa Inc. in the amount of R$352 million;
(2) Referring to full goodwill amortization calculated in affiliated companies / subsidiaries;
(3) Referring to the recording of civil liability – economic plans above the average recording from previous quarters; and
(4) Partial result from derivatives used for hedge of investments abroad that, in terms of Net Income, simply annuls fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy.

## Summarized Analysis of Adjusted Income

R$ million

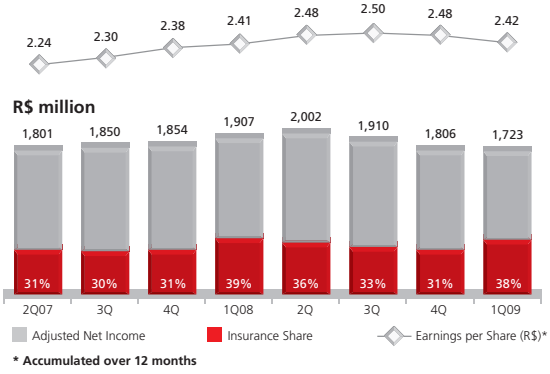
| | Adjusted Statement of Income | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | Variation 1Q09 x 4Q08 | | 1Q09 | 1Q08 | Variation 1Q09 x 1Q08 | |
| | | | Amount | % | | | Amount | % |
| **Net Interest Income** | **7,661** | **6,672** | **989** | **14.8** | **7,661** | **6,050** | **1,611** | **26.6** |
| – Interest | 6,592 | 6,214 | 378 | 6.1 | 6,592 | 5,544 | 1,048 | 18.9 |
| – Non-Interest | 1,069 | 458 | 611 | 133.4 | 1,069 | 506 | 563 | 111.3 |
| PLL | (2,920) | (1,962) | (958) | 48.8 | (2,920) | (1,667) | (1,253) | 75.2 |
| **Gross Income from Financial Intermediation** | **4,741** | **4,710** | **31** | **0.7** | **4,741** | **4,383** | **358** | **8.2** |
| Income from Insurance,Private Pension Plan,Savings Bonds Operations | 537 | 543 | (6) | (1.1) | 537 | 515 | 22 | 4.3 |
| Fees and Commissions | 2,837 | 2,818 | 19 | 0.7 | 2,837 | 2,803 | 34 | 1.2 |
| Personnel Expenses | (1,776) | (1,890) | 114 | (6.0) | (1,776) | (1,737) | (39) | 2.2 |
| Other Administrative Expenses | (2,127) | (2,290) | 163 | (7.1) | (2,127) | (1,815) | (312) | 17.2 |
| Tax Expenses | (585) | (496) | (89) | 17.9 | (585) | (605) | 20 | (3.3) |
| Equity in Earnings (Losses) of Unconsolidated Companies | 6 | 47 | (41) | (87.2) | 6 | 32 | (26) | (81.3) |
| Other Operating Income/Expenses | (1,262) | (1,003) | (259) | 25.8 | (1,262) | (1,008) | (254) | 25.2 |
| **Operating Income** | **2,371** | **2,439** | **(68)** | **(2.8)** | **2,371** | **2,568** | **(197)** | **(7.7)** |
| Non-Operating Income | (39) | (6) | (33) | 550.0 | (39) | 15 | (54) | (360.0) |
| IR/CS | (603) | (610) | 7 | (1.1) | (603) | (672) | 69 | (10.3) |
| Minority Interest | (6) | (17) | 11 | (64.7) | (6) | (4) | (2) | 50.0 |
| **Net Income** | **1,723** | **1,806** | **(83)** | **(4.6)** | **1,723** | **1,907** | **(184)** | **(9.6)** |

# Summarized Analysis of Adjusted Income

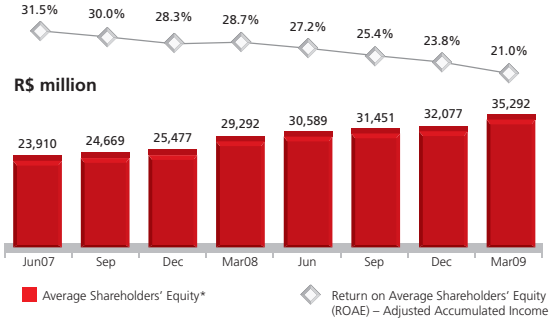
## Net Income and Profitability

In 1Q09, the net income stood at R$1,723 million, a decrease of 4.6%, in the q-o-q comparison and of 9.6% in the y-o-y comparison, the reasons of which will be commented below, in the analysis of the main items of the statement of income.

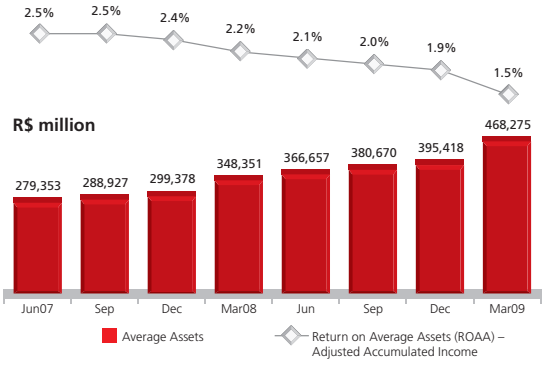
It is worth mentioning that the economic crisis affected the financial activity, slowing down credit growth and causing higher delinquency.




*** Accumulated over 12 months**



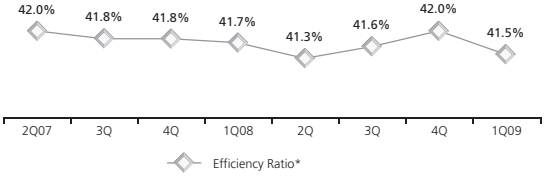

*** Excluding the assets valuation adjustment recorded in Shareholders' Equity**




## Efficiency Ratio *

In the 1Q09, the Efficiency Ratio reached 41.5%, an improvement in the q-o-q comparison, basically due to the increase of the net interest income and ongoing cost control initiatives (personnel and administrative expenses).

In the y-o-y comparison, in addition to the increase of the net interest income and cost control, the return of technical provision for individual health portfolio to normal levels also contributed to this improvement.

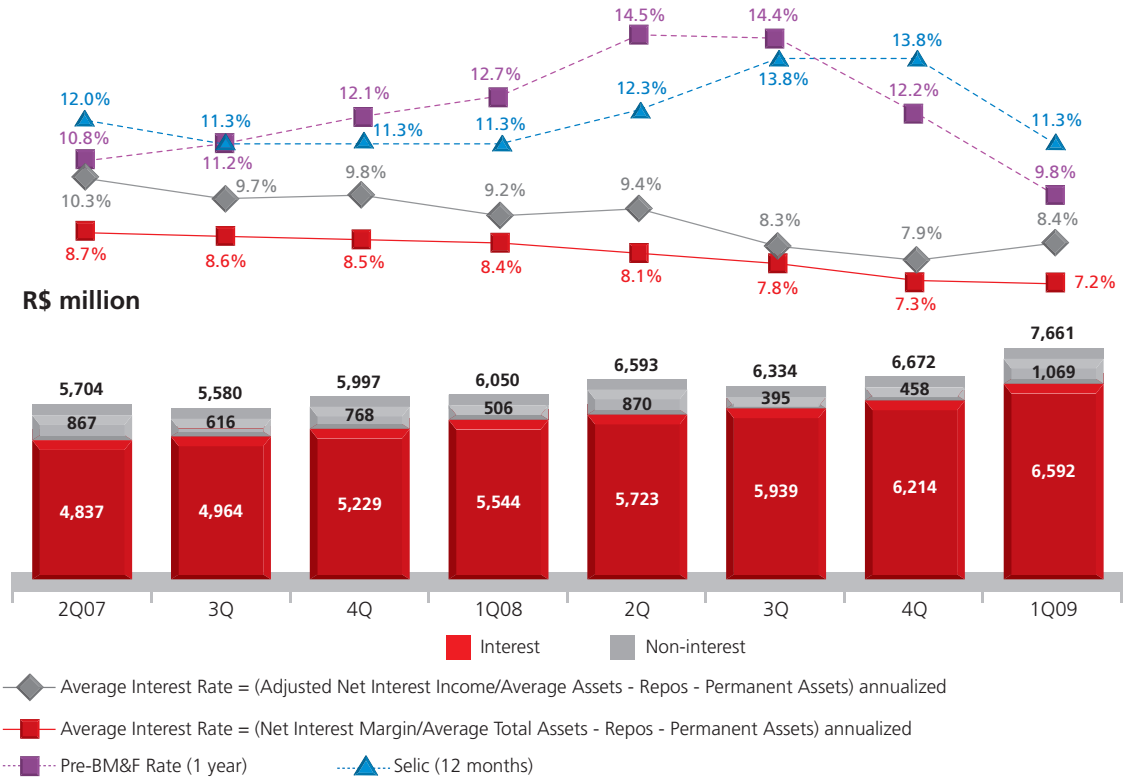



*** Accumulated over 12 months**

* Efficiency Ratio (ER) = Personnel – Employee Profit Sharing (PLR) + Administrative Expenses / Net Interest Income + Income from Insurance + Fee Income + Equity in the Earnings (Losses of Unconsolidated Companies – Other Operating Expenses + 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 generation of revenue net of related taxes, ER in 1Q09 would be 52.9%.

## Summarized Analysis of Adjusted Income

### Adjusted Net Interest Income




In the q-o-q comparison, the R$989 million variation was due to:

– The increase in income from interest-earning operations in the amount of R$378 million, was due to the growth in average business volumes and higher growth of loans to individuals;

– The increase in non-interest income in the amount of R$611 million, was due to higher securities/treasury gains, highlighting the positive mark-to-market effect in loan derivatives (Credit Default Swaps – CDS) on sovereign Brazilian bonds issued abroad (R$132 million in 1Q09 and R$(276) million in 4Q08), due to smaller volatility in the world's financial markets.

In the y-o-y comparison, the increase of R$1,611 million, which corresponded to a 26.6% growth in Net Interest Income, was due to:

– The increase of R$1,048 million in income from interest-earning operations, basically due to increase in average business volumes.

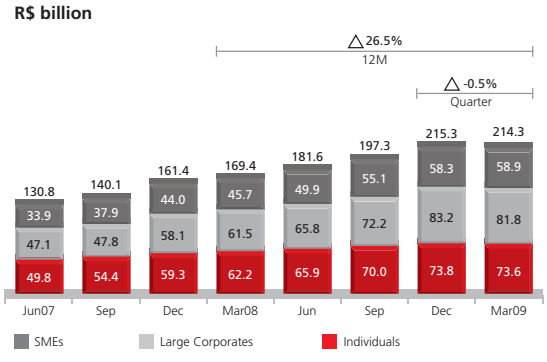
– The increase of R$563 million, basically due to higher treasury/securities gains, in the amount of R$505 million; and higher credit recovery, in the amount of R$80 million.

## Summarized Analysis of Adjusted Income

### Loan Portfolio – Expanded Concept*

In March 2009, loan operations of Bradesco amounted to R$214.3 billion, in line with the previous quarter, reflecting a drop of demand in the period.

In the y-o-y comparison, the portfolio grew by 26.5%, of which: Large Corporates 33.1%, Small and Medium-Sized Enterprises (SMEs) 28.7% and Individuals 18.3%. In the Corporate segment, products that contributed to main increases were: working capital, exports financing and operations abroad. In the Individuals segment, we highlight Consumer Sales Financing (CDC)/Leasing of vehicles and consumer loan.



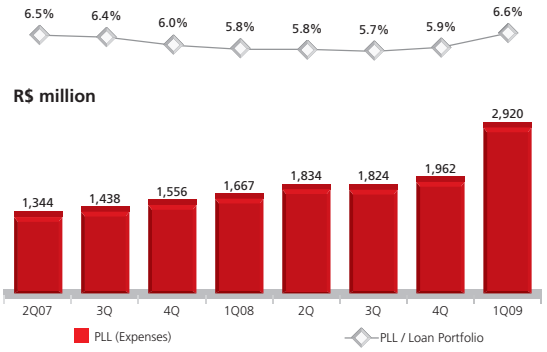

Taking into consideration the Brazilian Central Bank's (Bacen) criteria (which excludes Sureties and Guarantees, receivables from credit cards (cash purchases and credit purchases from storeowners) and loan assignment (FIDC)), loan operations amounted to R$174.1 billion, up by 0.4% in the quarter and 25.2% in one year.

* Including Sureties and Guarantees, receivables from credit cards (cash purchases and credit purchases) and loan assignment (FIDC).

## Summarized Analysis of Adjusted Income

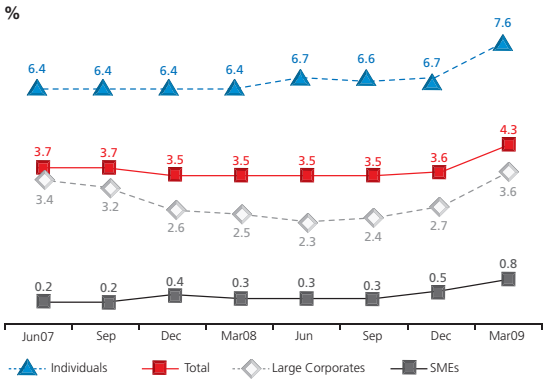
### Provision for Loan Losses (PLL)

The increase in PLL expenses reflects the effects of the world's financial crisis, which implied an economic slowdown in the country, temporarily affecting the capacity of payment of companies and individuals. The deterioration of ratings of some companies and of individuals payments in arrear led us to increase provisioning levels. It is worth mentioning that we began in this quarter to record provisions for credit card operations related to cash and credit purchases from storeowners. The initial effect of which was R$177 million, amount that should not be repeated over the next quarters.




### Delinquency ratio > 90 days

The Total delinquency ratio of 90 days, steady in the previous quarters, increased to 4.3% in this period for the reasons already commented. We are working with a scenario of a slight growth of this ratio for the next 2 quarters, which may then stabilize until the end of the year.

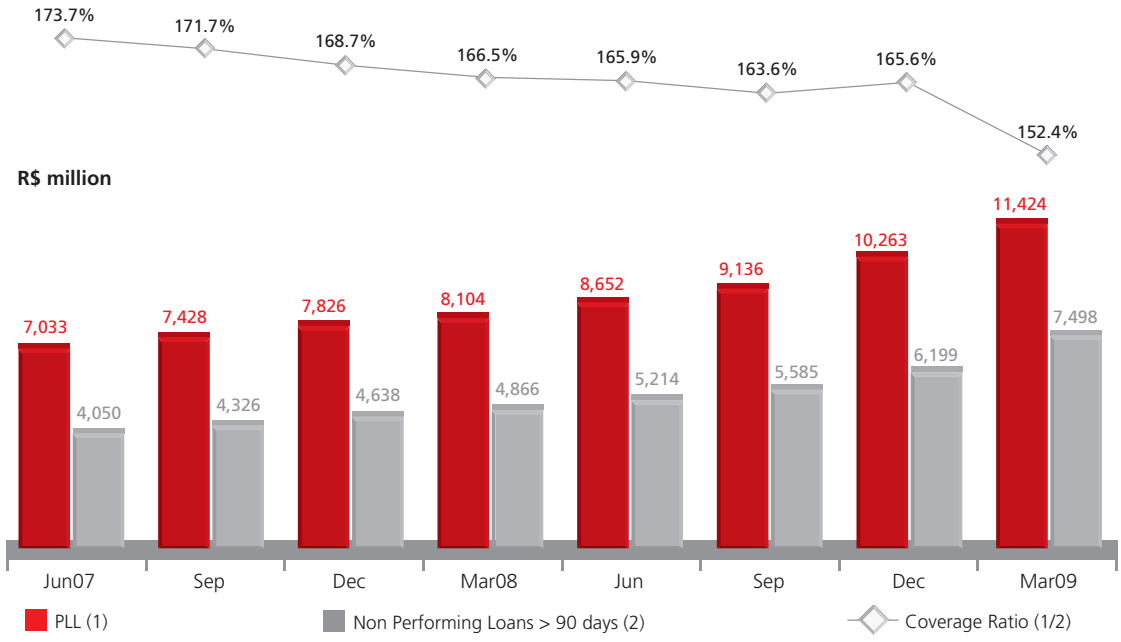


## Summarized Analysis of Adjusted Income

### Coverage Ratio

The balance of PLL stood at R$11.424 billion on March 31, 2009, composed by R$9.735 billion of provisions required by the Brazilian Central Bank and by R$1.689 billion of excess provisions, calculated by in-house criteria and policies.

In the chart below, we present the coverage ratio of the Provision for Loan Losses related to loans overdue by more than 90 days. Although a decrease has been seen in this quarter, it remains in a comfortable level.

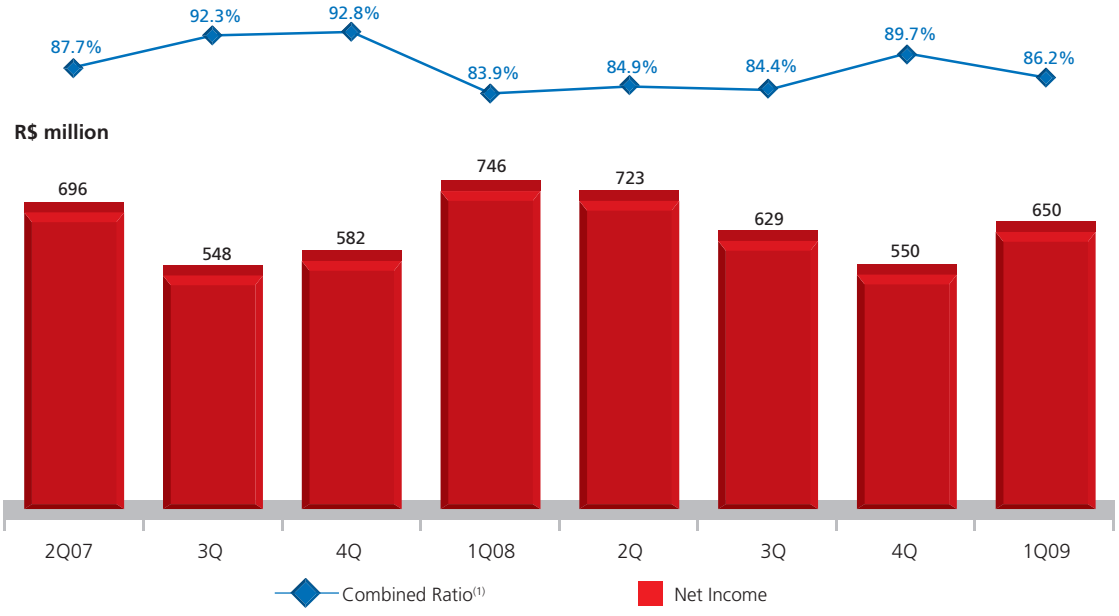


## Summarized Analysis of Adjusted Income

### Insurance, Pension Plans and Savings Bonds

The result of Insurance, Pensions Plans and Savings Bonds (*) of R$537 million, as classified in the Consolidated Statement of Income, shows a slight variation when compared to the 4Q08 (R$543 million) and to the 1Q08 (R$537 million). Nevertheless, the financial result, an important element for analysis of full performance of these activities, is classified in the Net Interest Income. Thus, we analyze below the evolution of the net income and the combined ratio:

(*) Including Retained Premiums, Technical Provisions Variations, Retained Claims, Savings Bonds Raffles and Redemptions and Sales Expenses.




(1) Excluding additional provisions

The better result in relation to the 4Q08 is basically due to the drop in claims in Health and Auto/P&C segments, the increase in financial revenues and the decrease in general/administrative expenses.

Year-on-year, the drop in the net income was due to lower gains from equities of R$43 million and the increase in the Social Contribution on Net Income (CSLL) rate, that burdened the taxable income by 6%.

In terms of solvency, Bradesco's Insurance Group (Grupo Bradesco de Seguros e Previdência) complies with the Susep (Insurance Superintendence) rules which took effect as of January 1, 2008, and is also adjusted to the international standards (Solvency II). The financial leverage ratio stood at 2.4 times the Shareholders' Equity.

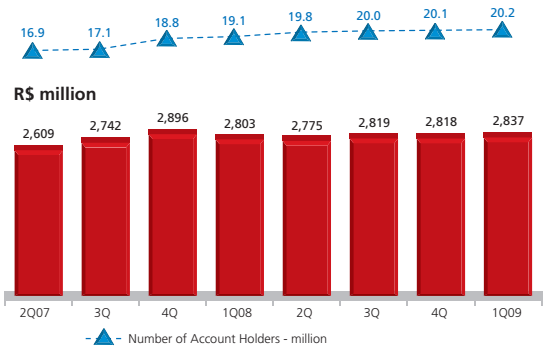
It is worth mentioning that the Insurance Group is the market leader in the consolidated premiums of Insurance, Contribution Revenues and Income from Savings Bonds (base date January 2009).

**Note:** We point out that the Statement of Income of Bradesco's Insurance Group (Grupo Bradesco de Seguros e Previdência) is already included in the Consolidated Statement of Income of Bradesco. Detailed information on the insurance segment can be found on Chapter 2 of the Report on Economic and Financial Analysis of 1Q09.

## Summarized Analysis of Adjusted Income

### Fees and Commissions

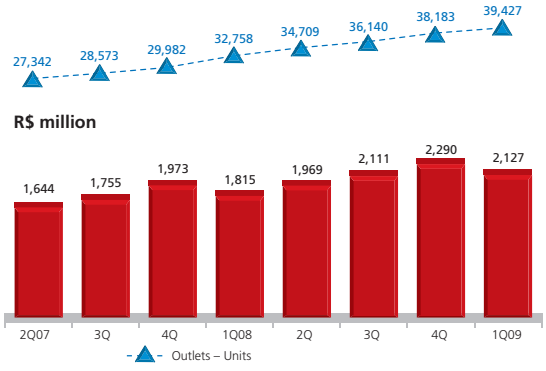
Fees and commissions remained in line on a q-o-q and y-o-y basis. Higher business volume and client base offset the loss originated from fees adjustment and the loan operations fee which can no longer be charged from individuals.




### Administrative Expenses

In the q-o-q comparison, the decrease of administrative expenses is due to lower expenses related to advertisement and marketing of R$101 million and third-party services of R$61 million.

In the y-o-y comparison, the increase is due to the expansion of the distribution network and the increase in business volumes, in addition to investments in the Information Technology (IT) improvement project, aiming at the optimization of the IT platform, including the replacement of systems architecture.

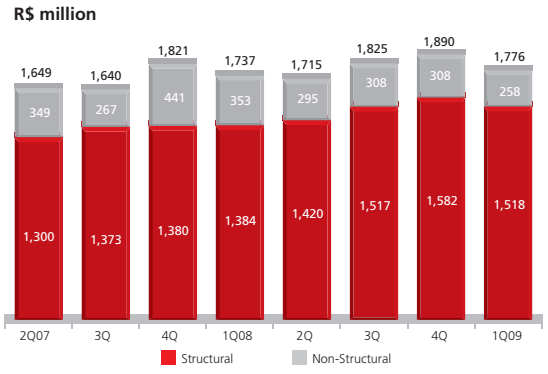


## Summarized Analysis of Adjusted Income

### Personnel Expenses

In 1Q09, the R$114 million decrease expenses is basically due to lower Structural expenses in the amount of R$64 million, basically related to higher vacation expenses in 1Q09, which is usual during the first-quarter period, and lower Non-Structural expenses in the amount of R$50 million related to lower expenses with management and employees profit sharing (PLR), as well as lower training expenses.

In the y-o-y comparison, the R$39 million increase was basically due to Structural increased expenses in the amount of R$134 million, due to the increase in distribution network and the 2008 bargaining agreement (wage increase between 8.15% and 10%), as well as benefits and others, and by lower Non-Structural expenses in the amount of R$95 million, basically due to lower expenses with PLR and lower labor claims provisions.

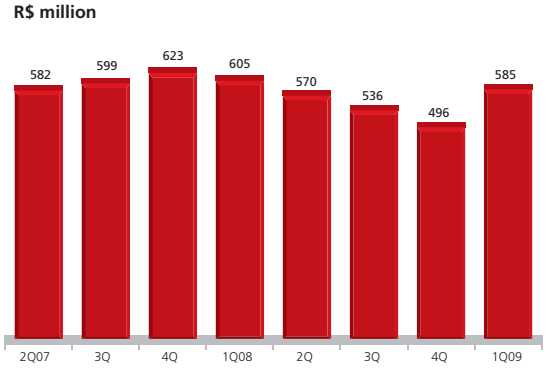



Obs.: Structural = Compensation + Social Taxes + Benefits.
Non-Structural = Employee Profit Sharing (PLR) + Training + Labor Provision.

### Tax Expenses

The R$89 million increase of tax expenses in 1Q09 in relation to 4Q08 is mainly due to higher PIS/Cofins expenses, in the amount of R$80 million, due to the increase in the taxable income in 1Q09, especially net interest income.

In the y-o-y comparison, tax expenses remained practically stable.

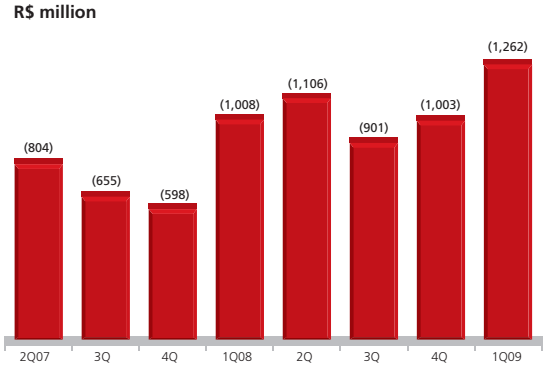


## Summarized Analysis of Adjusted Income

### Other Operating Revenues and Expenses

In the q-o-q comparison, the variation of other operating revenues and expenses stood at R$259 million, basically comprised by higher operating provision expenses, in the amount of R$192 million, mostly civil liabilities, which include, particularly, provisions for contingencies related to economic plans.

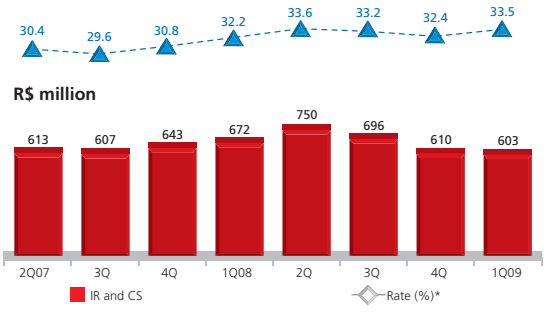
In the y-o-y comparison, the increase of R$254 million was basically due to the increase in expenses with operating provisions, in the amount of R$91 million, the surge with sundry losses of R$74 million and higher goodwill amortization, in the amount of R$25 million.




### Income Tax and Social Contribution

Both in the q-o-q and y-o-y comparisons, we observe an average rate (calculated considering the earnings before income tax and social contribution less equity in the earnings (losses) of unconsolidated companies and interest on shareholders' capital) close to the effective tax rate of 34%. Thus, nominal values variations reflect the trend of results in the respective periods.

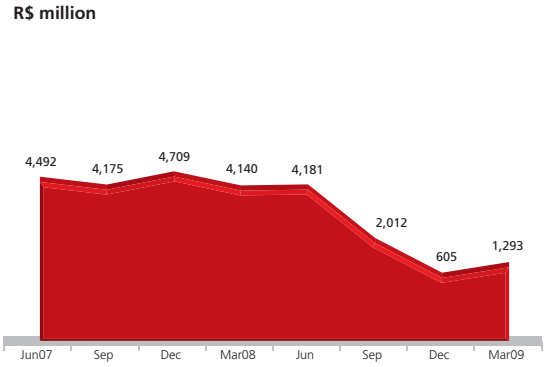
Tax credits originated in previous periods, deriving from the social contribution rate increase to 15%, are recorded in the consolidated financial statements, until the limit of corresponding consolidated tax liabilities. The balance not yet activated reaches R$926 million. Further details may be obtained in Note 34 to the Financial Statements.




(*) IR and CS average rate on Net Income = (Net Income before taxes - (interest on shareholders' capital expense +/- Equity in the Earnings (Losses) of Unconsolidated Companies)).

### Unrealized Gains

Total unrealized gains, mainly represented by securities, posted an increase of R$688 million in this quarter, mainly due to the R$571 million growth in securities marked-to-market. These gains followed the market recovery after a period of volatility. It is worth mentioning that these securities are mostly used to guarantee technical provisions, which are long-term liabilities and not marked-to-market.



## Economic Scenario

The 1Q09 was characterized, on one hand, by intensive effects of the international crisis on Brazil, and on the other hand, by a perception of Brazil's economy resilience in opposition to a severe global crisis. The Brazilian industrial production, which had dropped by 14.8% in December, declined by 17.2% on average in the first two-month period of 2009, showing an aggravation of the effects related to the abrupt world credit crunch, a significant decrease in global trade which, in some countries, such as Japan, dropped by half, strong inventories adjustments undertook by companies since early this year to adjust to the new demand levels and due to consumers and businessmen gloomy expectations as to the potential negative impact of the global crisis. In response to this strong slowdown in activities and favorable prospects for inflation – market expectations for 2009 the CPI decreased from 5.29% in December to 4.32% in March – the Brazilian Central Bank decreased the Base rate (Selic) by 3.5% this year to 10.25%, and is signaling that a less severe monetary policy process will continue in the 2Q09. This signal resulted in real interest rates dropping from 8.5% in December to 5.5% at the end of March, which is the lowest historical level and certainly will contribute to an upturn in economic activities in the quarters ahead.

Despite of the negative surprise with the industry production in 1Q09, employment, income and retail sales have been performing better-than-expected, attesting the Brazilian market resilience to the external shock. While production was down by 17.4%, trade was up by 6.0% in January, partially boosted by the levels of the real income, which rose by 5.2% in the first two-month period of the year. The low inflation and the lack of crisis in the balance of payments in Brazil are brand new events in episodes of severe global crisis and, very likely, help to understand Brazil's economic resilience. Additionally, several tax anti-cycle initiatives and the corporate protection network built up over the past years helped softening the impact of the global crisis on the household consumption.

Finally, the most recent measures taken by the American Government – a decision made by the Federal Reserve (FED) to buy government securities and the public-private investment plan to purchase toxic assets from banks balance sheets – and more favorable economic data – recovery of industry in China, improved real estate sales in the U.S. – have led to a less negative perception in relation to the next quarters. Even thought uncertainties and risks are still very high, there are attempting signs of stabilization in the global economy, with recovery of actual data, markets and commodities prices that may suggest that the most intense phase of the crisis has already been overcome, which creates optimistic expectations for the 2H09.

From this expectation of a gradual recovery of the global economy and taking in consideration Brazil's economy resilience, we expect the Brazilian growth to be close to be zero in 2009, with nominal base rate of approximately 9.25% by year-end and a CPI inflation close to 4.0%.

## Main Economic Indicators

| Quarter Indicators – % | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Interbank Deposit Certificate (CDI) | 2.95 | 3.32 | 3.16 | 2.74 | 2.57 | 2.62 | 2.79 | 2.89 |
| Ibovespa Index | 8.99 | (24.20) | (23.80) | 6.64 | (4.57) | 5.66 | 11.16 | 18.74 |
| USD - Commercial Rate | (0.93) | 22.08 | 20.25 | (8.99) | (1.25) | (3.68) | (4.52) | (6.05) |
| IGP-M | (0.92) | 1.23 | 1.54 | 4.34 | 2.38 | 3.54 | 2.57 | 0.34 |
| CPI (IPCA – IBGE) | 1.23 | 1.09 | 1.07 | 2.09 | 1.52 | 1.43 | 0.89 | 0.81 |
| Federal Government Long-Term Interest Rate (TJLP) | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.53 | 1.53 | 1.59 |
| Reference Interest Rate (TR) | 0.37 | 0.63 | 0.55 | 0.28 | 0.17 | 0.24 | 0.34 | 0.39 |
| Savings Accounts | 1.89 | 2.15 | 2.06 | 1.80 | 1.68 | 1.75 | 1.85 | 1.91 |
| Number of Business Days | 61 | 65 | 66 | 62 | 61 | 62 | 64 | 62 |
| **Indicators (Closing Rates)** | **Mar09** | **Dec08** | **Sep08** | **Jun08** | **Mar08** | **Dec07** | **Sep07** | **Jun07** |
| USD – Commercial Selling Rate – R$ | 2.3152 | 2.3370 | 1.9143 | 1.5919 | 1.7491 | 1.7713 | 1.8389 | 1.9262 |
| Euro – R$ | 3.0783 | 3.2382 | 2.6931 | 2.5063 | 2.7606 | 2.6086 | 2.6237 | 2.6073 |
| Country Risk (points) | 425 | 428 | 331 | 228 | 284 | 221 | 173 | 160 |
| Selic – Base Rate (% p.a.) | 11.25 | 13.75 | 13.75 | 12.25 | 11.25 | 11.25 | 11.25 | 12.00 |
| Pre-BM&F Rate (% p.a.) | 9.79 | 12.17 | 14.43 | 14.45 | 12.69 | 12.05 | 11.16 | 10.77 |

### Projections until 2011

| % | 2009 | 2010 | 2011 |
|---|---|---|---|
| USD – Commercial Rate (year – end) – R$ | 2.00 | 1.90 | 1.80 |
| CPI (IPCA – IBGE) | 4.00 | 4.50 | 4.00 |
| IGP-M | 1.80 | 4.50 | 4.40 |
| Selic (year – end) | 9.25 | 9.25 | 8.25 |
| Gross Domestic Product (GDP) | 0.00 | 3.50 | 3.10 |

# Economic and Financial Analysis

2



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

ISO 9001 2000

# Consolidated Balance Sheet and Adjusted Statement of Income

## Balance Sheet

R$ million

| | Mar09 | Dec08 | Sep08 | Jun08 | Mar08 | Dec07 | Sep07 | Jun07 |
|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | |
| **Current and Long-Term Assets** | **474,124** | **446,802** | **416,161** | **397,746** | **350,172** | **336,221** | **313,461** | **286,486** |
| Funds Available | 7,533 | 9,295 | 7,259 | 5,134 | 5,702 | 5,487 | 4,100 | 4,916 |
| Interbank Investments | 93,342 | 74,191 | 57,351 | 73,692 | 48,675 | 37,622 | 39,856 | 27,394 |
| Securities and Derivative Financial Instruments | 130,816 | 131,598 | 132,373 | 118,956 | 105,167 | 114,452 | 108,098 | 103,577 |
| Interbank and Interdepartmental Accounts | 15,691 | 13,804 | 27,081 | 26,163 | 24,615 | 24,466 | 20,968 | 20,257 |
| Loan and Leasing Operations | 160,975 | 160,500 | 153,335 | 140,324 | 131,106 | 123,974 | 109,625 | 101,617 |
| Allowance for Loan Losses | (11,424) | (10,263) | (9,136) | (8,652) | (8,104) | (7,826) | (7,428) | (7,033) |
| Other Receivables and Assets | 77,191 | 67,677 | 47,898 | 42,129 | 43,011 | 38,046 | 38,242 | 35,758 |
| **Permanent Assets** | **8,017** | **7,611** | **6,501** | **5,486** | **5,298** | **4,923** | **4,187** | **4,082** |
| Investments | 1,095 | 1,048 | 823 | 784 | 743 | 604 | 604 | 585 |
| Premises and Equipment and Leased Assets | 3,286 | 3,250 | 2,309 | 2,198 | 2,114 | 2,103 | 1,989 | 1,999 |
| Intangible Assets | 3,636 | 3,313 | 3,369 | 2,504 | 2,441 | 2,216 | 1,594 | 1,498 |
| **Total** | **482,141** | **454,413** | **422,662** | **403,232** | **355,470** | **341,144** | **317,648** | **290,568** |
| Liabilities | | | | | | | | |
| **Current and Long-Term Liabilities** | **446,225** | **419,561** | **387,640** | **369,151** | **322,213** | **310,442** | **288,084** | **262,817** |
| Deposits | 169,104 | 164,493 | 139,170 | 122,752 | 106,710 | 98,323 | 86,736 | 82,601 |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 91,659 | 79,977 | 87,464 | 98,278 | 69,540 | 73,634 | 68,621 | 53,756 |
| Funds from Issuance of Securities | 9,280 | 9,011 | 6,535 | 5,455 | 7,222 | 6,488 | 6,597 | 6,645 |
| Interbank and Interdepartmental Accounts | 2,287 | 2,914 | 2,538 | 2,458 | 2,160 | 2,538 | 1,765 | 1,926 |
| Borrowing and Onlending | 30,420 | 31,947 | 31,979 | 24,736 | 24,013 | 23,410 | 20,735 | 19,165 |
| Derivative Financial Instruments | 2,294 | 2,042 | 2,326 | 1,598 | 1,624 | 952 | 2,332 | 2,124 |
| Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans | 66,673 | 64,587 | 62,888 | 62,068 | 59,722 | 58,526 | 55,319 | 52,900 |
| Other Liabilities | 74,508 | 64,590 | 54,740 | 51,806 | 51,222 | 46,571 | 45,979 | 43,700 |
| **Deferred Income** | **273** | **274** | **227** | **208** | **190** | **189** | **173** | **173** |
| **Minority Interest in Subsidiaries** | **337** | **321** | **627** | **162** | **158** | **155** | **177** | **63** |
| **Shareholders' Equity** | **35,306** | **34,257** | **34,168** | **33,711** | **32,909** | **30,358** | **29,214** | **27,515** |
| **Total** | **482,141** | **454,413** | **422,662** | **403,232** | **355,470** | **341,144** | **317,648** | **290,568** |

# Consolidated Balance Sheet and Adjusted Statement of Income

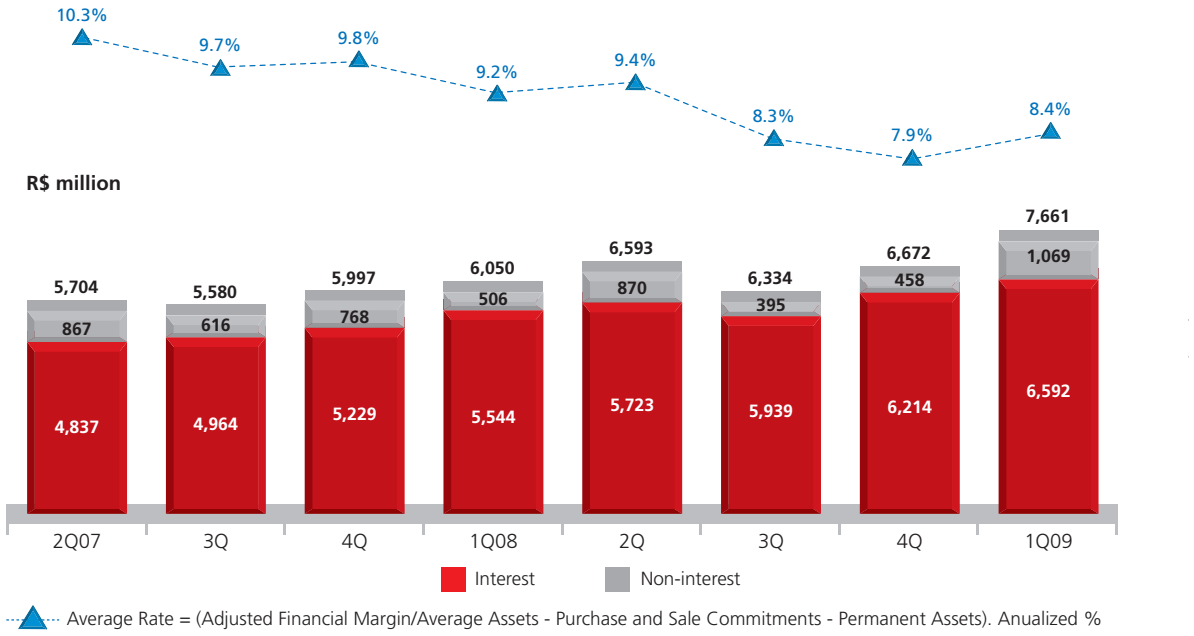
## Statement of Income

R$ million

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| **Financial Margin** | **7,661** | **6,672** | **6,334** | **6,593** | **6,050** | **5,997** | **5,580** | **5,704** |
| Interest | 6,592 | 6,214 | 5,939 | 5,723 | 5,544 | 5,229 | 4,964 | 4,837 |
| Non-Interest | 1,069 | 458 | 395 | 870 | 506 | 768 | 616 | 867 |
| PDD | (2,920) | (1,962) | (1,824) | (1,834) | (1,667) | (1,556) | (1,438) | (1,344) |
| **Intermediation Gross Income** | **4,741** | **4,710** | **4,510** | **4,759** | **4,383** | **4,441** | **4,142** | **4,360** |
| Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations | 537 | 543 | 629 | 567 | 515 | 146 | 208 | 116 |
| Fee and Commission Income | 2,837 | 2,818 | 2,819 | 2,775 | 2,803 | 2,896 | 2,742 | 2,609 |
| Personnel Expenses | (1,776) | (1,890) | (1,825) | (1,715) | (1,737) | (1,821) | (1,640) | (1,649) |
| Other Administrative Expenses | (2,127) | (2,290) | (2,111) | (1,969) | (1,815) | (1,973) | (1,755) | (1,644) |
| Tax Expenses | (585) | (496) | (536) | (570) | (605) | (623) | (599) | (582) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 6 | 47 | 23 | 34 | 32 | 10 | 16 | 4 |
| Other Operating Income and Expenses | (1,262) | (1,003) | (901) | (1,106) | (1,008) | (598) | (655) | (803) |
| **Operating Income** | **2,371** | **2,439** | **2,608** | **2,775** | **2,568** | **2,478** | **2,459** | **2,411** |
| Non-Operating Income | (39) | (6) | 8 | (20) | 15 | 21 | 1 | 5 |
| Income Tax and Social Contribution | (603) | (610) | (696) | (750) | (672) | (642) | (607) | (613) |
| Minority Interest | (6) | (17) | (10) | (3) | (4) | (3) | (3) | (2) |
| **Net Income** | **1,723** | **1,806** | **1,910** | **2,002** | **1,907** | **1,854** | **1,850** | **1,801** |

# Financial Margin – Interest and Non-Interest

## Financial Margin Breakdown



## Financial Margin – Interest and Non-Interest

### Average Financial Margin Rate

| | R$ million | | | | |
|---|---|---|---|---|---|
| | Financial Margin | | | | |
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Qtr. | 12M |
| Interest – due to Volume | | | | 314 | 1,653 |
| Interest – due to Spread | | | | 64 | (605) |
| – Financial Margin – Interest | 6,592 | 6,214 | 5,544 | 378 | 1,048 |
| – Financial Margin – non Interest | 1,069 | 458 | 506 | 611 | 563 |
| **Adjusted Financial Margin** | **7,661** | **6,672** | **6,050** | **989** | **1,611** |
| **Adjusted Margin Average Rate(*)** | **8.4%** | **7.9%** | **9.2%** | | |

(*) (Adjusted Financial Margin)/(total average assets - permanent assets - purchase and sale commitments)

Adjusted financial margin reached R$7,661 million in 1Q09. Compared to 4Q08, there was a 14.8% growth or R$989 million in the financial margin. It is possible to observe that the variation in the interest margin had a positive impact due to the volume of transactions, contributing with R$314 million, and the increase in spreads, contributing with R$64 million.

Y-o-y, there was an increase of R$1,611 million or 26.6%. Interest variation was influenced by the increase in the volume of transactions, contributing positively in the financial margin in R$1,653 million, which was partially minimized by spread decrease, in the amount of R$605 million.

## Financial Margin – Interest

### Interest Financial Margin – Breakdown

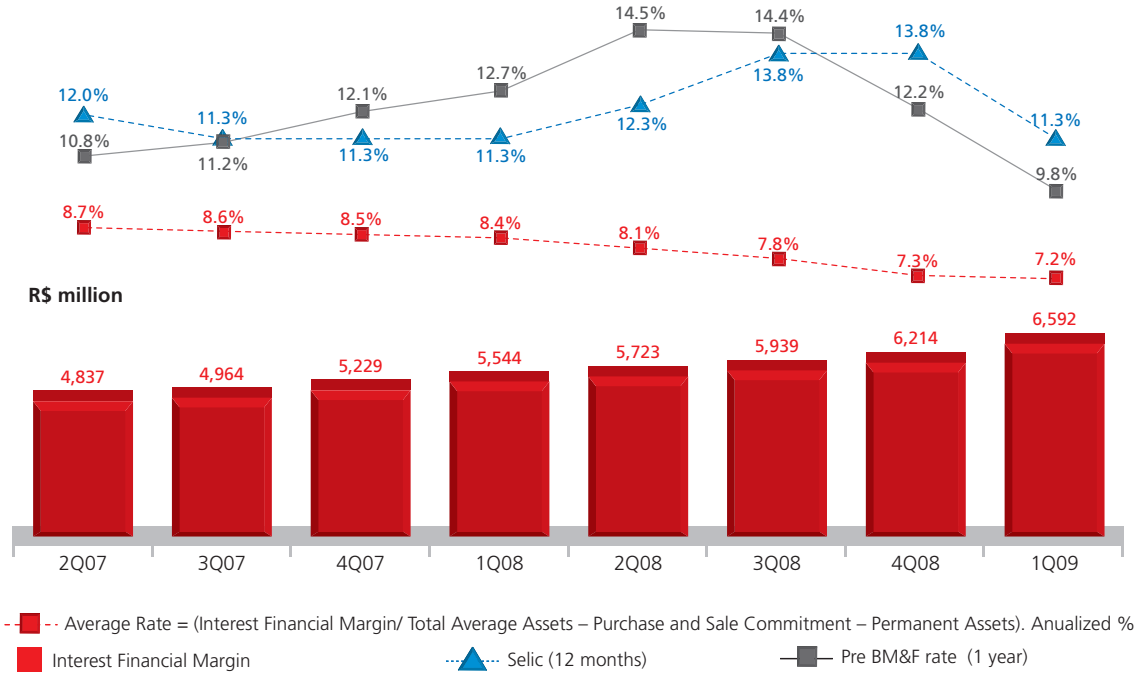
| | R$ million | | | | |
|---|---|---|---|---|---|
| | Interest Financial Margin Breakdown | | | | |
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Qtr. | 12M |
| Loans | 4,576 | 4,256 | 3,829 | 320 | 747 |
| Funding | 749 | 830 | 573 | (81) | 176 |
| Insurance | 553 | 499 | 557 | 54 | (4) |
| Securities / Other | 714 | 629 | 585 | 85 | 129 |
| **Financial Margin** | **6,592** | **6,214** | **5,544** | **378** | **1,048** |

Q-o-q, it is possible to observe a significant growth of 6.1% or R$378 million in the interest financial margin, mainly in “loans”.

Y-o-y, it is possible to observe a growth of R$1,048 million or 18.9% in the interest financial margin, with Loan and Securities/Other business lines contributing the most for this growth.

## *Financial Margin – Interest*

### *Interest Financial Margin – Rates*




The annualized interest financial margin rate reached 7.2% in 1Q09, an increase when compared to the 7.3% index recorded in the previous quarter.

Y-o-y, we also a decrease, mainly due to the growth in loan volume in lower spread portfolios. Additionally, there was a drop on the economy basic interest rate and an increase in funding volume, improving Bradesco's liquidity and reaffirming its solidity.

### *Interest Financial Margin – Annualized Average Rate*

| | 1Q09 | | | 4Q08 | | |
|---|---|---|---|---|---|---|
| | Interest | Average Balance | Average Rate | Interest | Average Balance | Average Rate |
| Loan Operations | 4,576 | 173,686 | 10.96% | 4,256 | 169,242 | 10.44% |
| Insurance | 553 | 66,035 | 3.39% | 499 | 63,433 | 3.18% |
| Funding | 749 | 210,085 | 1.43% | 830 | 197,075 | 1.70% |
| Securities / Other | 714 | 104,113 | 2.77% | 629 | 99,514 | 2.55% |
| **Financial Margin** | **6,592** | **553,919** | **4.85%** | **6,214** | **529,264** | **4.78%** |

| | 1Q09 | | | 1Q08 | | |
|---|---|---|---|---|---|---|
| | Interest | Average Balance | Average Rate | Interest | Average Balance | Average Rate |
| Loan Operations | 4,576 | 173,686 | 10.96% | 3,829 | 132,619 | 12.06% |
| Insurance | 553 | 66,035 | 3.39% | 557 | 59,294 | 3.81% |
| Funding | 749 | 210,085 | 1.43% | 573 | 136,946 | 1.68% |
| Securiries / Other | 714 | 104,113 | 2.77% | 585 | 80,008 | 2.96% |
| **Financial Margin** | **6,592** | **553,919** | **4.85%** | **5,544** | **408,867** | **5.54%** |

## Loan Financial Margin – Interest

### Loan Financial Margin – Breakdown

| | R$ million | | | | |
|---|---|---|---|---|---|
| | Financial Margin – Loan | | | | |
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12M |
| Interest due to Volume | | | | 117 | 1,082 |
| Interest due to Spread | | | | 203 | (335) |
| Financial Margin – Interest | 4,576 | 4,256 | 3,829 | 320 | 747 |
| Revenues | 8,732 | 11,340 | 7,107 | (2,608) | 1,625 |
| Expenses | (4,156) | (7,084) | (3,278) | 2,928 | (878) |

In 1Q09, the interest financial margin rate in loan operations reached R$4,576 million against R$4,256 million in the previous quarter, representing a growth of 7.5% or R$320 million. This variation was positively impacted in R$117 million in volume and R$203 million in spreads due to mid and long-term prefixed operations carry over, as a consequence of the National Financial System's funding and financing structure.

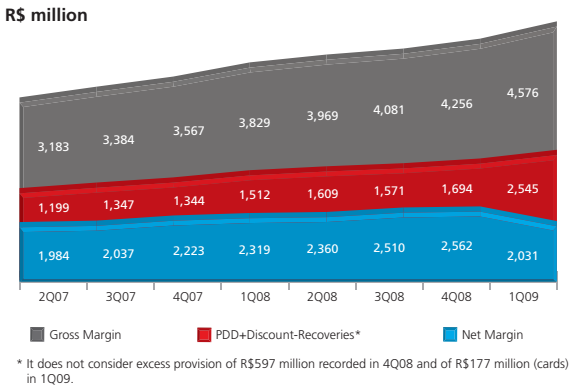
Year-on-year, there was a 19.5% growth or R$747 million in the financial margin. This variation is mainly due to the increase in the volume of transactions, which positively contributed to the financial margin in R$1,082 million. This result offset the effect in the margin due to the reduction in spreads in the amount of R$335 million.

In the periods compared, we can observe that the most relevant products in the corporate portfolio were business turnover products: Working Capital and Real Estate Financing, and also vehicle leasing in both individual and corporate portfolios.

### Loan Financial Margin – Net Margin

In this graph we show a summary of loan activity. The gross margin line refers to interest income from loans, net of opportunity cost (basically the Interbank Deposit Certificate rate – CDI over accumulated in the period).

In the PDD curve, we observe the delinquency cost, represented by allowance for loan losses(PDD) expenses plus discounts granted in negotiations and net loans recoveries.




* It does not consider excess provision of R$597 million recorded in 4Q08 and of R$177 million (cards) in 1Q09.

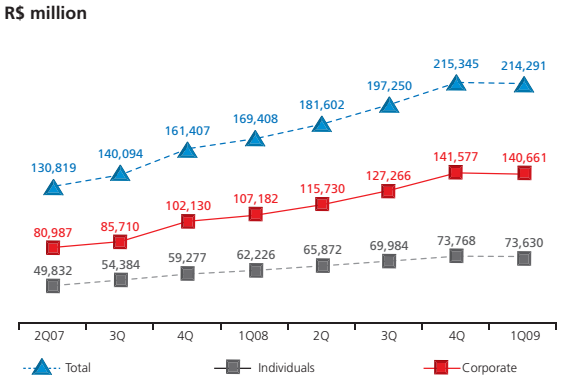
The Net Margin curve presents the result of loan interest income, net of losses, which in 2009, recorded a drop of 12.4% compared to 1Q08 and to 4Q08 a drop of 20.7%. Basically, due to the effects of the world financial crisis, which caused an economic slowdown in Brazil, temporarily preventing companies and individuals from complying with their financial commitments. Our provision level was increased due to rating deterioration in some companies and/or individual's payment delay.

## Loan Financial Margin – Interest

### Balance of Expanded Loan Portfolio

Loan operations (including sureties, guarantees and credit card purchases in a lump sum and installment purchase plan) ended 1Q09 amounting to R$214.3 billion, an increase of 26.5% over the last 12 months and a slight decrease of 0.5% in relation to the previous quarter.

Excluding FIDC operations, sureties, guarantees and amounts receivable from credit card, the loan portfolio totaled R$174.1 billion, an increase of R$35.1 billion, or 25.2%, in relation to March/08 and R$698 million or 0.4% this quarter.




### Loan Portfolio Breakdown by product and type of client (individual and corporate)

Below, the breakdown of main loan products:

| Individuals | R$ millon | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Vehicles – CDC | 19,540 | 20,496 | 21,265 | (4.7) | (8.1) |
| Leasing | 12,575 | 11,516 | 5,272 | 9.2 | 138.5 |
| Credit Card (1) | 9,278 | 9,668 | 8,188 | (4.0) | 13.3 |
| Personal Loan | 8,179 | 7,774 | 7,376 | 5.2 | 10.9 |
| Payroll Deductible Loan (2) | 6,978 | 6,839 | 6,311 | 2.0 | 10.6 |
| Rural Loan | 4,063 | 4,125 | 3,384 | (1.5) | 20.1 |
| Onlending BNDES | 2,876 | 2,898 | 2,867 | (0.8) | 0.3 |
| BNDES Onlending | 2,268 | 2,485 | 1,884 | (8.7) | 20.4 |
| Overdraft Facilities | 2,413 | 2,162 | 2,189 | 11.6 | 10.2 |
| Sureties and Guarantees | 386 | 448 | 344 | (13.8) | 12.2 |
| Other (3) | 5,074 | 5,357 | 3,146 | (5.3) | 61.3 |
| **Total** | **73,630** | **73,768** | **62,226** | **(0.2)** | **18.3** |

(1) In March 2009, it includes R$5,589 million of cash and installment plan from storeowners.In December 2008, includes R$6,124 million and in March 2008, R$4,913 million;
(2) In March 2009, it includes R$381 million of loan assignment (FIDC) and in December 2008, R$447 million; and
(3) In March 2009, it includes R$41 million of loan assignment (FIDC) and in December 2008, R$48 million.

In the individuals segment, more improvements in leasing, personal loan, credit card, rural loan and real estate financing portfolios can be observed in the last 12 months. As of 2008, the highlight was especially new vehicle financing in the leasing segment, which justifies high growth indexes. A solid growth of these operations is also due to IOF exemption, which made this product more attractive for clients.

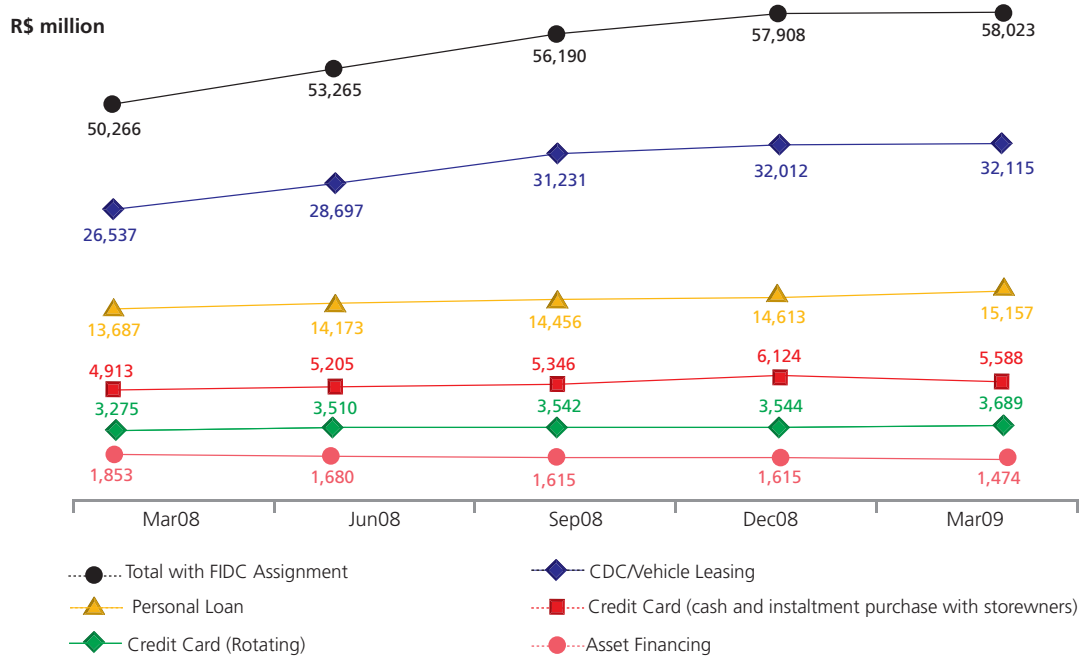
## *Loan Financial Margin – Interest*

| Corporate Clients | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar09 | Quarter | 12 months |
| Working Capital | 25,795 | 25,869 | 16,099 | (0.3) | 60.2 |
| Export Financing | 13,922 | 13,721 | 9,737 | 1.5 | 43.0 |
| Onlending BNDES/Finame | 13,639 | 13,344 | 10,850 | 2.2 | 25.7 |
| Operations Abroad | 11,410 | 11,137 | 8,176 | 2.5 | 39.6 |
| Overdraft Account | 9,134 | 9,155 | 8,243 | (0.2) | 10.8 |
| Leasing | 9,013 | 8,979 | 5,876 | 0.4 | 53.4 |
| Crédit Card (1) | 6,380 | 6,275 | 4,514 | 1.7 | 41.3 |
| Rural Loan | 3,661 | 3,593 | 3,190 | 1.9 | 14.8 |
| Vehicles – CDC | 3,099 | 3,296 | 3.521 | (6.0) | (12.0) |
| Real Estate Financing | 3,251 | 2,942 | 1,879 | 10.5 | 73.0 |
| Sureties and Guarantees (2) | 32,307 | 33,431 | 24,736 | (3.4) | 30.6 |
| Other | 9,050 | 9,835 | 10,361 | (8.0) | (12.7) |
| **Total** | **140,661** | **141,577** | **107,182** | **(0.6)** | **31.2** |

(1) In Mach 2009, it includes R$1,466 million of cash and installment plans from storeowners, in December 2008, R$1,424 million and March 2008, R$396 million; and
(2) We highlight that almost 89.2% of surety and guarantee operations are carried out with Large Companies.

In the corporate clients segment, in the last 12 months, higher growth was seen in export financing, operations abroad, working capital, leasing and real estate financing products.

## *Loan Portfolio – Consumer Financing*




In the graph above, the types related to the "consumer financing" for individuals were considered (CDC/ vehicle leasing, personal loans and asset financing, rotating credit card and amounts related to credit card purchases in one lump sum and installment purchase plan from storeowners, which are not included in the total loan operations).

The amount reached R$58.0 billion and growths were 0.2% and 15.4% in the last 12 months. The highlights are the segments of vehicle financing (CDC and Leasing), consigned loans and payroll-deductible loan in the amount of R$35.4 billion, accounting for 61.0% of total consumer financing balance, which due to its guarantees and characteristics; provide an adequate credit risk level to the portfolio.

## Loan Financial Margin – Interest

### Breakdown of Vehicle Portfolio

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| **CDC Portfolio** | **22,639** | **23,792** | **24,786** | **(4.8)** | **(8.7)** |
| Individuals | 19,540 | 20,496 | 21,265 | (4.7) | (8.1) |
| Corporate | 3,099 | 3,296 | 3,521 | (6.0) | (12.0) |
| **Leasing Portfolio** | **18,746** | **17,614** | **9,071** | **6.4** | **106.7** |
| Individuals | 12,575 | 11,516 | 5,272 | 9.2 | 138.5 |
| Corporate | 6,171 | 6,098 | 3,799 | 1.2 | 62.4 |
| **Finame Portfolio** | **4,085** | **4,044** | **2,821** | **1.0** | **44.8** |
| Individuals | 78 | 68 | 48 | 14.7 | 62.5 |
| Corporate | 4,007 | 3,976 | 2,773 | 0.8 | 44.5 |
| **Total** | **45,470** | **45,450** | **36,678** | **–** | **24.0** |
| Individuals | 32,193 | 32,080 | 26,585 | 0.4 | 21.1 |
| Corporate | 13,277 | 13,370 | 10,093 | (0.7) | 31.5 |

In March 2009, vehicle financing operations amounted to R$45.5 billion, a 24.0% growth in the 12-month period and, in the quarter, the balance remained stable, basically due to a decrease in demand. Out of the Vehicle Portfolio total, 49.8% refers to CDC, 41.2% refers to Leasing and 9.0% represents Finame. Individuals represent 70.8% of the portfolio whereas Corporates represented 29.2%. Highlight to Leasing to individuals, with a 138.5% growth in the 12-month period and 9.2% in the quarter.

### By Client Profile

Below, the total of loan operations by type of client, with highlights to a higher contribution from corporate clients, both in the quarter and in the twelve months ended in March 2009, mainly large corporations that were affected by capital markets slowdown.

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Large Corporations | 52,662 | 52,961 | 38,493 | (0.6) | 36.8 |
| Micro, Small and Mid-Sized Companies | 54,226 | 53,761 | 43,557 | 0.9 | 24.5 |
| Individuals | 67,233 | 66,701 | 56,969 | 0.8 | 18.0 |
| **Loan Operations (1)** | **174,121** | **173,423** | **139,019** | **0.4** | **25.2** |
| Sureties and Guarantees Provided, Accounted for in Memoradum Accounts | 32,694 | 33,879 | 25,080 | (3.5) | 30.4 |
| Credit Card (2) | 7,054 | 7,548 | 5,309 | (6.5) | 32.9 |
| **Total Exposure – Loan Operations** | **213,869** | **214,850** | **169,408** | **(0.5)** | **26.2** |
| Loan Assignment | 422 | 495 | – | (14.7) | – |
| **Total if there were not Assignments** | **214,291** | **215,345** | **169,408** | **(0.5)** | **26.5** |

(1) Pursuant to Bacen Standard; and
(2) Cash and Installment Purchase from storeowners

## Loan Financial Margin – Interest

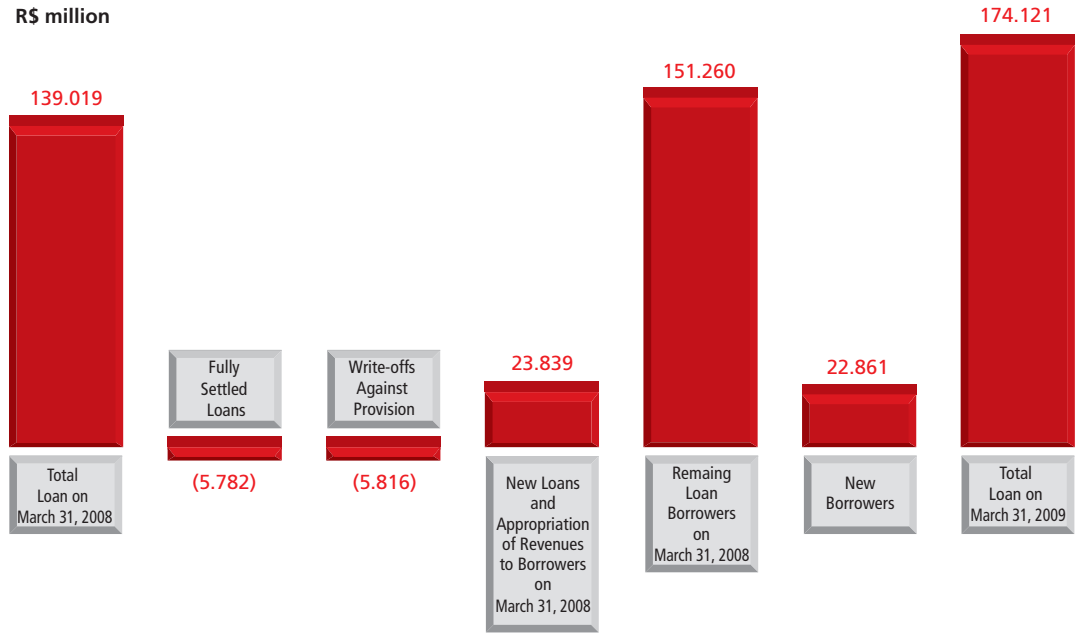
### Portfolio Concentration – Distribution by Business Segment

The portfolio distribution by economic activity sector did not have a concentration. Despite their significant participation, operations for individuals are dispersed. This quarter, we point out a greater contribution from Services sector balance.

| Activity Sector | R$ million | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mar09 | % | Dec08 | % | Mar08 | % | Dec07 | % |
| Public Sector | 1,561 | 0.9 | 941 | 0.6 | 913 | 0.6 | 901 | 0.7 |
| Private Sector | 172,560 | 99.1 | 172,482 | 99.4 | 138,106 | 99.4 | 130,406 | 99.3 |
| Corporate | 105,327 | 60.5 | 105,781 | 61.0 | 81,137 | 58.4 | 76,932 | 58.6 |
| Industry | 42,255 | 24.3 | 44,261 | 25.5 | 33,479 | 24.1 | 31,401 | 23.9 |
| Commerce | 23,817 | 13.7 | 23,547 | 13.6 | 19,896 | 14.3 | 18,724 | 14.3 |
| Financial Brokers | 1,175 | 0.7 | 1,236 | 0.7 | 862 | 0.6 | 1,049 | 0.8 |
| Services | 35,688 | 20.4 | 34,491 | 19.9 | 25,094 | 18.1 | 24,135 | 18.4 |
| Agriculture, Cattle Raising, Fishing, Silviculture and Forest Exploration | 2,392 | 1.4 | 2,246 | 1.3 | 1,806 | 1.3 | 1,623 | 1.2 |
| Individuals | 67,233 | 38.6 | 66,701 | 38.4 | 56,969 | 41.0 | 53,474 | 40.7 |
| Total | 174,121 | 100.0 | 173,423 | 100 | 139,019 | 100.0 | 131.307 | 100.0 |

### Loan Portfolio Breakdown *

Over the last 12 months, the breakdown of consolidated loan portfolio indicated the adequacy and the consistency of loan valuation instruments used in the granting process, maintaining its quality. Out of 25.2% increase R$35.1 billion in the Organization's loan portfolio, 16.4% (R$22.9 billion) derived from new borrowers, as per graph below:




* It does not include Sureties and Guarantees and amounts receivable from Credit Cards (cash and credit purchases).

## *Loan Financial Margin – Interest*

### *Loan Portfolio Breakdown – By Rating*

| Breakdown of Portfolio by Rating Between March 2008 and 2009 | | | | | | |
|---|---|---|---|---|---|---|
| Rating | Total Loan in March 2009 | | New Borrowers Between April 2008 and March 2009 | | Remaining Borrowers in March 2008 | |
| | R$ million | % | R$ million | % | R$ million | % |
| AA – C | 160,560 | 92.2 | 21,392 | 93.6 | 139,168 | 92.0 |
| D | 3,521 | 2.0 | 444 | 1.9 | 3,077 | 2.0 |
| E – H | 10,040 | 5.8 | 1,025 | 4.5 | 9,015 | 6.0 |
| **Total** | **174,121** | **100.0** | **22,861** | **100.0** | **151,260** | **100.0** |

In the chart above, both new borrowers and those remaining in March/08, showed good loan quality, which evidences the adequacy and consistency of loan policy and valuation instruments used by the Organization.

### *Loan Operations – By Rating – %*

| Client Characteristics | By Rating | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar09 | | | Dec08 | | | Mar08 | | |
| | AA-C | D | E-H | AA-C | D | E-H | AA-C | D | E-H |
| Large Corporations | 98.0 | 1.0 | 1.0 | 98.7 | 0.4 | 0.9 | 98.8 | 0.6 | 0.6 |
| SMEs | 91.9 | 2.6 | 5.5 | 93.8 | 2.0 | 4.2 | 94.0 | 1.9 | 4.1 |
| Individuales | 87.9 | 2.4 | 9.7 | 88.9 | 2.2 | 8.9 | 89.4 | 1.9 | 8.7 |
| **Total** | **92.2** | **2.0** | **5.8** | **93.4** | **1.6** | **5.0** | **93.4** | **1.6** | **5.0** |

The lower contribution from credits rated between "AA-C", shows the effects of the world financial crisis that generated the economic slowdown which reduded clients' temporary ability of complying with their financial commitments, resulting in late payments and rating deterioration.

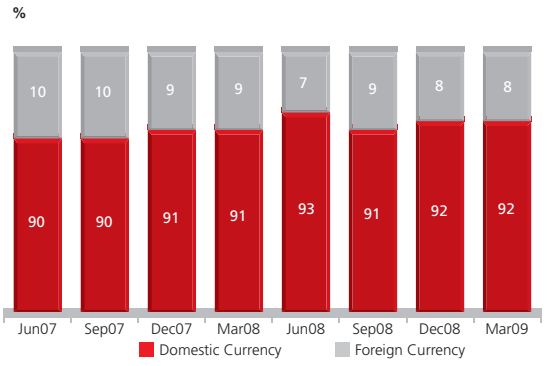
## Loan Financial Margin – Interest

### Loan Portfolio – By Currency

In the quarter, the representativeness of foreign currency operations was stable, basically due to the slight decrease in the variation of the dollar offset by the increase in foreign currencies.

In March 2009, total loan operations in domestic currency reached R$160.2 billion (R$159.6 billion in December 2008 and R$126.9 billion in March 2008) and foreign currency operations amounted to R$13.9 billion (R$13.9 billion in December 2008 and R$12.2 billion in March 2008).

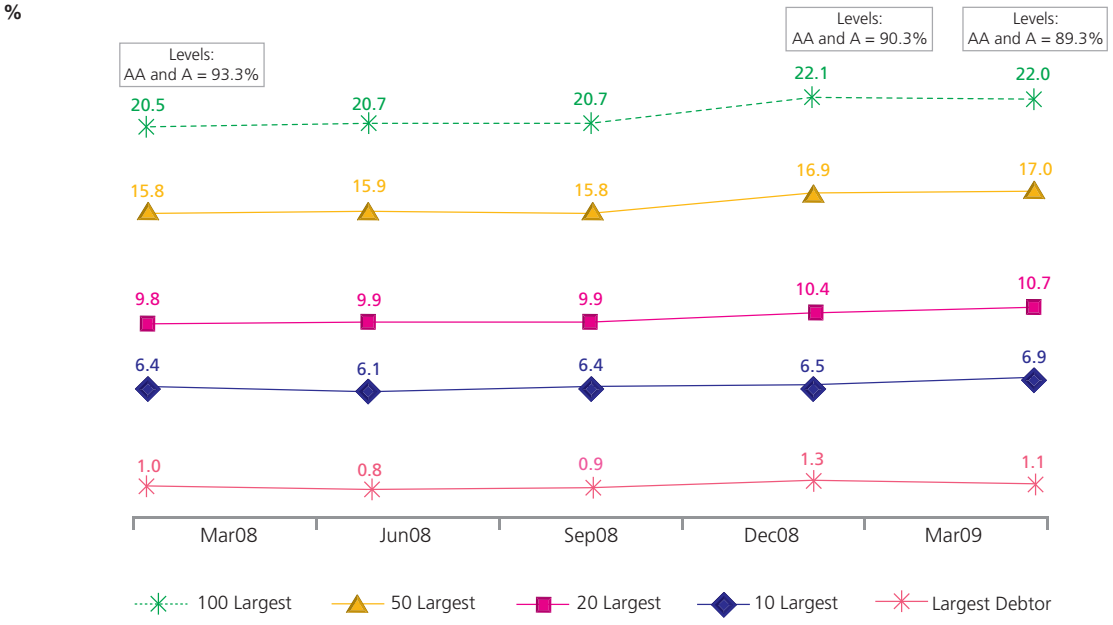
In March 2009, the balance of indexed and/or foreign currency-denominated loans and onlending (excluding ACCs) reached the total amount of US$6.0 billion, up 1.4% in U.S. dollar in the quarter and only 0.4% in reais, due to Real appreciation. Over the last 12 months, a drop of 13.5% and a growth of 14.5%, respectively were recorded.




### Loan Portfolio – By Debtor

In the last twelve months, the concentration levels of loan operations of the total portfolio by debtor had an increase in all levels of the largest debtors, and also a decrease was verified in the quality of these assets with lower participation of the ratings "AA and A".

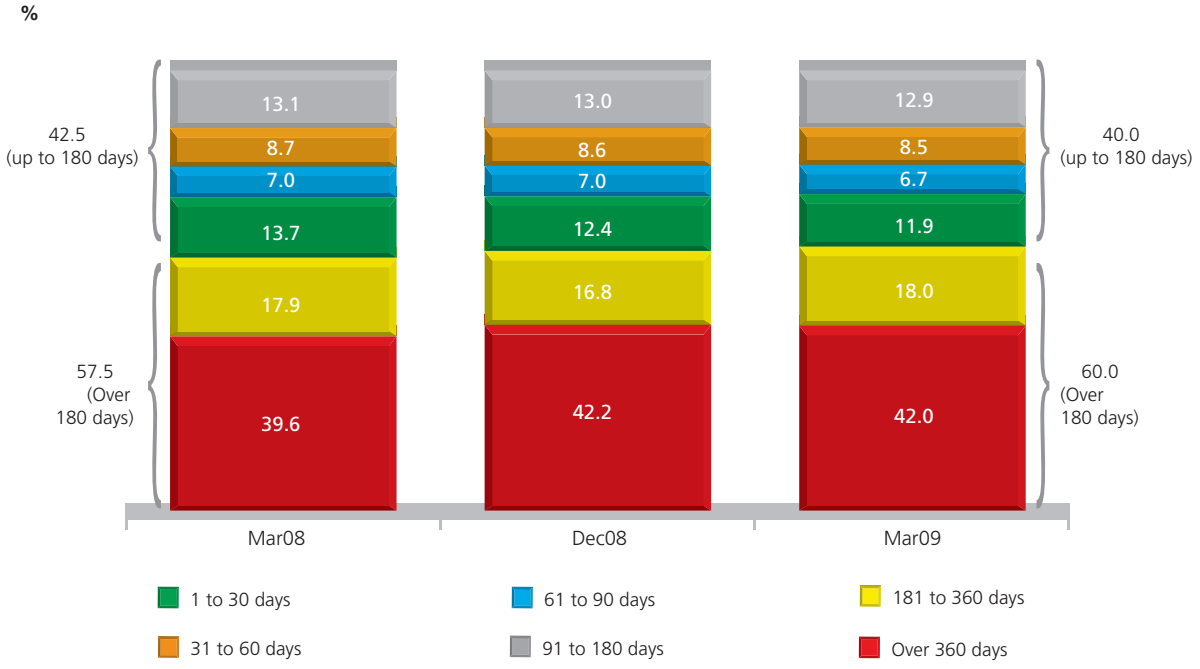
In the quarter, the concentration levels of loan operations in the total portfolio by debtor kept steady all levels.



## Loan Financial Margin – Interest

### Loan Portfolio – By Flow of Maturities

The flow of maturities of performing loans operations and/or installments coming due has been extended, mainly due to CDC/vehicle leasing and real estate financing operations that are, by their nature, of longer terms, however of lower risk due to their characteristics. The maturities of operations and or installments with maturities longer than 180 days represented 60.0% of the total portfolio in March 2009, against 57.5% twelve months ago.



## Loan Financial Margin – Interest

### Provisioning

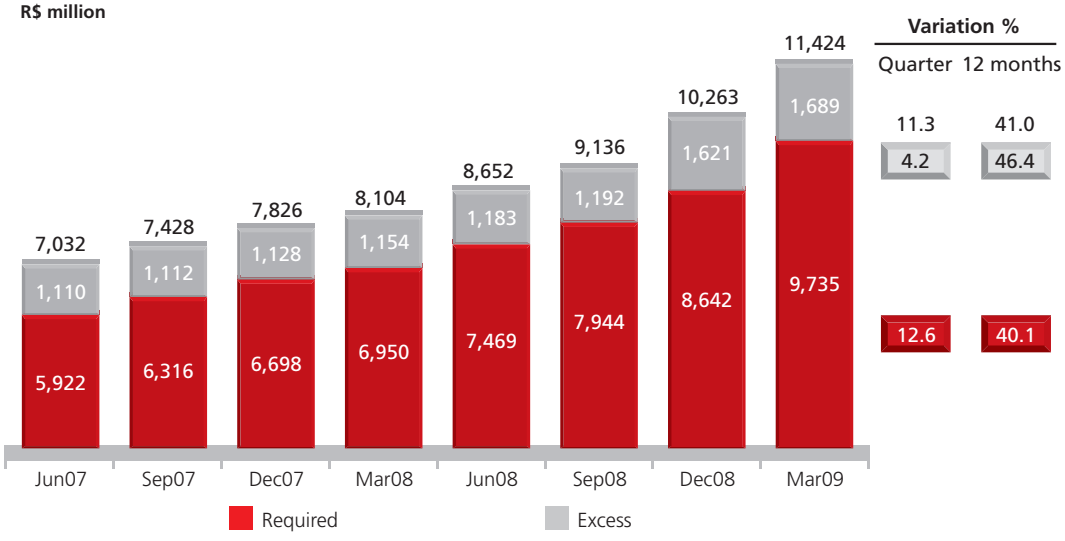
| PDD Expenses | R$ million | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
| Accounting | (2,920) | (2,559) | (1,824) | (1,834) | (1,667) | (1,556) | (1,438) | (1,344) |
| Recoveries | 312 | 353 | 345 | 312 | 232 | 288 | 166 | 218 |
| Discounts | (114) | (85) | (92) | (87) | (77) | (76) | (75) | (73) |
| PDD adjustment (non-recurring) | 177 | 597 | – | – | – | – | – | – |
| Managerial | (2,545) | (1,694) | (1,571) | (1,609) | (1,512) | (1,344) | (1,347) | (1,199) |

The increase on the PDD expense reflects the effects of the world financial crisis, causing an economic slowdown in Brazil, temporarily preventing companies and individuals from complying with their financial commitments. Our provisioning level was increased due to rating deterioration in some companies and/or individuals payment delay.

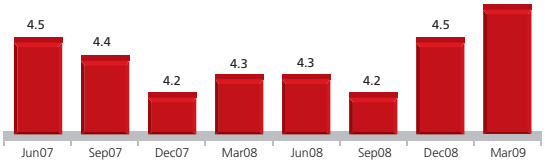
It is worth noting that in 1Q09 the Organization decided to record credit card operations provision referring to cash and installment purchase plan from storeowners, whose initial effect was R$177 million, which should not repeat itself in the next quarters.

### Allowance for Loan Losses

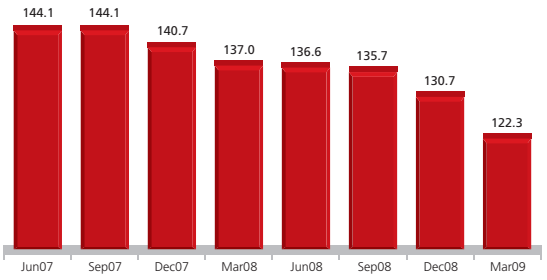
The provision balance variation in 1Q09 is higher than the loan portfolio growth, representing 6.6% of the total loan portfolio guaranteeing the 36.1% coverage margin above the expected drop for the next 12 months.




**Non Performing Loans (*) / Loan Operations – %**



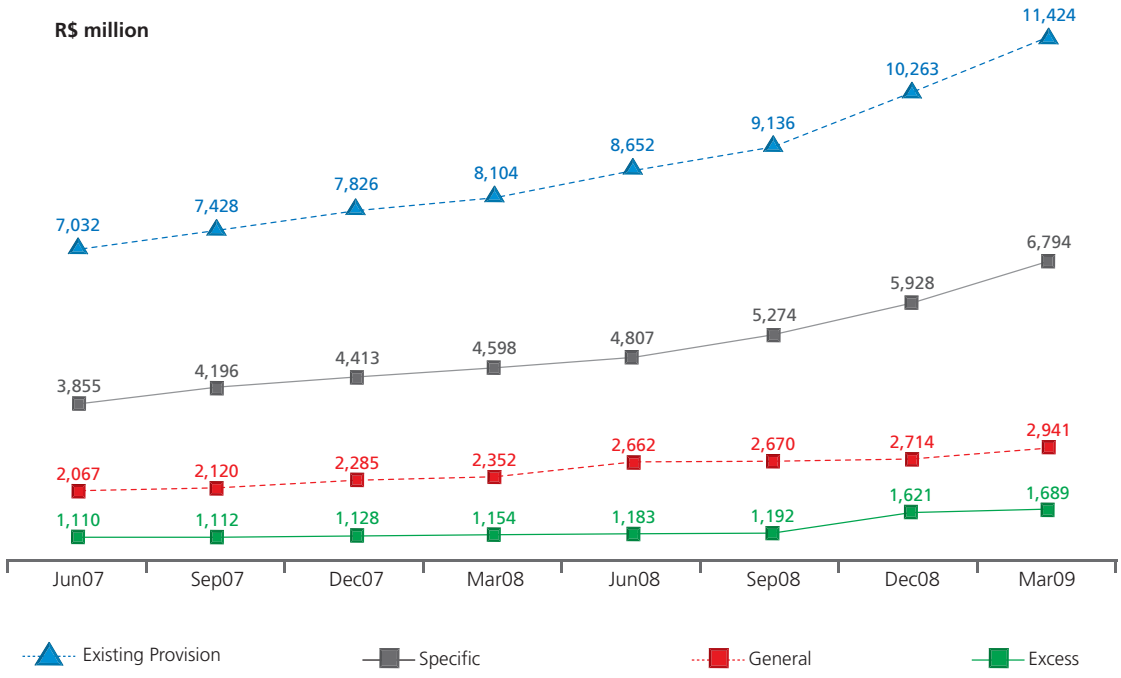

**Existing Provision / Non Performing Loans (*) – %**




(*) Loan operations overdue for over 59 days and that do not generate revenue in the accrual method of accounting.

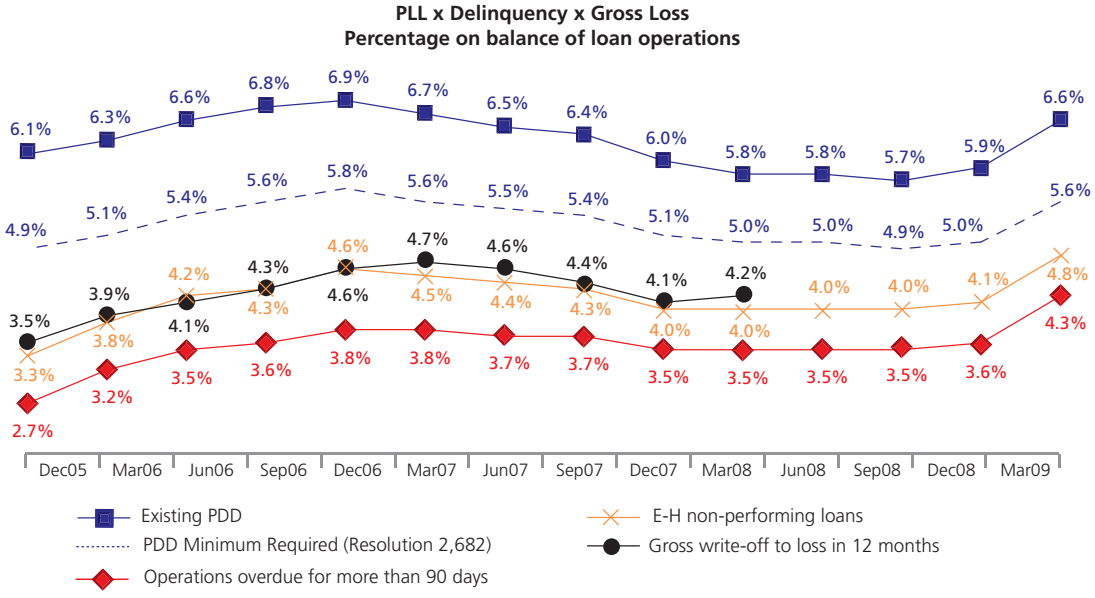
## *Loan Financial Margin – Interest*

### *PDD x Delinquency x Loss*




It is important to highlight the adequacy of the provisioning criteria adopted that can be proved by analyzing the historical data of allowances for loan losses and losses effectively occurred in the subsequent twelve-month period. For instance, in March 2008, for an existing provision of 5.8% of the portfolio, the loss in the twelve subsequent months was 4.2% on that date, that is, the existing provision covered the loss by a margin of more than 35%.

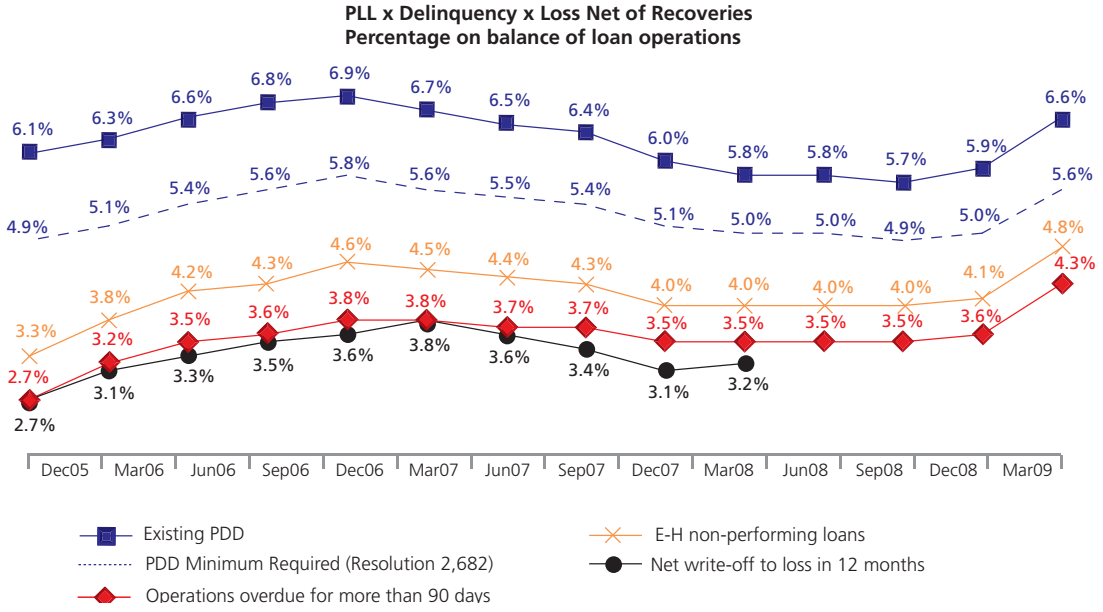
The total amount of provision is composed of general provision (client and/or operation classification), specific provision (non-performing) and excess provision (internal policies and criteria).




It is worth mentioning that Bradesco has excess provision of R$1.7 billion, in relation to that required by Bacen. Nevertheless, if we compare with expected effective losses for the next 12 months, the surplus is R$3.1 billion.

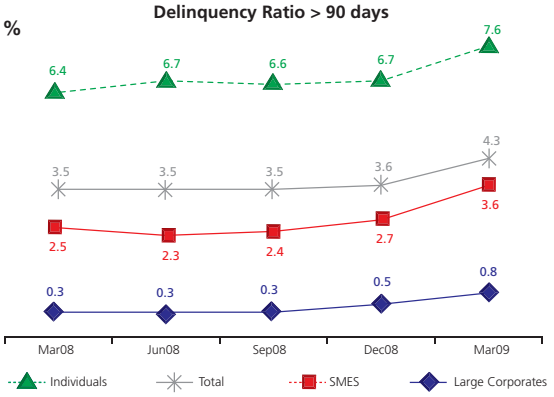
## *Loan Financial Margin – Interest*

When coverage margin is analyzed under the write-off net of recovery viewpoint, we observe that it increases significantly: in March 2008, for an existing provision of 5.8% of portfolio, net loss in the subsequent 12 months was 3.2% on that date, i.e., the existing provision covered the loss by a margin of more than 80%.




## *Loan Portfolio – Delinquency Ratio > 90 days*

Total delinquency ratio, which remained steady over previous quarters, increased 4.3% in 1Q09 basically due to the effects of the world financial crisis, causing an economic slowdown in Brazil, temporarily preventing companies and individuals from complying with their financial commitments. Our provisioning level was increased due to rating deterioration in some companies and/or individual`s payment delay. It is worth noting that in 1Q09 the Organization decided to record credit card operations provision referring to cash and installment purchase plan from storeowners, whose initial effect was R$177 million, which should not repeat itself in the next quarters.

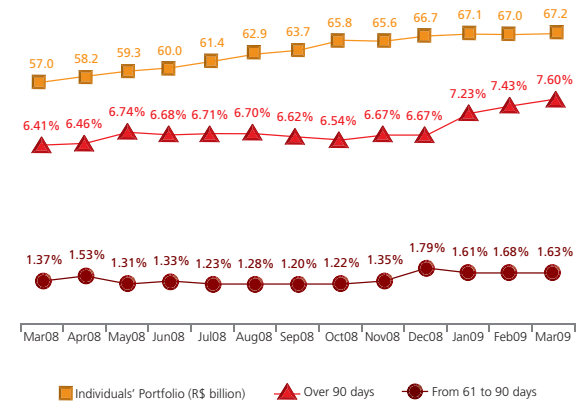


## *Loan Financial Margin – Interest*

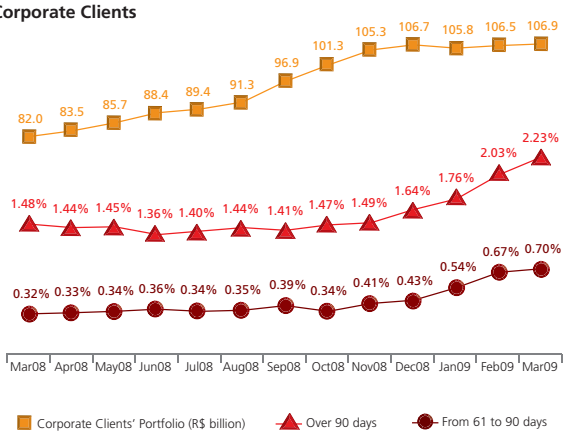
We closed 1Q09 with a 4.3% total deliquency ratio, which shows a q-o-q increase. However, as of March 2009, a reduction in the growing rythm of this ratio can be observed, according to the graphs below. For the next two quarters, we expect some growth in the delinquency ratio over 90 days, which may, as we expect, reach approximately 4.9% of the total portfolio, which may stabilize by 4Q09.

The graph below presents a 61 to 90-day delinquency ratio, showing a negative acceleration and stability in the past two months, reaffirming previous statements.

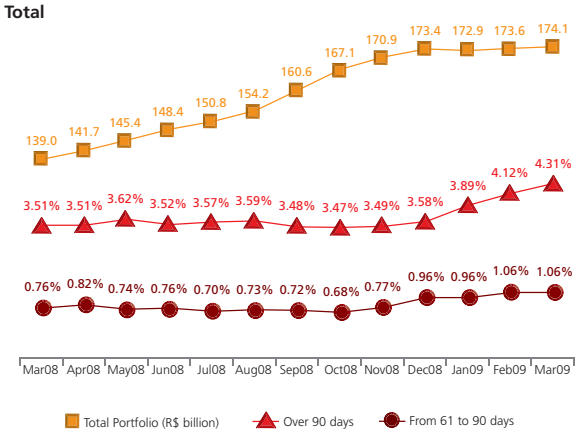
**Individuals**




**Corporate Clients**




**Total**



## Loan Financial Margin – Interest

### Loan Portfolio – Portfolio Indicators

Aiming at facilitating the follow-up of the quantitative and qualitative performance of Bradesco's loan portfolio, we present below a comparative summary of the main figures and indicators

| | R$ million (except %) | | | |
|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Dec07 |
| Total Loan Operations | 174,121 | 173,423 | 139,019 | 131,307 |
| – Individual | 67,233 | 66,701 | 56,969 | 53,474 |
| – Corporate Client | 106,889 | 106,722 | 82,050 | 77,833 |
| Existing Provision | 11,424 | 10,263 | 8,104 | 7,826 |
| – Specific | 6,794 | 5,928 | 4,598 | 4,413 |
| – General | 2,941 | 2,714 | 2,352 | 2,285 |
| – Excess | 1,689 | 1,621 | 1,154 | 1,128 |
| Specific Provision/Existing Provision % | 59,5 | 57,8 | 56,7 | 56,4 |
| Existing Provision/ Loan Operations % | 6,6 | 5,9 | 5,8 | 6,0 |
| AA – C Rated Loan Operations/ Loan Operations % | 92,2 | 93,4 | 93,4 | 93,3 |
| D Rated Operations under Risk Management /Loan Operations % | 2,0 | 1,6 | 1,6 | 1,6 |
| E – H Rated Loan Operations / Loan Operations % | 5,8 | 5,0 | 5,0 | 5,1 |
| D Rated Loan Operations | 3,521 | 2,800 | 2,194 | 2,060 |
| Existing Provision for D Rated Loan Operations | 923 | 757 | 587 | 544 |
| D Rated Provision/Loan Operations % | 26,2 | 27,0 | 26,8 | 26,4 |
| D – H Rated Non-Performing Loans | 10,342 | 8,752 | 6,635 | 6,227 |
| Existing Provision/D – H Rated Non-Performing Loans % | 110,5 | 117,2 | 122,1 | 125,7 |
| E – H Rated Loan Operations | 10,040 | 8,661 | 6,934 | 6,693 |
| Existing Provision for E – H Rated Loan Operations | 8,595 | 7,543 | 6,027 | 5,848 |
| E – H Rated Provision/Loan Operations % | 85,6 | 87,1 | 86,9 | 87,4 |
| E – H Rated Non-Performing Loans | 8,397 | 7,100 | 5,518 | 5,277 |
| Existing Provision/E – H Rated Non-Performing Loan % | 136,1 | 144,5 | 146,9 | 148,3 |
| Non Performing Loans (*) / Loan operations % | 5,4 | 4,5 | 4,3 | 4,2 |
| Existing Provision/ Non Performing Loans (*) % | 122,3 | 130,7 | 137,0 | 140,7 |

(*) Loan operations overdue for more 59 days and do not generate revenues in the accrual method of accounting.

We remain prepared to take full advantage of any business opportunities. In 2009 we will continue giving priority to increasing the loan portfolio always respecting the granting policy, focusing on the risk/return ratio

## Funding Financial Margin – Interest

### Funding Financial Margin – Breakdown

| | R$ million | | | | |
|---|---|---|---|---|---|
| | Financial Margin – Funding | | | | |
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 months |
| Interest – due to Volume | | | | 46 | 261 |
| Interest – due to Spread | | | | (127) | (85) |
| **Interest Financial Margen** | **749** | **830** | **573** | **(81)** | **176** |

In 1Q09, the funding interest financial margin reached R$749 million against the R$830 million from the previous quarter, a decrease of 9.8% or R$81 million. This variation was impacted negatively in R$127 million in spreads due to the interest rate drop in the market, and partially minimized in R$46 million due to the volume.

Year-on-year, there was an increase of 30.7% or R$176 million in the financial margin, mainly due to the increase in the volume of transactions that contributed positively to the financial margin in R$261 million. This result offset the margin effect due to spreads decrease in the amount of R$85 million.

## *Funding Financial Margin – Interest*

### *Loan x Funding*

To analyze Loan Operations x Funding ratio, it is necessary to discount the committed amount related to compulsory deposits collected with Bacen and the amount of funds available held for service stations operations from total clients funding. These funds added to those derived from domestic and international lines provide the institution's funding to meet loans and financing needs.

Banco Bradesco shows low reliance on interbank funds and foreign credit lines in view of its effective funding capacity with clients. This efficiency is a result of an extensive network, an ample product portfolio and market's confidence in Bradesco brand.

As you can see below, the percentage of utilization of funds improved when compared to previous periods. This shows that Banco Bradesco was able to basically meet the funding needs required in loan operations, by means of funds raised with clients.

Q-o-q, seasonal factors and economic activity showdown impacted the growth of funding and investments as can be observed in the chart below. Funds utilization ratio kept improving throughout the period, which shows clients confidence in Bradesco Brand.

| Funding x Investments | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Demand Deposits + Investment Account | 25,882 | 28,612 | 26,680 | (9.5) | (3.0) |
| Sundry Floating | 2,991 | 1,664 | 3,314 | 79.7 | (9.7) |
| Savings Deposits | 37,392 | 37,769 | 33,290 | (1.0) | 12.3 |
| Time Deposit + Debentures (1) | 138,606 | 133,552 | 83,023 | 3.8 | 66.9 |
| Other | 7,051 | 7,968 | 7,851 | (11.5) | (10.2) |
| **Clients Funds** | **211,922** | **209,565** | **154,158** | **1.1** | **37.5** |
| (-) Compulsory Deposits / Funds Available (2) | (33,866) | (31,618) | (33,157) | 7.1 | 2.1 |
| **Clients Funds Net of Compulsory Deposit** | **178,056** | **177,947** | **121,001** | **0.1** | **47.2** |
| Onlending | 17,124 | 17,091 | 14,121 | 0.2 | 21.3 |
| Foreign Credit Lines | 11,087 | 12,005 | 11,205 | (7.6) | (1.1) |
| Funding Abroad | 16,566 | 15,189 | 10,155 | 9.1 | 63.1 |
| **Total Funding (A)** | **222,833** | **222,232** | **156,482** | **0.3** | **42.4** |
| **Loan Portfolio/Leasing/Cards (Other Loans)/ Acquired CDI (B) (3)** | **184,837** | **184,535** | **144,058** | **0.2** | **28.3** |
| **B/A (%)** | **82.9** | **83.0** | **92.1** | – | – |

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

(2) Does not comprise amounts from public bonds pegged to savings accounts; and

(3) Comprises an amount related to cards (cash and installment purchase plan from storeowers) of R$7,054 million in March 2009, R$7,548 million in December 2008 and R$5,309 million in March 2008. In March 2009 it comprises R$ 3,662 million in December 2008, R$3,564 million from CDI acquired in the open market.

## Funding Financial Margin – Interest

### Deposit, Debentures and Subordinated Debt

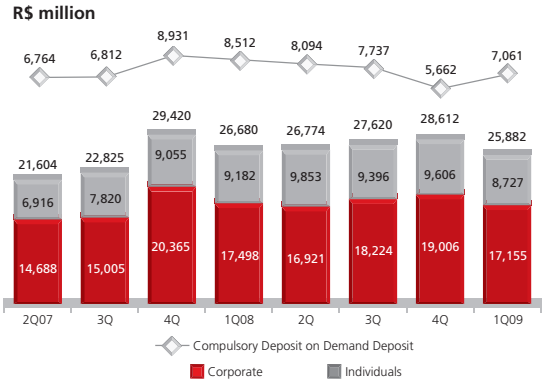
Below we point out the growth of such funding:

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Demand Deposits + Investment Account | 25,882 | 28,612 | 26,680 | (9.5) | (3.0) |
| Savings Deposit | 37,392 | 37,769 | 33,290 | (1.0) | 12.3 |
| Time Deposit | 105,424 | 97,414 | 46,430 | 8.2 | 127.1 |
| Debentures | 33,182 | 36,138 | 36,593 | (8.2) | (9.3) |
| Borrowing and Onlending | 30,420 | 31,947 | 24,013 | (4.8) | 26.7 |
| Funds from Issuance of Securities | 9,280 | 9,012 | 7,222 | 3.0 | 28.5 |
| Subordinated Debt | 19,745 | 19,249 | 16,537 | 2.6 | 19.4 |
| **Total** | **261,325** | **260,141** | **190,765** | **0.5** | **37.0** |

### Demand Deposits and Investment account

The R$798 million variation in the last 12 months, ended March 2009 derives from: (i) reduction of deposits from corporate clients in the amount of R$455 million; and: (ii) by reduction of deposits from individuals, in the amount of R$343 million.

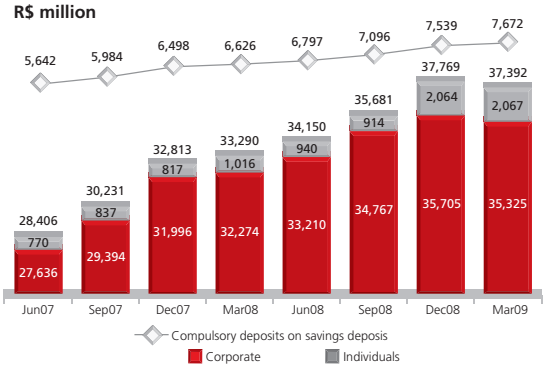
A decrease of R$2,730 million in the last quarter is composed of: a) decreased deposits from corporate clients in the amount of R$879 million; and b) lower deposits from individuals in the amount of R$1,851 million resulting from the 4Q08 seasonality by the liquidity increase (Christmas bonus).




### Savings Deposits

The increase in the 12-month period is mainly due to: a) deposits made partially in view of the migration of resources deriving from investment funds; and b) deposits remuneration (TR + 0.5% p.m.), which reached 8.1% in the last 12 months.

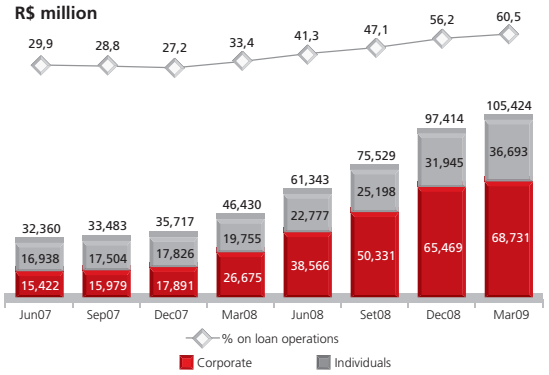
The variation in the quarter is basically due to deposits remuneration (TR + 0.5% p.m.), which reached 1.9% in 1Q09, mitigated by the redemptions recorded in the quarter.



## *Funding Financial Margin – Interest*

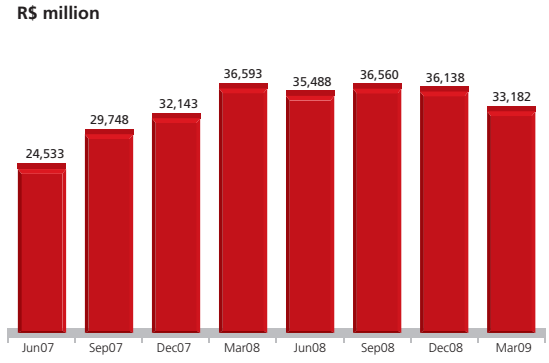
### *Time Deposits*

The increment in the year mainly derives from: a) deposits remuneration; b) higher volume raised in the period resulting from investors and branch network clients, partially, due to the migration of resources deriving from investment funds and c) as funding for loan demand growth.



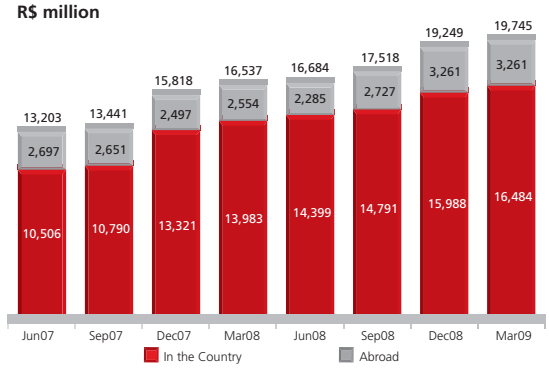

### *Debentures*

The negative 8.2% and 9.3% variation q-o-q and y-o-y, respectively, refer to the repurchase of these securities that had been used as a base in purchase and sales commitments.




### *Subordinated debts*

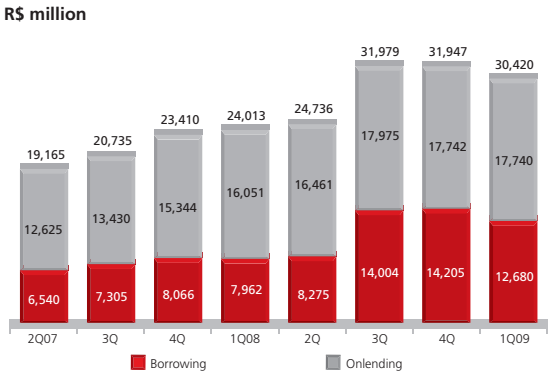
In March 2009, Bradesco's subordinated debts amounted to R$19,745 million (R$3,261 million abroad and R$16,484 million in Brazil). In the 12-month period R$1.4 billion of Subordinated CDB in the domestic market were issued, operations with maturity in 2014. It is worth pointing out that, out of the total subordinated debts, R$10,942 million are used for Capital Adequacy Ratio (Basel II) calculation purposes.



## Funding Financial Margin – Interest

### Borrowing and Onlending

The variation in 12-month period ended March 2009 is due to the increase in the volume of borrowings and onlending abroad, in the amount of R$3,325 million, and in Brazil, in the amount of R$3,082 million (mainly through Finame and BNDES operations), influenced by the exchange variation of 32.4% in the period, which impacted borrowings and onlendings denominated and/or indexed in foreign currency, whose balances were R$9,355 million in March 2008 and R$12,680 million in March 2009.

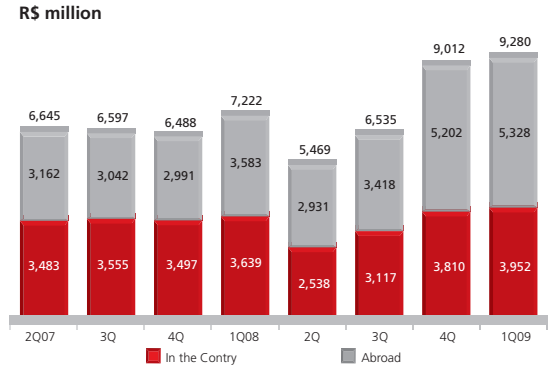



The variation in the quarter is due to: a) the decrease in the volume of borrowings and onlendings abroad in the amount of R$1,525 million, influenced by the negative exchange variation of 0.9% in 1Q09, which impacted onlendings and borrowings denominated an/or indexed in foreign currency, whose balances were R$14,205 million in December 2008 and R$12,680 million in March 2009.

### Funds from Issuance of Securities

The 3.0% increase or R$268 million in 1Q09 mainly results from the increase in agribusiness credit letters operations in the amount of R$282 million and MT100 securities issue in the amount of R$160 million, which was mitigated by the reduction in mortgage letters in the amount of R$184 million.

In the 12-month period, there was a 28.5% variation, or R$2,058 million, mainly due to the increase in agribusiness credit letters in the amount of R$1,635 million, the issuance of MT100 securities, in the amount of R$2,147 million, which was mitigated by the reduction in debentures in the amount of R$1,133 million resulting from the purchase of said securities.




## Securities / Other Financial Margin – Interest

### Securities / Other Financial Margin – Breakdown

| | R$ million | | | | |
|---|---|---|---|---|---|
| | Financial Margin – Securities/Other | | | | |
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 months |
| Interest – due to volume | | | | 40 | 212 |
| Interest – due to spread | | | | 45 | (83) |
| **Interest Financial Margin** | **714** | **629** | **585** | **85** | **129** |
| Revenues | 4,820 | 5,779 | 2,460 | (959) | 2,360 |
| Expenses | (4,106) | (5,150) | (1,875) | 1,044 | (2,231) |

## Securities / Other Financial Margin – Interest

Q-o-q, there was a 13.5% increase, or R$85 million. In 1Q09, interest financial margin in Securities/Other reached R$714 million against R$585 million in the same quarter of the previous year a growth of 22.1% or R$129 million.

## Securities Financial Margin – Interest

### Insurance Financial Margin – Breakdown

R$ million

| | Financial Margin – Insurance | | | | |
|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 months |
| Interest – due to volume | | | | 21 | 56 |
| Interest – due to spread | | | | 33 | (60) |
| Interest Financial Margin | 553 | 499 | 557 | 54 | (4) |
| Revenues | 1,926 | 1,425 | 1,581 | 501 | 345 |
| **Expenses** | **(1,373)** | **(926)** | **(1,024)** | **(447)** | **(349)** |

The result from insurance business line, q-o-q, posted a 10.8% growth (R$54 million) in the interest financial margin, mainly influenced by the increase in the volume of technical provisions that, in 4Q08 was R$64,587 million and increased to R$66.673 million in 1Q09.

In spite of a greater volume in technical provisions of R$66.673 million for 1Q09 against R$59,722 million for the same period in 2008, the financial insurance margin remained practically steady, due to the drop in interest rates.

## Financial Margin – Non-Interest

### Financial Margin Non-Interest – Breakdown

R$ million

| | Financial Margin – Non Interest | | | | |
|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 months |
| Loans | 312 | 353 | 232 | (41) | 80 |
| Funding | (60) | (56) | (38) | (4) | (22) |
| Insurance | 59 | 42 | 95 | 17 | (36) |
| Securities/Other | 758 | 119 | 217 | 639 | 541 |
| **Total** | **1,069** | **458** | **506** | **611** | **563** |

Variations in the Non-Interest Financial Margin mainly derive from:

– Loans: represented by recovery of loan operations written down for losses, we can point out the largest recoveries that took place in 4Q08, due to the higher volume of funds in economy.

– Fundings: represented by expenses with the Deposit Guarantee Association, the growth in the periods compared is mainly due to the increase in the client base.

– Insurances: represented by gains with equities, variations in the periods are associated to market conditions which enabled a higher/lower opportunity to gain realization.

## Financial Margin – Non-Interest

– Securities/Other: the variations recorded are related to higher gains with securities/treasury, which we highlight the variation in 4Q08, mark-to-market loan derivatives (CDS – Credit Default Swap), related to Brazilian government securities issued abroad (R$132 million in 1Q09 and R$(276) million in 4Q08), deriving from the lower volatility of global financial markets.

## Insurance, Private Pension Plans and Certificated Savings Plans

Analysis of equity and income accounts of Grupo Bradesco de Seguros, Previdência e Capitalização:

### Consolidated Balance Sheet

R$ million

| | Mar09 | Dec08 | Mar08 |
|---|---|---|---|
| Assets | | | |
| **Current and Long-Term Assets** | **79,154** | **76,751** | **72,440** |
| Securities | 73,059 | 71,309 | 68,077 |
| Insurance Premiums Receivable | 1,345 | 1,353 | 1,226 |
| Other Receivables (*) | 4,750 | 4,089 | 3,137 |
| **Permanent Assets** | **1,581** | **1,217** | **1,175** |
| **Total** | **80,735** | **77,968** | **73,615** |
| Liabilities | | | |
| **Current and Long-Term Liabilities** | **71,209** | **69,086** | **64,435** |
| Tax, Civil and Labor Contingencies | 1,928 | 1,881 | 1,732 |
| Payables on Insurance, Private Pension Plans and Certificated Savings Plans Operations | 308 | 350 | 428 |
| Other liabilities | 2,300 | 2,268 | 2,553 |
| Technical Provisions for Insurance (*) | 6,549 | 5,829 | 5,588 |
| Technical Provisions for Life and Private Pension Plans | 57,384 | 56,052 | 51,607 |
| Technical Provisions for Certificated Savings Plans | 2,740 | 2,706 | 2,527 |
| **Minority Interest** | **142** | **110** | **25** |
| **Shareholders` Equity** | **9,384** | **8,772** | **9,155** |
| **Total** | **80,735** | **77,968** | **73,615** |

(*) in compliance with Susep Circular Letter 379/2008, as of January 2009, values referring to technical provisions are being presented by their gross value and reinsurance balances (PPNG, PSL and IBNR) were classified in the assets of March 31, 2009, amounting to R$669 million.

### Consolidated Statement of Income

R$ million

| | 1Q09 | 4Q08 | 1Q08 |
|---|---|---|---|
| Insurance Premiums, Private Pension Plan Contribution and Certificated Savings Plan Revenues | 5,514 | 6,204 | 5,367 |
| Premiums Earned from Insurance, Private Pension Plan Contribution and Certificated Savings Plan Revenues | 3,182 | 3,402 | 2,751 |
| Interest Income of the Operation | 622 | 569 | 698 |
| Sundry Operating Revenues | 241 | 186 | 247 |
| Retained Claims | (1,982) | (2,147) | (1,640) |
| Certificated Savings Plans Drawing and Redemptions | (364) | (411) | (318) |
| Selling Expenses | (299) | (301) | (279) |
| General and Administrative Expenses | (308) | (374) | (286) |
| Other Operating Expenses | (46) | (26) | (26) |
| Tax Expenses | (72) | (78) | (72) |
| **Operating Income** | **974** | **820** | **1,075** |
| Equity Result | 46 | 66 | 38 |
| Non-operating Income | 12 | (9) | 8 |
| Income Tax/Social Contribution and Minority Interest | (382) | (327) | (375) |
| **Net Income** | **650** | **550** | **746** |

# Insurance, Private Pension Plans and Certificated Savings Plans

## Income Distribution of Grupo Bradesco de Seguros e Previdência

R$ million

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Life and Private Pension Plans | 357 | 383 | 392 | 385 | 428 | 372 | 350 | 325 |
| Certificated Savings Plans | 50 | 55 | 64 | 76 | 59 | 64 | 68 | 63 |
| Health | 137 | 113 | 115 | 115 | 117 | 11 | 7 | 3 |
| Basic lines and Other | 106 | (1) | 58 | 147 | 142 | 135 | 123 | 305 |
| **Total** | **650** | **550** | **629** | **723** | **746** | **582** | **548** | **696** |

## Performance Ratios

%

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Claims Ratio (1) | 73.7 | 78.0 | 72.4 | 73.1 | 73.4 | 75.0 | 73.3 | 78.7 |
| Selling Ratio (2) | 9.5 | 10.1 | 10.3 | 10.7 | 10.9 | 11.5 | 11.7 | 11.9 |
| Administrative Expenses Ratio (3) | 5.6 | 6.0 | 5.9 | 5.1 | 5.3 | 5.1 | 5.5 | 5.5 |
| Combined Ratio (4) (*) | 86.2 | 89.7 | 84.4 | 84.9 | 83.9 | 92.8 | 92.3 | 87.7 |

(*) Excludes additional provisions

(1) Retained Claims/Earned Premiums.

(2) Selling Expenses/Earned Premiums.

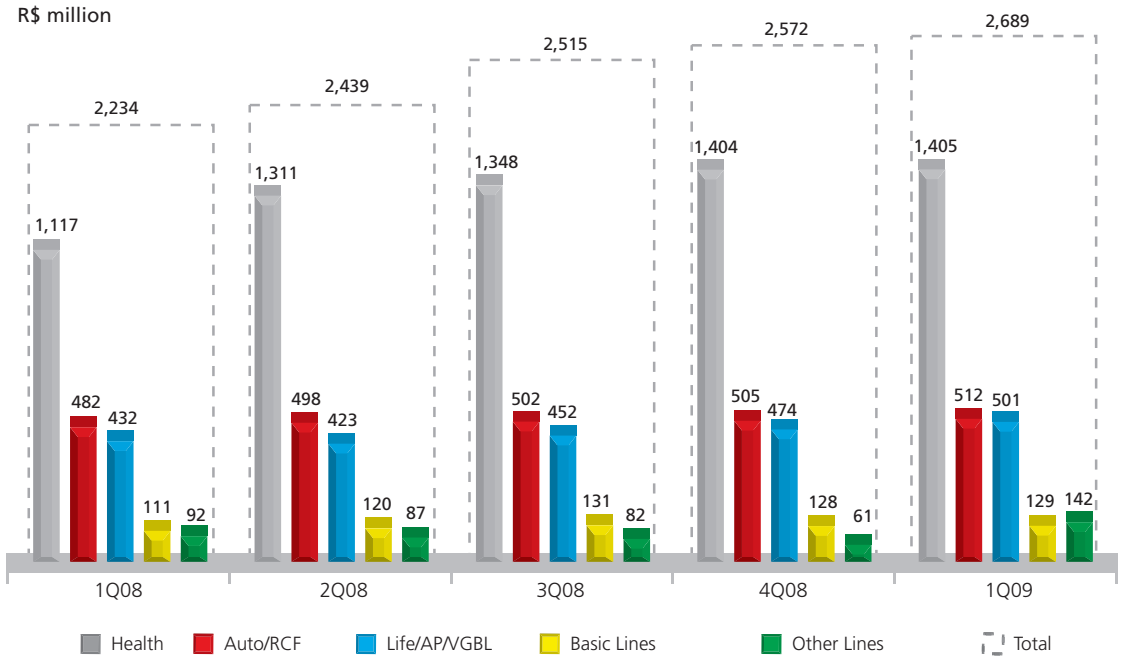
(3) Administrative Expenses/Net Premiums Written.

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

**Note 1:** The ratios have been recalculated, pursuant to Susep Circular Letter 356.

**Note 2:** For 4Q08 index calculation, we have excluded the amount of R$99.8 million related to the IBNR tail expansion from five to seven years (life line) and R$40 million to losses deriving from floods that stroke the state of Santa Catarina.

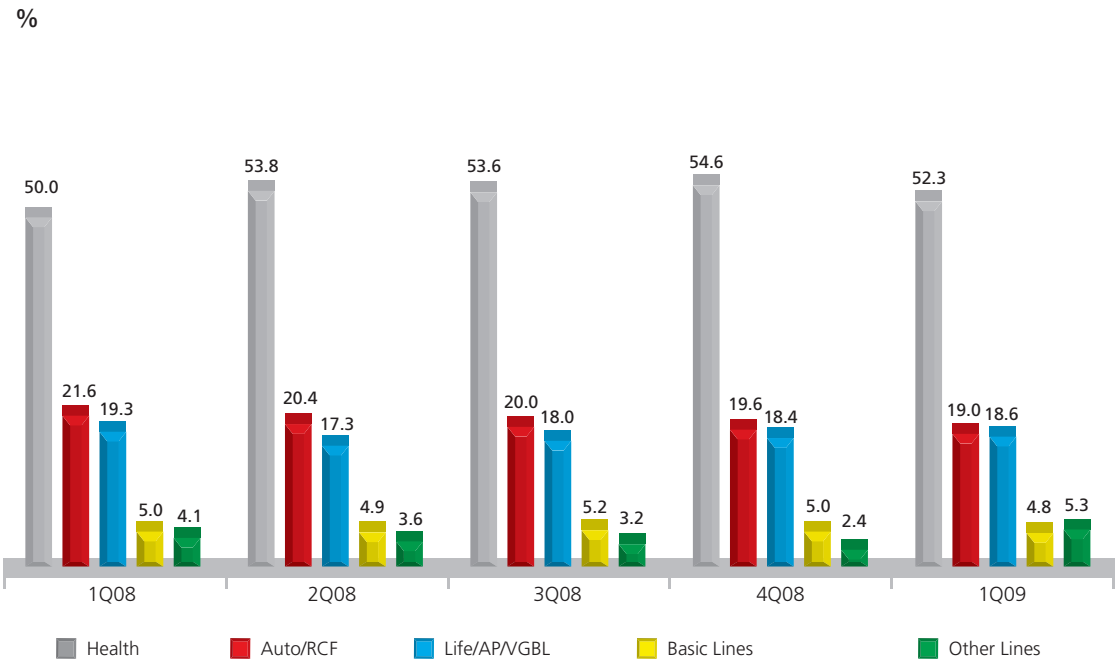
## Earned Premiums (Retained Premiums less Variation of Technical Provision) by Insurance Line




In 1Q09, earned premiums in the insurance segment showed an increment of 20.4% in relation to 1Q08.

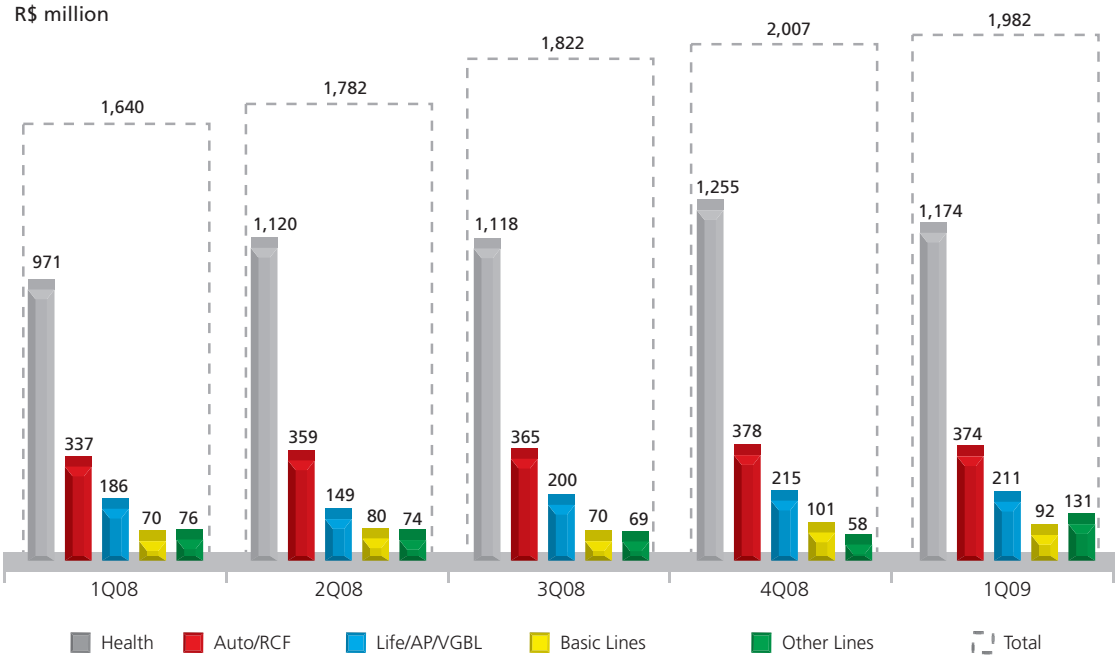
## Insurance, Private Pension Plans and Certificated Savings Plans

### Earned Premiums (Retained Premiums less Variation of Technical Provisions) by Insurance Line



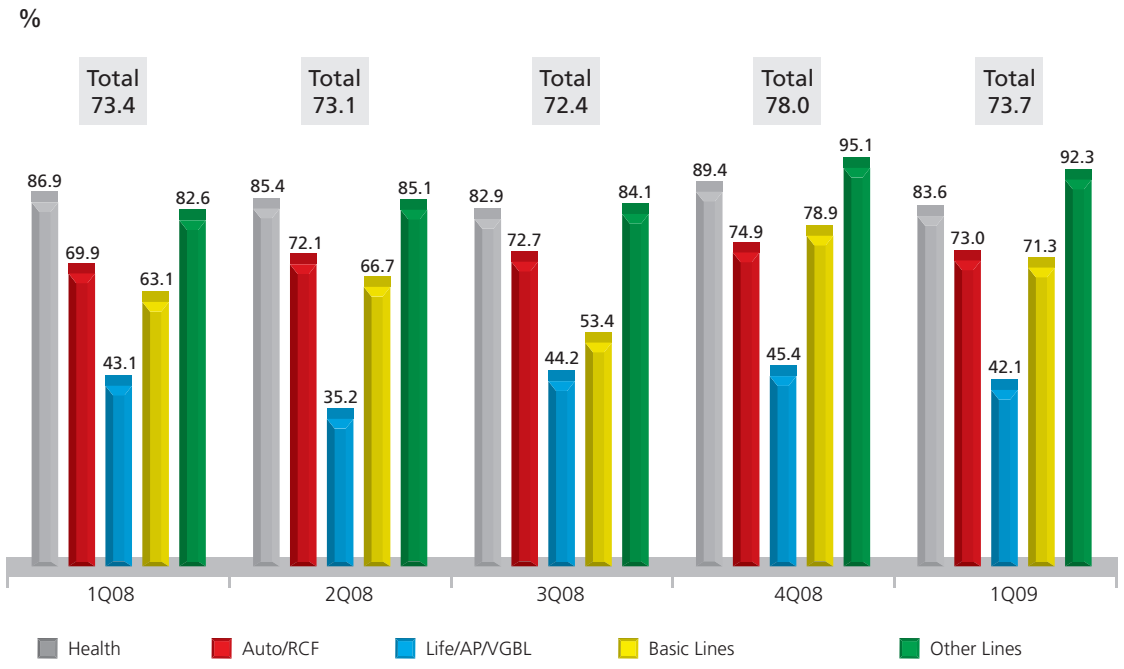

In the insurance segment, according to information published by Susep and ANS, Bradesco Seguros e Previdência until January 2009 collected R$1.6 billion in premiums and maintained the leadership in the ranking with 24.2% share in the market. In the same period, R$6.6 billion in premiums were collected by the insurance sector.

### Retained Claims by Insurance Line

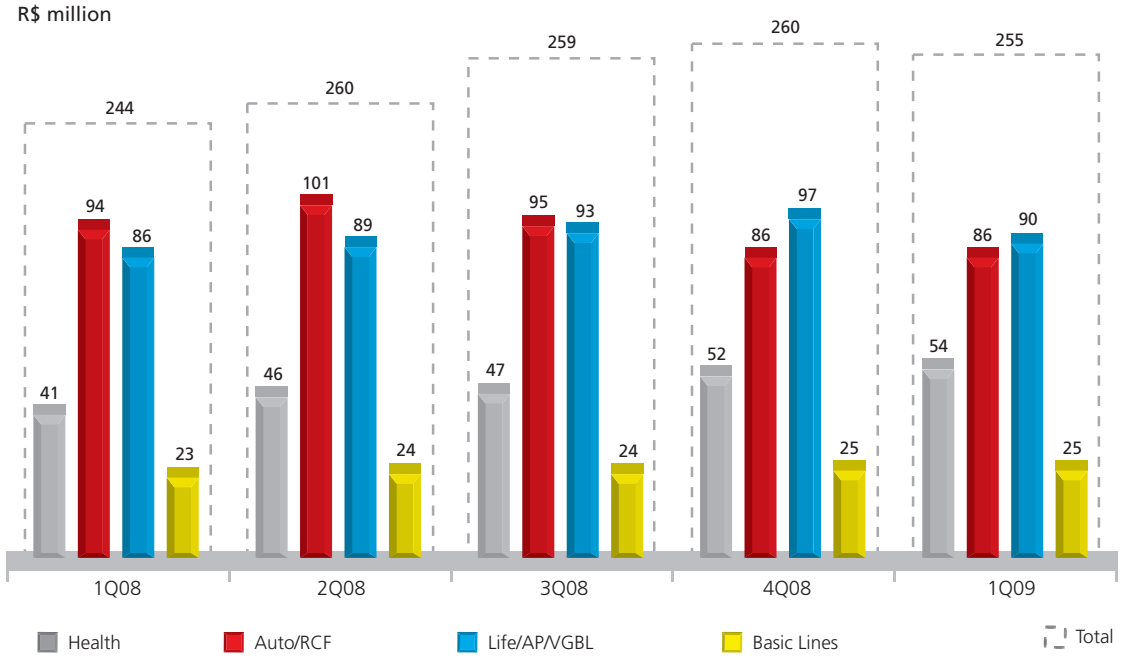


## *Insurance, Private Pension Plans and Certificated Savings Plans*

### *Claims Ratios by Insurance Line*

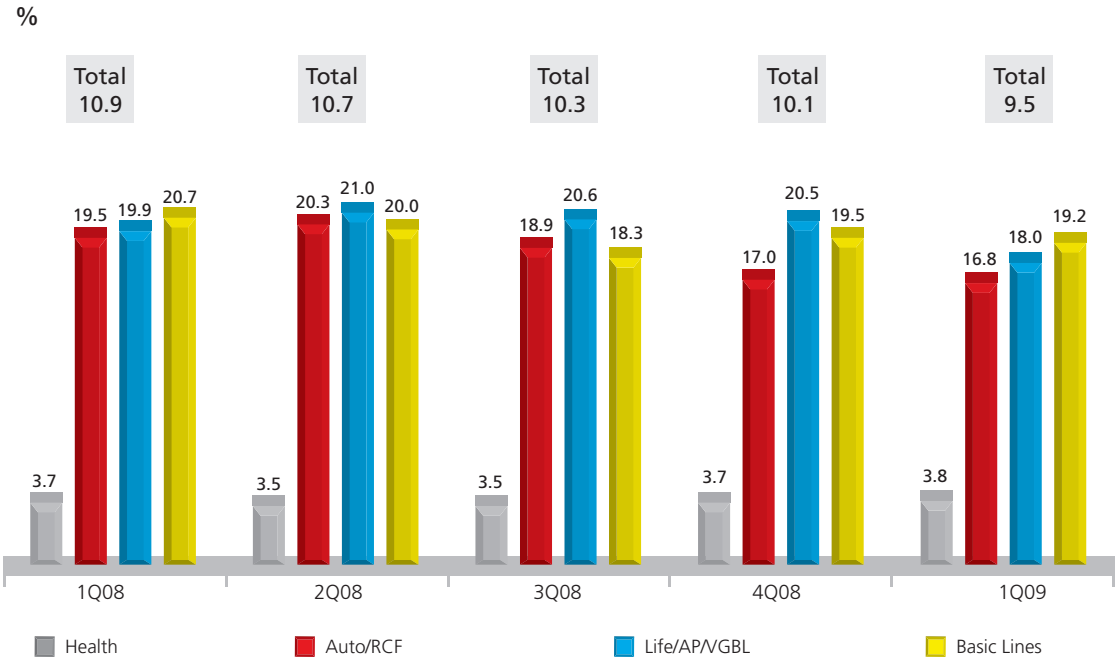



### *Insurance Selling Expenses by Insurance Line*



# Insurance, Private Pension Plans and Certificated Savings Plans

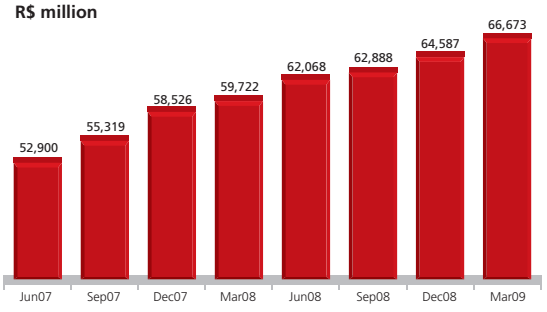
## Insurance Selling Ratios by Insurance Line



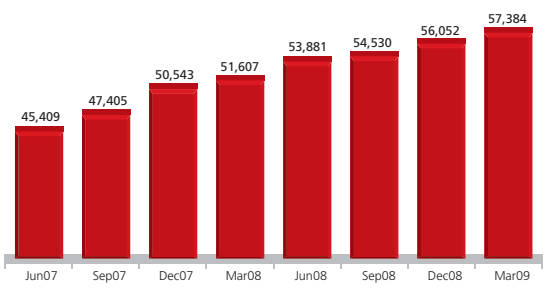

## Insurance Technical Provisions

Insurance Group technical provisions accounted for 33.4% of the insurance market in January 2009, according to Susep and ANS data.

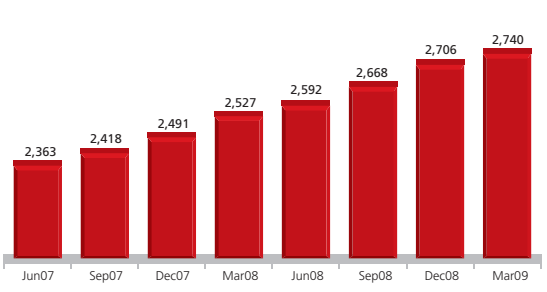
**Total Provision**



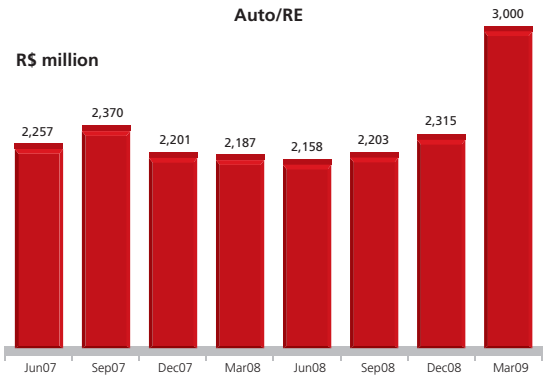

**Private Pension Plan and Life/VGBL**

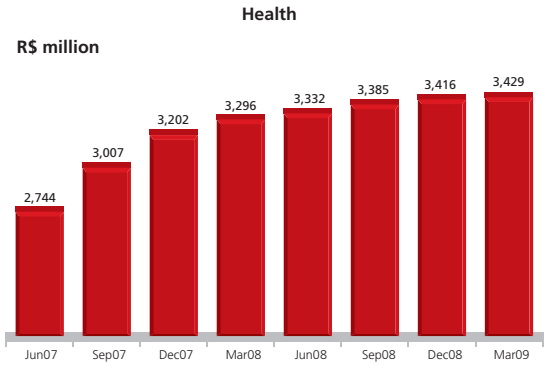



**Certificated Savings Plans**



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




**Obs.:** Pursuant to Susep Circular Letter 379/2008, as of 2009, reinsurance technical provisions were recorded uncler assets in the amount of R$669 million, the reason for the high in crease in the Auto/RE line.

## *Bradesco Vida e Previdência*

| | R$ million (except when otherwise stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
| Net Income | 357 | 383 | 392 | 385 | 428 | 372 | 350 | 325 |
| Income from Premiums and Contribution Revenue* | 2,822 | 3,517 | 3,117 | 3,224 | 3,114 | 3,894 | 2,963 | 2,764 |
| – Income from Private Pension Plans and VGBL | 2,294 | 2,964 | 2,599 | 2,732 | 2,645 | 3,437 | 2,525 | 2,367 |
| – Income from Life/Accidents Insurance Premiums | 528 | 553 | 518 | 492 | 469 | 457 | 438 | 397 |
| Technical Provisions | 57,384 | 56,052 | 54,530 | 53,881 | 51,607 | 50,543 | 47,405 | 45,409 |
| Investment Portfolio (R$ billion) | 59,063 | 57,357 | 56,564 | 56,145 | 53,988 | 54,320 | 51,317 | 47,728 |
| Claim Ratio (%)** | 43.7 | 48.4 | 48.4 | 36.2 | 44.3 | 49.0 | 49.0 | 55.2 |
| Selling Ratio (%) | 14.9 | 17.5 | 16.9 | 16.2 | 15.2 | 20.0 | 19.7 | 18.7 |
| Combined Ratio (%) | 68.6 | 71.9 | 69.9 | 66.8 | 62.2 | 77.3 | 74.3 | 75.4 |
| Participants/Insured (thousands) | 19,838 | 18,918 | 18,553 | 17,984 | 17,559 | 16,771 | 14,610 | 11,998 |
| Premiums and Contributions Revenue Market Share (%)*** | 34.2 | 34.5 | 35.3 | 35.7 | 32.5 | 31.4 | 31.3 | 37.5 |

* Life/VGBL/PGBL/Traditional.

** The ratios were reclassified pursuant to Susep Circular Letter 356. For comparison purposes, the amount of R$99.8 million related to INBR tail expansion from 5 to 7 years (life line) was excluded from 4Q08 and the year 2008. The historic increase in the occurrence date and the notice date ratio was adjusted from 60 to 84 months to comply more precisely with the statistical behavior of older Claims.

*** Data of January 2009, November 2008, July 2008, May 2008, February 2008, November 2007, July 2007 and June 2007.

Due to a solid structure, a policy of cutting-edge products and the confidence conquered on the market, Bradesco Vida e Previdência maintained its leadership in January 2009 in the two markets where it operates, with a 34.2% share of income from pension plans and VGBL and 17.4% from individual insurance premiums.

**1Q09 X 1Q08**

Increase in the Social Contribution on Net Income (CSLL) rate from 9% to 15%, which encumbered 1Q09 result in R$36 million, a drop on the production of private pension plans and drop in the financial result – due to a drop in the interest rate and the dividends paid in 2008, in the amount of R$2.3 billion, were the reasons for the 16.6% drop in the net income of 1Q09 y-o-y.

**1Q09 X 4Q08**

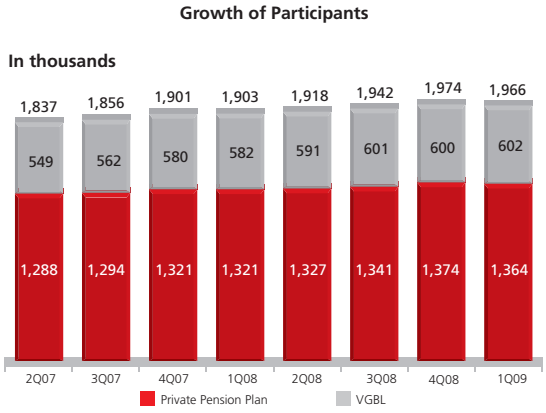
Despite the good performance of the main indicators of life segment, such as claim (a 4.7 p.p. decrease) and selling with a 2.6 p.p. drop, and the improvement in the administrative efficacy, the company posted a 6.8% decrease in the result compared to the previous quarter. This decrease was a consequence from the lower financial result calculated in the period, which reduced the net income in R$55 million, due to the drop in interest rate and the dividend paid in 4Q08, in the amount of R$670 million.

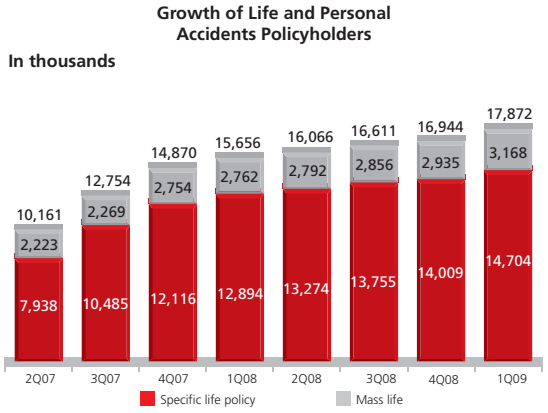
## Bradesco Vida e Previdência

The technical provisions of Bradesco Vida e Previdência, in March 2009, reached R$57.4 billion, R$54.7 billion from private pension plans and VGBL and R$2.7 billion from life, personal accidents and other lines, up by 11.2% in relation to March 2008.

The Investment Portfolio of Private Pension Plan and VGBL represented 37.4% of the market. Source: Fenaprevi (data from January 2009).

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




In March 2009, the number of Bradesco Vida e Previdência clients grew 13.0% in relation to March 2008, exceeding the record of 1.9 million private pension plan and VGBL participants and 17.8 million of personal accident life insurance policyholders. This expressive growth was driven by the strength of Bradesco brand and by the agreement in selling and management policies.

## Bradesco Capitalização

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 50 | 55 | 64 | 76 | 59 | 64 | 68 | 63 |
| Revenues from Certificated Savings Plans | 413 | 477 | 443 | 408 | 372 | 417 | 394 | 402 |
| Technical Provision (R$ million) | 2,740 | 2,706 | 2,668 | 2,592 | 2,527 | 2,491 | 2,418 | 2,363 |
| Clients (in thousands) | 2,543 | 2,546 | 2,492 | 2,397 | 2,309 | 2,289 | 2,287 | 2,282 |
| Market Share (%) (*) | 19.3 | 18.9 | 18.9 | 18.3 | 18.4 | 20.5 | 20.4 | 20.2 |

*Data of January 2009, November 2008, July 2008, May 2008, February 2008, November 2007, July 2007 and June 2007.

### 1Q09 X 1Q08

The R$5 million drop in the financial result, mainly, from lower gain with shares, and the increase in the CSLL rate to 15%, which encumbered 1Q09 expenses in R$5 million were the triggers for the 15.3% drop in the net income y-o-y.

### 1Q09 X 4Q08

The 13.4% drop in certified savings plans, together with the drop in interest rate and lower gains in the realization of shares, which directly impacted 1Q09 results, offset by the significant decrease in the administrative expense, reduced the net income in R$5 million compared to 4Q08.

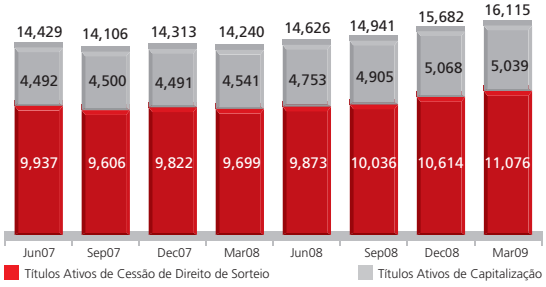
## *Bradesco Capitalização*

Bradesco Capitalização started 2009 in an outstanding position in the certificated savings plans market, a result of a policy of transparent performance, characterized by fitting its products according to the consumers' potential demand.

In order to offer a plan that best suits clients profile and budget, several products were developed that vary according to the payment conditions (lump-sum payment or monthly payment), term of contribution, frequency of drawings and premium amounts. This phase was mainly reminded by the approach to the public, by consolidating the *Pé Quente Bradesco* products family.

Among them, we can highlight the performance of social and environmental products, where part of the amount collected is transferred to social responsibility projects, in addition to enabling the client with a financial reserve. Currently, Bradesco Capitalização has a partnership 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 with securities to social projects; Brazilian Institute of Cancer Control, who contributed with the development of prevention, early diagnosis and treatment of cancer in Brazil, and Fundação Amazonas Sustentável, where part of the amount collected is destined to the development of environmental preservation and sustainable development programs and projects.

**In thousands**



## *Bradesco Auto/RE*

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 32 | (11) | 35 | 39 | 44 | 40 | 35 | 32 |
| Net Premiuns Writen (R$ million) | 718 | 739 | 791 | 711 | 653 | 653 | 912 | 693 |
| Technical Provisions (R$ million) (1) | 3,000 | 2,315 | 2,203 | 2,158 | 2,187 | 2,201 | 2,370 | 2,257 |
| Claims Ratio – (%) (2) | 72.7 | 75.7 | 68.7 | 71.0 | 68.6 | 69.8 | 66.0 | 69.8 |
| Selling Ratio – (%) | 17.3 | 17.5 | 18.8 | 20.2 | 19.7 | 19.4 | 18.5 | 19.4 |
| Combined Ratio – (%) (2) | 106.2 | 111.6 | 104.6 | 105.9 | 103.7 | 102.2 | 99.9 | 104.0 |
| Insured (in thousands) | 2,280 | 2,192 | 2,117 | 2,177 | 2,144 | 2,074 | 2,024 | 2,185 |
| Written Premium Market Share – %* | 9.8 | 10.6 | 10.8 | 10.7 | 10.5 | 12.3 | 12.4 | 11.2 |

*Data of January 2009, November 2008, July 2008, May 2008, February 2008, November 2007, July 2007 and June 2007.

(1) In compliance with Susep Circular Letter 379/2008 as of January 2009, amounts related to technical provisions are presented by gross amount and reinsurance balance (PPNG, PSL and IBNR) were classified in assets on march 31, 2009.

(2) For 4Q08 ratio calculation, R$40 million related to damages caused by the flood in the state of Santa Catarina were excluded.

Insurance premiums from Auto/RE line corresponded to 9.8% of the market (market data of January 2009).

**1Q09 X 1Q08**

The increase in the CSLL rate, the drop in the financial result – due to the drop in the interest rate, offset by the decrease in administrative expenses, caused a R$12 million decrease in 1Q08's net income y-o-y.

**1Q09 X 4Q08**

The improvement of 5.4 p.p. in the combined index is a reflex from the better performance in the following indexes, being responsible for the increase in 1Q09's result.

- Claims – affected in the last quarter by floods in the Southeastern Brazil, posted a 3.0 p.p. drop in 1Q09, not considering the amount of R$40 million in 4Q08 that refer to indemnifications paid related to floods already mentioned;
- Administrative efficiency – the 4.6 p.p. drop in this index is a reflex from renegotiations with suppliers and service providers, taking into account the labor agreement from January 2009.

Grupo Bradesco de Seguros e Previdência maintained an outstanding position among main insurance companies of the basic lines in the Brazilian insurance market, contributing to the market global sales, reaching 5.1% of total in January 2009.

In lines related to equity insurance, Bradesco Auto/RE has renewed the insurance programs of its main clients through partnerships with brokers specialized in the segment and proximity to Bradesco Corporate and Bradesco Empresas.

The fact that the oil industry had outstanding performance and civil construction had picked up has also contributed to the growth of Bradesco Auto/RE in this segment.

In Aeronautic and Maritime Hull insurances, the interchange with Bradesco Corporate and Bradesco Empresas Managers is highly used, taking advantage of market increase in sales of new crafts, as well as in the maritime segment, naval constructions.

The transportation segment is still the primary focus, with essential investments to improve new businesses, especially, among others, the qualification of Transportation Products Managers that will be established in the main Brazilian economic centers, and the creation of Bradesco Cargo System, a complete transport insurance management system on the internet.

## *Bradesco Auto/RE*

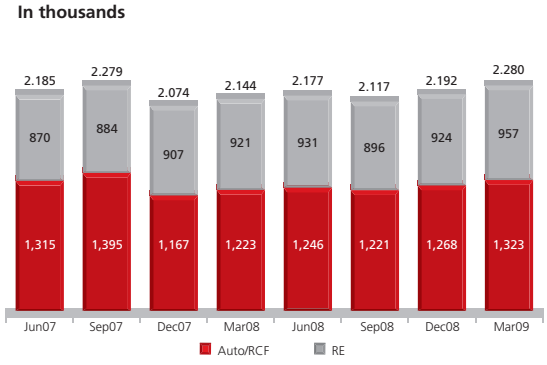
Other important launch was the Auto + Residencial insurance that consists of the policyholder contracting vehicle and home insurances together, providing more protection for policyholders.

Despite strong competition in the Auto/RCF Lines, the insurance company has increased its client base. This is mainly due to the current product improvement and to the creation of products for specific groups. Among these, we can name *Bradesco Seguro Exclusivo Cliente Bradesco*, for Banco Bradesco's account holders, *Auto Mulher*, for the female public and *Auto Corretor*, for insurance brokers.

Grupo Bradesco de Seguros e Previdência market share in the Auto/RCF portfolio in January 2009 was 14.3%.

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

In the mass insurance of basic lines, whose products are targeted at individuals, self-employed professionals and SMEs, the launch of new products, along with the continuous improvement of methods and systems, have contributed to the growth of the client base. Such increase can be observed mainly in residential and equity insurance, such as *Bradesco Seguro Residencial* and *Bradesco Seguro Empresarial*. The new insurance line targeted at supporting machinery and equipment used in sectors in expansion (such as agriculture, civil construction and industry) also stands out: *Bradesco Seguro Equipamentos, Bradesco Seguro Benfeitorias, Bradesco Seguro Penhor Rural Público* and *Bradesco Seguro Penhor Rural Privado*. These products gained more competitiveness and a new issue process, enabling a faster quoting process and a better use of business opportunities.



## *Bradesco Saúde*

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 137 | 113 | 115 | 115 | 117 | 11 | 7 | 3 |
| Net Premiums Written (R$ million) | 1,419 | 1,410 | 1,389 | 1,327 | 1,133 | 1,111 | 1,065 | 1,061 |
| Technical Provisions (R$ million) | 3,429 | 3,416 | 3,385 | 3,332 | 3,296 | 3,202 | 3,007 | 2,744 |
| Claims Ratio – (%) | 83.6 | 89.4 | 82.9 | 85.4 | 86.9 | 89.5 | 83.4 | 82.5 |
| Selling Ratio – (%) | 3.8 | 3.7 | 3.5 | 3.5 | 3.7 | 3.6 | 3.4 | 3.1 |
| Combined Ratio – (%) | 94.5 | 99.5 | 95.7 | 99.0 | 98.7 | 99.9 | 88.6 | 90.5 |
| Insured (in thousands) | 3,929 | 3,826 | 3,696 | 3,484 | 3,252 | 2,858 | 2,754 | 2,733 |
| Premiums Written Market Share – (%)* | 46.8 | 46.0 | 42.5 | 43.5 | 42.0 | 42.3 | 42.3 | 43.5 |

* Data of January 2009, November 2008, July 2008, May 2008, February 2008, November 2007, July 2007 and June,2007.

**1Q09 X 1Q08**

There was an expressive y-o-y growth in the net income due to the 25.2% increase in revenues (above market, which was 15.0% – data from December 2008), a 3.3 p.p. decrease in claims and administrative expenses lower than in 1Q08, despite the collective bargaining agreement. These factors offset the increase in the CSLL rate that encumbered the result in 6% of the taxable revenue.

**1Q09 X 4Q08**

Factors that influenced the result in 1Q09 and that together caused a 21.2% increase compared to 4Q08:

- Drop of 5.8 p.p. in claims, which in 4Q08 were affected by the appreciation of the dollar, a direct reflex in laboratory costs, prosthesis and medicine;
- Administrative expenses lower than in 2008, despite the collective bargaining agreement of January 2009; and
- Financial result posting a slight decrease compared to 4Q08, due to the drop in the interest rate.

In March 2009, Bradesco Saúde and Bradesco Dental maintained its outstanding 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, hospital and dental care needs.

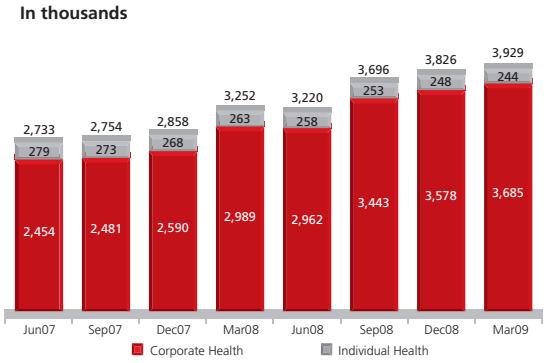
Over 27 thousand companies in Brazil have Bradesco Saúde and Bradesco Dental insurance. Among the 100 largest companies in revenues in Brazil, 39 are clients from both insurance companies. When considering Mediservice, this figure is increased to 45. (source: Exame Magazine *Melhores e Maiores* from July 2008).

Mediservice S.A. became part of Grupo Bradesco de Seguros e Previdência as of February 22, 2008. With a portfolio of over 263,000 clients, Mediservice has healthcare and dental plans for corporate clients in post-payment basis.

## Bradesco Saúde

### Number of Policyholders of Health Line

The three companies together have 3.9 million clients. The large market share of corporate insurance in the total of this portfolio (93.8% in March 2009) confirms its high level of expertise and customization in the corporate plans, a competitive advantage in the supplementary health insurance market.




## Bradesco Dental

| | 1Q09 | 4Q08 | 3Q08 | 2Q08 |
|---|---|---|---|---|
| Net Income (R$ million) | 10 | 6 | 6 | 6 |
| Net Premiums Written (R$ million) | 48 | 46 | 42 | 26 |
| Technical Provisions (R$ million) | 24 | 21 | 20 | 20 |
| Claims Ratio – % | 54.0 | 57.1 | 53.0 | 40.6 |
| Selling Ratio – % | 5.5 | 4.8 | 3.8 | 4.0 |
| Combined Ratio – % | 71.5 | 78.5 | 76.1 | 63.5 |
| Insured (in thousands) | 1,221 | 1,135 | 1,072 | 957 |

A drop of 7.0 p.p. in the combined ratio is a reflex of claims drop and the maintenance of general and administrative expenses to 2008 levels, despite the collective bargaining agreement of 6.7% in January 2009, which reflected in the 66% increase in the net income in relation to the net income posted in 4Q08.

## Fee and Commission Income

Below, the breakdown and variations of fee and commission income for the respective periods:

| Fee and Commission Income | | | | | R$ million |
|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 Months |
| Card Income | 823 | 865 | 677 | (42) | 146 |
| Checking Account | 548 | 554 | 578 | (6) | (30) |
| Loan Operations | 381 | 322 | 499 | 59 | (118) |
| Asset Management | 369 | 386 | 385 | (17) | (16) |
| Collections | 236 | 254 | 225 | (18) | 11 |
| Interbank Fee | 87 | 95 | 83 | (8) | 4 |
| Consortium Management | 80 | 84 | 72 | (4) | 8 |
| Custody and Brokerage Services | 89 | 101 | 72 | (12) | 17 |
| Tax Payments | 63 | 61 | 59 | 2 | 4 |
| Other | 161 | 96 | 153 | 65 | 8 |
| **Total** | **2,837** | **2,818** | **2,803** | **19** | **34** |

## *Fee and Commission Income*

Below, the explanations of main items that influenced the expansion of fee and commission income between the periods:

### *Card Income*

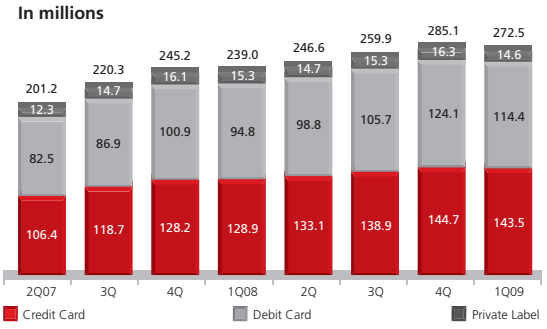
In 1Q09, the R$42 million decrease is basically related to the lower volume of transactions carried out when compared to 4Q08, which posted a seasonal increase.

Y-o-y, the increase of R$146 million reflects the 14.7% increase of card base, which increased from 74,251 thousand in March 2008 to 85,185 thousand in March 2009, as well as an increase of 14.0% related to the number of transactions, which was 238,940 thousand in 1Q08 to 272,452 thousand in 1Q09.

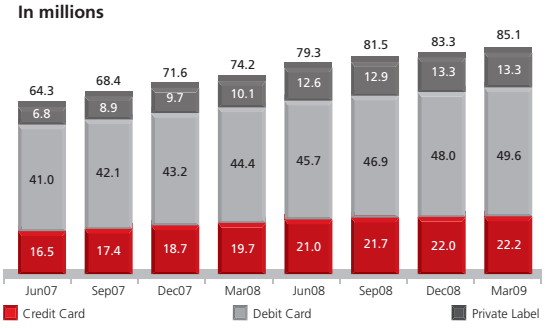
Revenues in 1Q09 reached R$17.3 billion with a 12.3% growth compared to 1Q08.

In 1Q09, Cards Fee Income reached R$823 million, a 21.5% growth compared to 1Q08, due to excellent performance, mainly in purchase and fee income.

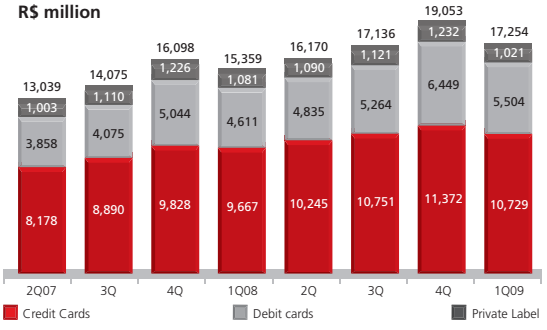
**Number of Transactions**




**Card Base**




**Revenues**



# Fee and Commission Income

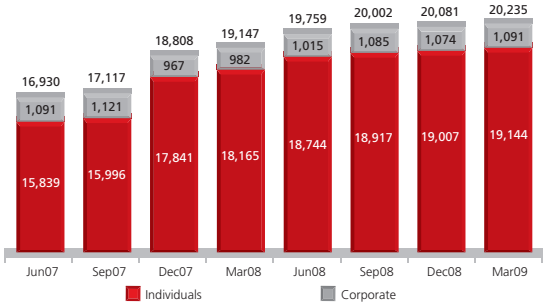
## Checking Accounts

In March 2009, we reached the historical record of 20.2 million account holders, accounting for a growth of 5.7% in relation to the same period of last year.

The balance of revenues with Bradesco's Checking Account in 1Q09 was R$548 million, maintaining almost stable compared to 4Q08, considering the lower number of business days.

In the comparison between 1Q09 and 1Q08, the 5.2% decrease, R$30 million, is mainly due to the realignment of fees charged from individuals as of 2Q08.

**In thousands (account holders)**

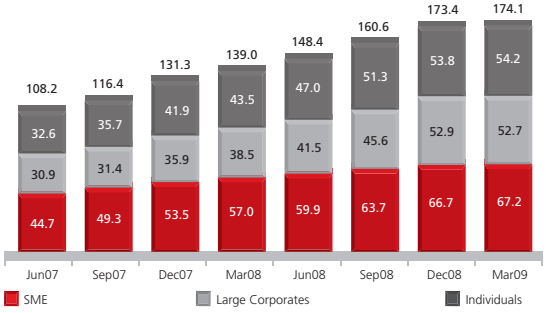



## Loan Operations

In 1Q09, the R$59 million increase was basically due to the recovery in operation volume, main vehicle financing and commission on the assigned loan facility.

When comparing 1Q09 and 1Q08, the R$118 million decrease was impacted by the fact that Loan Opening Fee (TAC) was no longer charged from individuals in the amount of R$153 million, mitigated by greater Income from Guarantees Rendered in the amount of R$43 million.

**R$ billion (loan operations)**



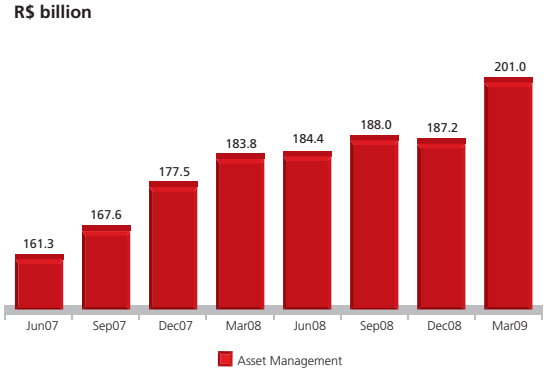
## Fee and Commission Income

### Asset Management

Lower asset management revenue in 1Q09, R$17 million, was basically impacted by the lower number of business days, as well as by the realignment of administration fees.

The balance of Funds and Portfolios Managed had a 7.4% improvement in March 2009 compared to December 2008, highlighting equities that contributed with a 14.8% growth in the period, due to partial market recovery after a period of great volatility, recovering from the drop of 18.6% recorded in 4Q08.

In the 12-month period, the increase in the Managed Resources portfolio recorded a 9.3% growth.




| Shareholders` Equity | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Investment Funds | 180,467 | 166,162 | 160,422 | 8.6 | 12.5 |
| Managed Portfolios | 16,131 | 15,365 | 15,302 | 5.0 | 5.4 |
| Third-Party Fund Quotas | 4,377 | 5,624 | 8,098 | (22.2) | (45.9) |
| **Total** | **200,975** | **187,151** | **183,822** | **7.4** | **9.3** |

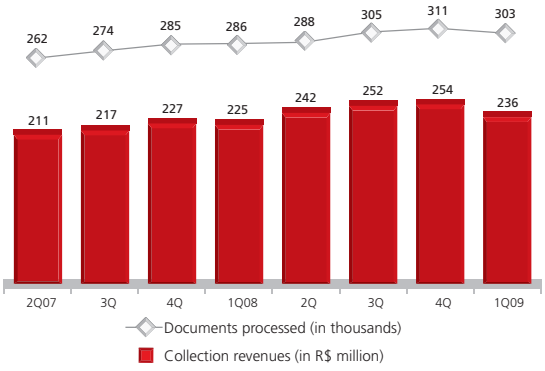
| Asset Distribution | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Mar09 | Dec08 | Mar08 | Quarter | 12 months |
| Investment Funds – Fixed Income | 166,984 | 155,365 | 145,923 | 7.5 | 14.4 |
| Investment Funds – Equities | 13,483 | 10,797 | 14,499 | 24.9 | (7.0) |
| Investment Funds – Third-Party Funds | 3,639 | 4,857 | 7,240 | (25.1) | (49.7) |
| **Total** | **184,106** | **171,019** | **167,662** | **7.7** | **9.8** |
| Managed Portfolios – Fixed Income | 9,321 | 8,484 | 5,900 | 9.9 | 58.0 |
| Managed Portfolios – Equities | 6,810 | 6,881 | 9,402 | (1.0) | (27.6) |
| Managed Portfolios – Third-Party Funds | 738 | 767 | 858 | (3.8) | (14.0) |
| **Total** | **16,869** | **16,132** | **16,160** | **4.6** | **4.4** |
| Total Fixed Income | 176,305 | 163,849 | 151,823 | 7.6 | 16.1 |
| Total Equities | 20,293 | 17,678 | 23,901 | 14.8 | (15.1) |
| Total Third-Party Funds | 4,377 | 5,624 | 8,098 | (22.2) | (45.9) |
| **Overall Total** | **200,975** | **187,151** | **183,822** | **7.4** | **9.3** |

## Fee and Commission Income

### Collection

The 7.1% decrease in 1Q09 is related to volumes processed due to the lower number of business days.

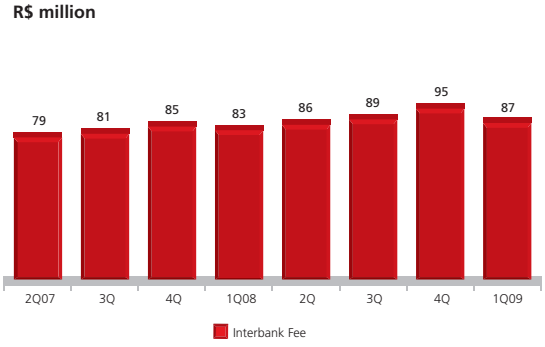
Y-o-y, the 4.9% increase is basically due to the higher business volume, of which Bradesco is market leader with 30.2% market share, according to data made available by the Brazilian Central Bank (Sisbacen – December/08 base)




### Interbank Fee

The factors that contributed to the 8.4% decrease in 1Q09 derived from the lower volume of securities and documents offset due to the less number of business days, in addition to the decrease in financial transactions in the period.

In the annual comparison, the 4.8% growth is essentially due to the increase in transaction volume.

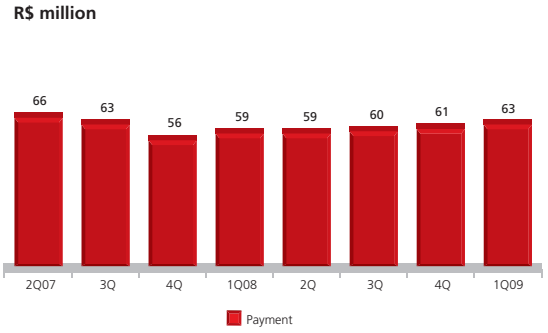


## Fee and Commission Income

### Payment

The increases observed in the last 12 months are essentially due to the increase on the volume of tax collected, of which Bradesco is the leader among the private banks for the following taxes: Federal Revenue Collection Document (DARF), DAF and Social Pension Plan Voucher (GPS).

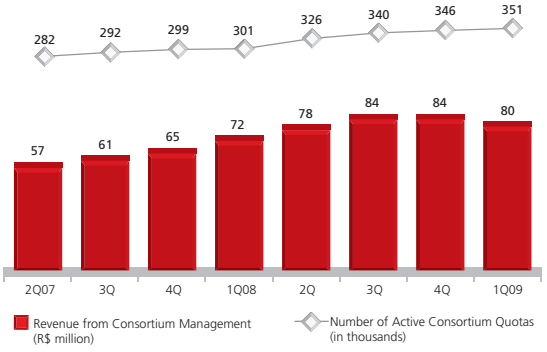
Source: Federal Revenue/Serpro and INSS/Febraban.




### Consortium Management

The 11.1% growth y-o-y results from the 16.5% increase in active quotas, varying from 301,011 March 31, 2008 to 350,744 on March 31, 2009, where Bradesco Consórcios is leader in all segments it operates.

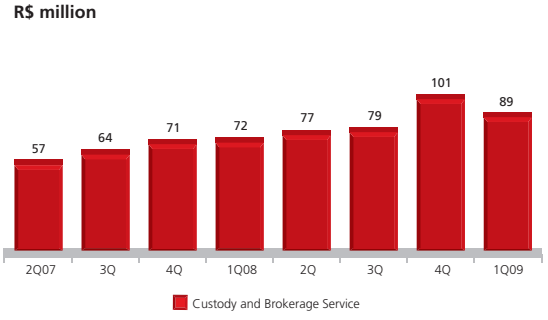
Q-o-q, the decrease in revenues derives from the reduction in the active real estate quotas from 139,841 to 137,969.




### Custody and Brokerage Services

The 11.9% reduction q-o-q was basically impacted by the lower volume of transactions carried out in the Stock Exchange.

Y-o-y, the 23.6% growth is basically related to the acquisition of Àgora Corretora.



## Administrative and Personnel Expenses

| Administrative and Personnel Expenses | R$ million | | | | |
|---|---|---|---|---|---|
| | 1Q09 | 4Q08 | 1Q08 | Variation | |
| | | | | Quarter | 12 months |
| Third-Party Expenses | 566 | 627 | 446 | (61) | 120 |
| Communication | 283 | 283 | 260 | – | 23 |
| Advertising and Publicity | 110 | 211 | 122 | (101) | (12) |
| Depreciation and Amortization | 156 | 151 | 138 | 5 | 18 |
| Financial System Services | 163 | 169 | 145 | (6) | 18 |
| Transportation | 140 | 150 | 133 | (10) | 7 |
| Data Processing | 152 | 124 | 97 | 28 | 55 |
| Rentals | 128 | 130 | 107 | (2) | 21 |
| Maintenance and Repairs | 90 | 107 | 89 | (17) | 1 |
| Asset Leasing | 108 | 102 | 74 | 6 | 34 |
| Materials | 51 | 60 | 46 | (9) | 5 |
| Security and Vigilance | 60 | 57 | 51 | 3 | 9 |
| Water, Electricity and Gas | 50 | 48 | 47 | 2 | 3 |
| Travel | 15 | 22 | 19 | (7) | (4) |
| Other | 55 | 49 | 41 | 6 | 14 |
| **Total** | **2,127** | **2,290** | **1,815** | **(163)** | **312** |
| | | | | | |
| Personnel Expenses | | | | | |
| **Structural** | **1,518** | **1,582** | **1,384** | **(64)** | **134** |
| Compensation/Social Charges | 1,166 | 1,223 | 1,033 | (57) | 133 |
| Benefits | 352 | 359 | 351 | (7) | 1 |
| **Non-Structural** | **258** | **308** | **353** | **(50)** | **(95)** |
| PLR | 140 | 169 | 201 | (29) | (61) |
| Provision for Labor Claims | 81 | 85 | 112 | (4) | (31) |
| Training | 12 | 30 | 11 | (18) | 1 |
| Termination Cost | 25 | 24 | 29 | 1 | (4) |
| **Total** | **1,776** | **1,890** | **1,737** | **(114)** | **39** |
| | | | | | |
| **Total Administrative and Personnel Expenses** | **3,903** | **4,180** | **3,552** | **(277)** | **351** |

In 1Q09, Administrative and Personnel Expenses decreased R$277 million when compared to the previous quarter, down by 6.6%, from R$4,180 million in 4Q08 to R$3,903 million in 1Q09.

When comparing to 1Q08, Administrative and Personnel Expenses increased R$351 million or 9.9%.

### *Personnel Expenses*

In 1Q09, personnel expenses reached R$1,776 million, a 6.0% decrease (R$114 million), compared to the previous quarter.

Structural – decrease of R$64 million, of which:

- R$52 million referring to lower expenses with vacation concentration in 1Q09.

Non-structural – decrease of R$50 million, of which:

- R$18 million referring to lower training expenses; and
- R$29 million from lower expenses with managers and employees profit sharing (PLR).

## *Administrative and Personnel Expenses*

When comparing 1Q09 to 1Q08, the R$39 million growth was mainly due to:

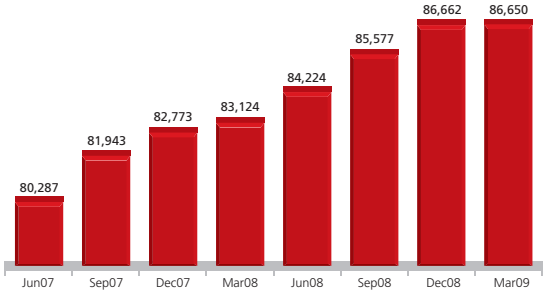
Structural – R$134 million, of which:

- R$150 million refer to the expansion of service stations (from 32,758 in 1Q08 to 39,427 in 1Q09) and the number of employees (from 83,124 in 1Q08 to 86,650 in 1Q09), as well as the increase in salary levels (according to the 2008 collective bargaining agreement – 8.15% to 10%), in benefits and other; and
- Mitigated by the higher vacation concentration y-o-y in the amount of R$17 million.

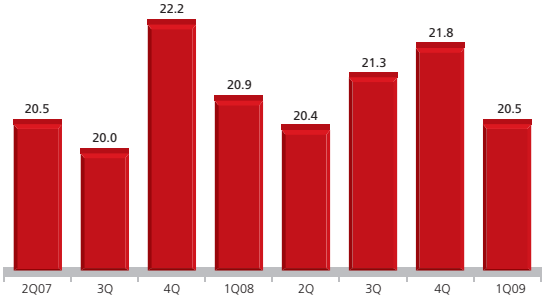
Non-structural – decrease of R$(95) million, of which:

- R$61 million due to lower expenses from managers and employees profit sharing (PLR); and
- R$31 million from lower expenses with labor claims.

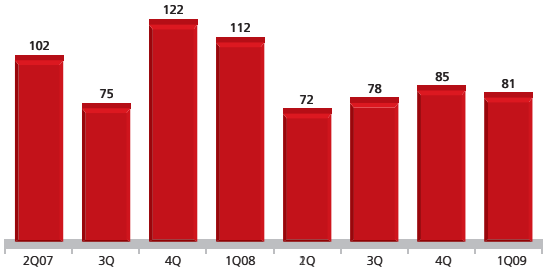
**Employees' Growth (unit)**



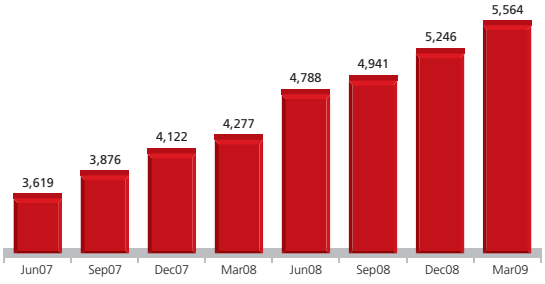

**Expenses of Personnel by Employee – R$ thousand**



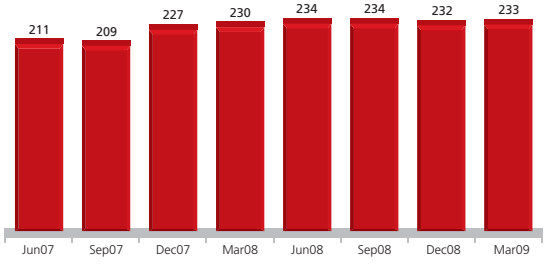

**Growth of Expenses with Provision for Labor Claims – R$ million**




**Total Assets by Employee – R$ thousand**

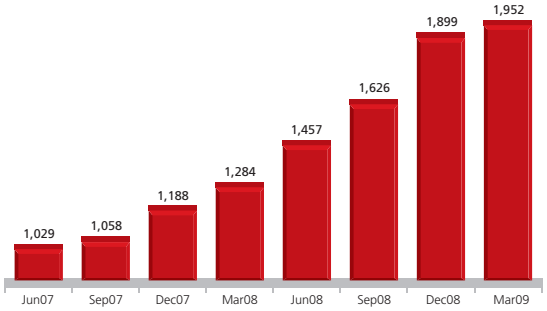



**Checking Account Clients by Employee (unit)**

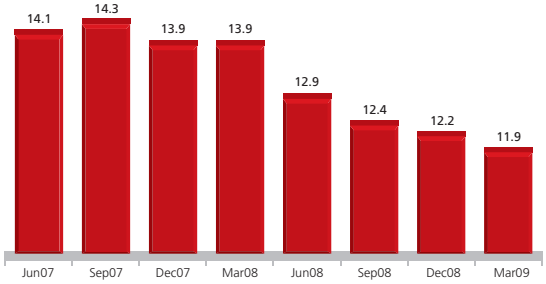


## Administrative and Personnel Expenses

**Total Deposits by Employee – R$ thousand**




**Employees by Branch, PAB, PAE and PAA (unit)**




### Administrative Expenses

In 1Q09, administrative expenses reached R$2,127 million, a 7.1% decrease (R$163 million), compared to 4Q08.

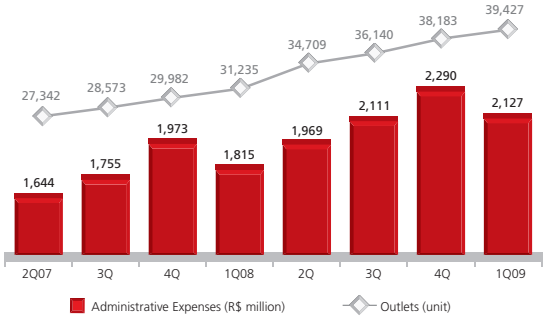
Main variations were:

- R$101 million due to lower expenses with marketing and advertising, reflecting the end-of-year seasonality, months where expenses with advertisement are concentrated;
- R$61 million due to lower expenses with third-party services; and.
- R$17 million due to lower expenses with maintenance and repairs.

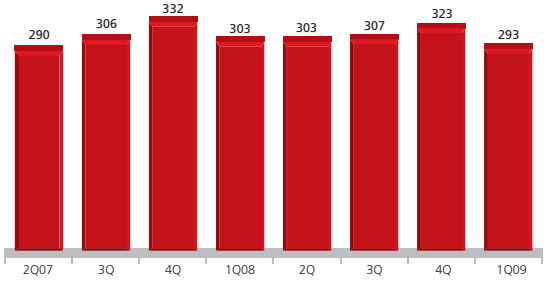
Comparing 1Q09 to 1Q08, there was a R$312 million growth, a 17.2% variation, mainly due to:

- organic growth and resulting increment of service stations (from 32,758 in 1Q08 to 39,427 in 1Q09), that directly impacted main administrative expenses items;
- higher business volume;
- investments in the improvement and optimization of IT platform; and
- contractual adjustments based on inflation indexes of the period (IGP-M 6.3% and IPCA 5.6%).

**Administrative Expenses and Outlets Growth**



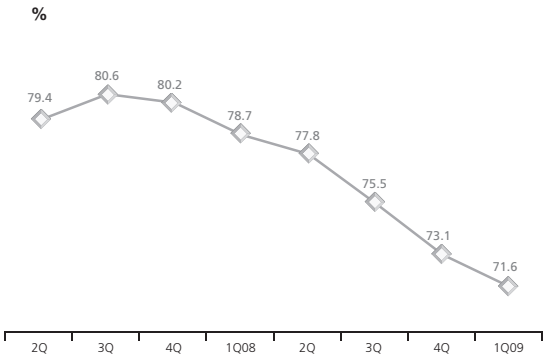

**Administrative Expenses by Branch, PAB, PAE and PAA – R$ thousand**



## Coverage ratio (*)

The Coverage Ratio of the 12-month period, that had been posting continuous improvement up to 4Q07 started a drawback trend, basically influenced by: (i) investments in our technological platform (IT Improvements Project); (ii) expansion of our customer service network (from 32,758 in 1Q08 to 39,427 in 1Q09); and (iii) by fees realignment and by the end of collection of Loan Opening Fee (TAC) for individuals as of 2008.

In the first three months of 2009, the drawback was 1.5 p.p. (from 73.1% to 71.6%) and, y-o-y, there was a 7.1 p.p. worsening (from 78.7% to 71.6%). This drawback trend shall be reversed in the following quarters due to increase in business and client base.

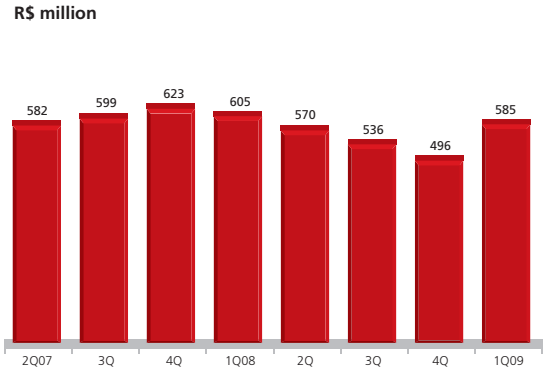



(*) Fee and commission Income / administrative and personnel expenses.

## Tax Expenses

The R$89 million increase in tax expenses in the last quarter mainly derives from the increase in PIS/ Cofins expenses amounting to R$80 million, due to the increase in taxable income in 1Q09, specially financial margin.

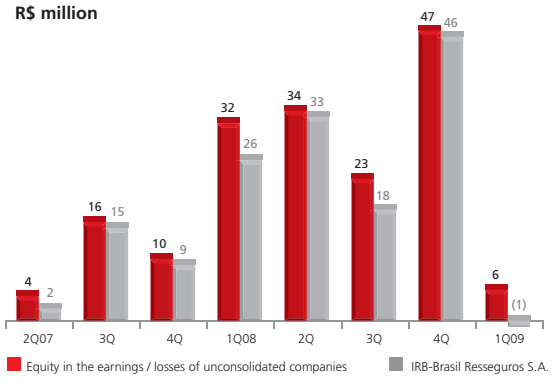
Y-o-y, tax expenses remained practically steady.



## *Equity in the earnings of unconsolidated companies*

In 1Q09, equity in the earnings of unconsolidated companies reached R$6 million, a R$41 million decrease compared to 4Q08. When comparing 1Q09 to 1Q08, there was a R$26 million decrease.

Both the variation in the period and the variation in the quarter is mainly due to the lower results obtained from the unconsolidated company IRB-Brasil Resseguros.

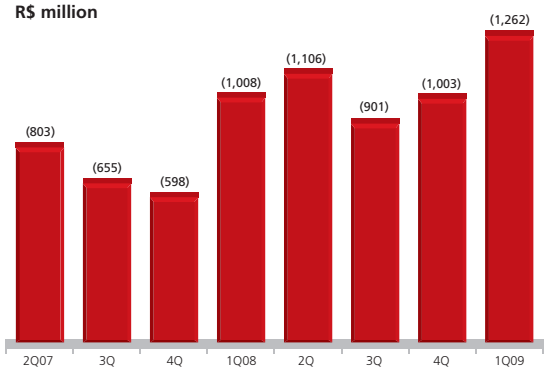



## *Other Operating Expenses (Net of Operating Revenues)*

In 1Q09, other operating expenses, net of operating revenues, reached R$1,262 million, a 25.8% increase (R$259 million) compared to the previous quarter.

Q-o-q, the negative variation of R$259 million derives mainly from: higher operating provision in the amount of R$192 million basically due to civil provisions including provision for contingencies related to economic plans.

Y-o-y, the increase of R$254 million is mainly due to higher expenses with operating provisions in the amount of R$91 million, the increase in sundry losses in the amount of R$74 million, and the increase in goodwill amortization in the amount of R$25 million.



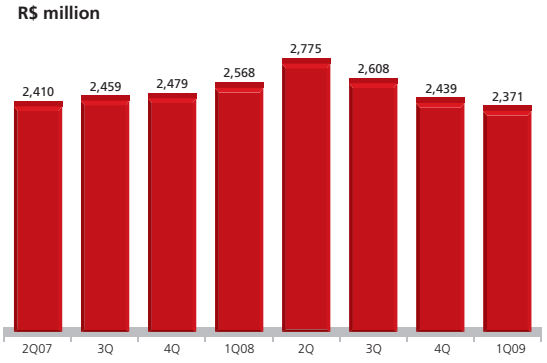
## Operating Result

In 1Q09, the Operating Result reached R$2,371 million, a 2.8% decrease (R$68 million), compared to 4Q08.

The variation in the quarter is due to: (i) higher allowance for loan losses expenses, in the amount of R$958 million; (ii) higher operating expenses (net of revenues), in the amount of R$259 million; (iii) higher tax expenses in the amount of R$89 million; (iv) decrease in the equity in the earnings of unconsolidated companies in the amount of R$41 million; and (v) reduction of operational income from insurance, private pension plan and certificated savings plans, in the amount of R$6 million, **mitigated** by: (vi) higher financial margin, in the amount of R$989 million; (vii) decrease in personnel and administrative expenses, in the amount of R$277 million; and (viii) increase in fee and commission income, in the amount of R$19 million.

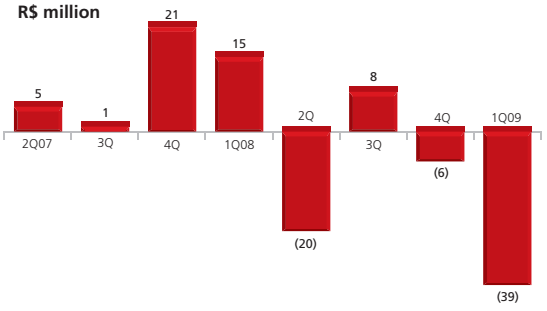
Comparing 1Q09 to 1Q08, there was a decrease of R$197 million, a 7.7% variation.

The variation in the period refers to: (i) higher expenses with allowance for loan losses, in the amount of R$1,253 million; (ii) increase in personnel and administrative expenses, in the amount of R$351 million; (iii) higher operating expenses (net of revenues), in the amount of R$254 million; and (iv) decrease in the equity in the earnings of unconsolidated companies' in the amount of R$26 million, **mitigated** by: (v) higher financial margin, in the amount of R$1,611 million; (vi) increase in fee and commission income in the amount of R$34 million; (vii) lower tax expenses, in operating amount from R$20 million; and (viii) increase in operating income from insurance, private pension plans and certificated savings plan, in the amount of R$22 million.




## Non-Operating Income

In 1Q09, non-operating income was negative in R$39 million, due to higher expenses with the sale of assets and higher provision for foreclosed assets. Y-o-y, there was a decrease of R$54 million, due to higher expenses with the sale of assets and higher provision for foreclosed assets.



# Return to Shareholders

3



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

ISO 9001 2000

## *Sustainability*

Bradesco published its 2008 Sustainability Report, which presents the core of Bradesco Organization's sustainability culture and a set of information regarding the main aspects of the initiatives carried out by the Company in compliance with the economic, environmental and social guidance already integrated by the Bank of the Planet. To read the 2008 Sustainability Report, visit www.bradesco.com.br/rsa.

**National Day of Voluntary Action (*Dia Nacional de Ação Volutária*)** – More than 1.6 million services were provided in the 7th edition of the National Day of Voluntary Action that took place on March 15, promoted by Fundação Bradesco in its 40 school units and other 208 locations near them. This year, 31,478 people volunteered, most of them students, teachers and employees of Fundação Bradesco and Bradesco Organization.

## *Investor Relations Area – IR*

In 1Q09, we participated in four seminars abroad (Miami, Cancun, Acapulco and New York) and, for the second time, in the World Money Show, in Orlando.

In Brazil, we held Apimec meetings in the cities of Ribeirão Preto, Santos and Florianópolis, the first two in partnership with the Brazilian Institute of Investors (INI). We also carried out an INI meeting in São Paulo and took part in conferences in the cities of São Paulo and Campinas, in addition to meet investors in one-on-one meetings at our headquarters.

## *Corporate Governance*

Bradesco is AAA+ rated in Management & Excellence, placed as the first Latin American bank to obtain the highest Corporate Governance rating, in addition to the AA (Great Corporate Governance Practices) rating granted by Austing Rating.

Every shareholder is entitled, in addition to 100% of Tag Along to common shares and 80% to preferred shares, to a minimum mandatory dividend of 30% of adjusted net income, percentage higher than the minimum 25% set forth by the Brazilian Corporate Law. The preferred shares are entitled to dividends 10% higher than those attributed to common shares.

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 33 Executive Committees that support the Board of Executive Officers.

On March 10, 2009, all matters of the agenda of the Shareholders' Meetings were approved, among them, the common and preferred shares reverse split with the simultaneous split of each share after the reverse split.

For further information, please visit: http://www.bradesco.com.br/ri/ – Corporate Governance Section.

## Share Performance

### Number of Common and Preferred Shares (*)

| | | | | | | | In thousands |
|---|---|---|---|---|---|---|---|
| | Mar09 | Dec08 | Dec07 | Dec06 | Dec05 | Dec04 | Dec03 |
| Common Shares | 1,534,788 | 1,534,806 | 1,514,006 | 1,500,214 | 1,468,350 | 1,430,107 | 1,437,054 |
| Preferred Shares | 1,534,900 | 1,534,900 | 1,514,006 | 1,502,435 | 1,469,817 | 1,416,491 | 1,416,492 |
| **Subtotal – Outstanding** | **3,069,688** | **3,069,706** | **3,028,012** | **3,002,649** | **2,938,167** | **2,846,598** | **2,853,546** |
| Treasury Shares | 182 | 164 | 3,368 | 1,137 | 696 | – | 516 |
| **Total** | **3,069,870** | **3,069,870** | **3,031,380** | **3,003,786** | **2,938,863** | **2,846,598** | **2,854,062** |

(*) For comparison purposes, in 2008, there was a 50% stock bonus, which was applied to previous years. Likewise, there was a 100% stock bonus in 2005 and 2007.

On March 31, 2009, Banco Bradesco's capital stock was R$23 billion, composed of 3,069,688 thousand shares, of which 1,534,788 thousand are common shares and 1,534,900 thousand are preferred shares, all non-par and book-entry shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly holds 49% of our voting capital and 24.51% of our total capital. Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações. Nova Cidade de Deus Participações is controlled by Fundação Bradesco and Elo Participações e Investimento, which has as shareholders the majority of members of Bradesco's Board of Directors and Statutory Executive Board.

### Number of Shareholders – Resident in the Country and Abroad

| Number of Shareholders – Resident in the Country and Abroad | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | March | % | Capital Interest % | March | % | Capital Interest % |
| Individuals | 1,257,120 | 91.3 | 26.6 | 1,270,138 | 91.4 | 26.8 |
| Corporate Clients | 115,738 | 8.4 | 44.6 | 116,173 | 8.3 | 45.7 |
| **Subtotal – Resident in the Country** | **1,372,858** | **99.7** | **71.2** | **1,386,311** | **99.7** | **72.5** |
| Resident Abroad | 3,727 | 0.3 | 28.8 | 3,837 | 0.3 | 27.5 |
| **Total** | **1,376,585** | **100** | **100** | **1,390,148** | **100** | **100** |

Regarding Bradesco's shareholders, resident in the country and abroad, we observed, on March 31, 2009, that the number of shareholders domiciled in Brazil was 1,386,311, accounting for 99.7% of total shareholders and holding 72.5% of Bradesco shares. The number of shareholders resident abroad was 3,837, accounting for 0.3% of shareholders and holding 27.5% of Bradesco shares.

# Share Performance

## Share Performance (*)

| | In R$ (except %) | | | | | |
|---|---|---|---|---|---|---|
| | 1Q08 | 1Q09 | Variation % | 4Q08 | 1Q09 | Variation % |
| Income per Share | 0.62 | 0.56 | (9.68) | 0.59 | 0.56 | (5.08) |
| Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax – IR) | 0.198 | 0.176 | (11.11) | 0.169 | 0.176 | 4.14 |
| Dividends/Interest on Shareholders' Equity – Preferred Share (after IR) | 0.218 | 0.194 | (11.01) | 0.186 | 0.194 | 4.30 |
| Book Value per Share (Common and Preferred) | 10.72 | 11.50 | 7.28 | 11.16 | 11.50 | 3.05 |
| Last Business Day Price – Common | 28.47 | 19.22 | (32.49) | 19.99 | 19.22 | (3.85) |
| Last Business Day Price – Preferred | 32.53 | 23.10 | (28.99) | 22.59 | 23.10 | 2.26 |
| Market Value (R$ million) (**) | 93,631 | 65,154 | (30.41) | 65,354 | 65,154 | (0.31) |

(*) For comparison purposes, in 2008, there was a 50% stock bonus, which was applied to 2007; and
(**) Number of shares (disregarding treasury shares) x closing price of common and preferred shares of the last day of the period.

In 1Q09, Bradesco preferred shares appreciated by 2.5% (adjusted per dividends), while Ibovespa had a positive performance of 9.0%. The period was remarked by stock market volatility, still the effects of the word financial crisis.

## Main Ratios

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

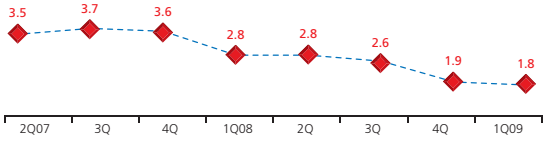
**Market value/shareholders' equity:** indicates the number of times Bradesco's market value is higher than its accounting shareholders' equity.

Formula used: number of common and preferred shares multiplied by the closing price of common and preferred shares of the last business day of the period. The amount is divided by the accounting shareholders' equity of the period.

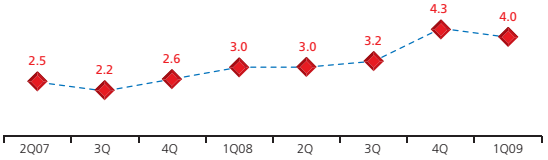
**Dividend yield:** is the ratio between share price and dividends and/or Interest on Shareholders' Equity distributed to shareholders in the last 12 months, indicating the investment result by the profit sharing.

Formula used: amount received by shareholders as dividends and/or Interest on Shareholders' Equity in the last 12 months, divided by the preferred share closing quote of the last day of the period.

**Market Value / Shareholders' Equity**



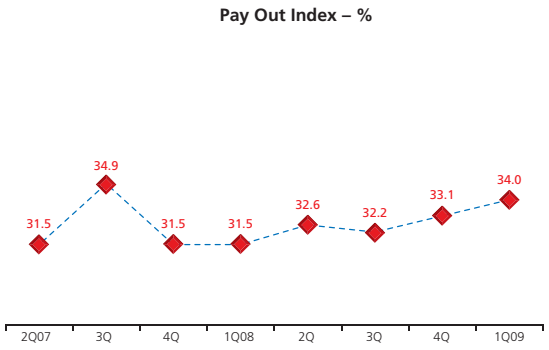

**Dividend Yield – %**



## Share Performance

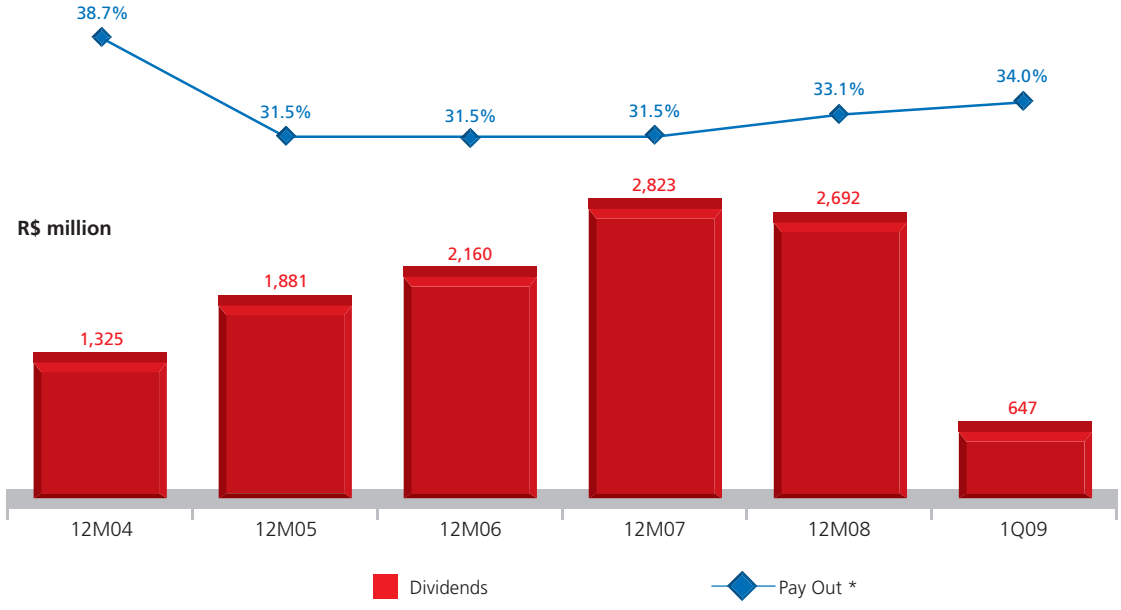
**Payout index:** it indicates the percentage of net income paid as dividends/Interest on Shareholders' Equity (YTD).

Formula used: amount received by shareholders as dividends and/or Interest on Shareholders' Equity (net of income tax) divided by the book net income adjusted by non-recurring goodwill amortization (disregarding legal reserve (5% of net income)).




## Dividends/Interest on Shareholders' Equity – JCP

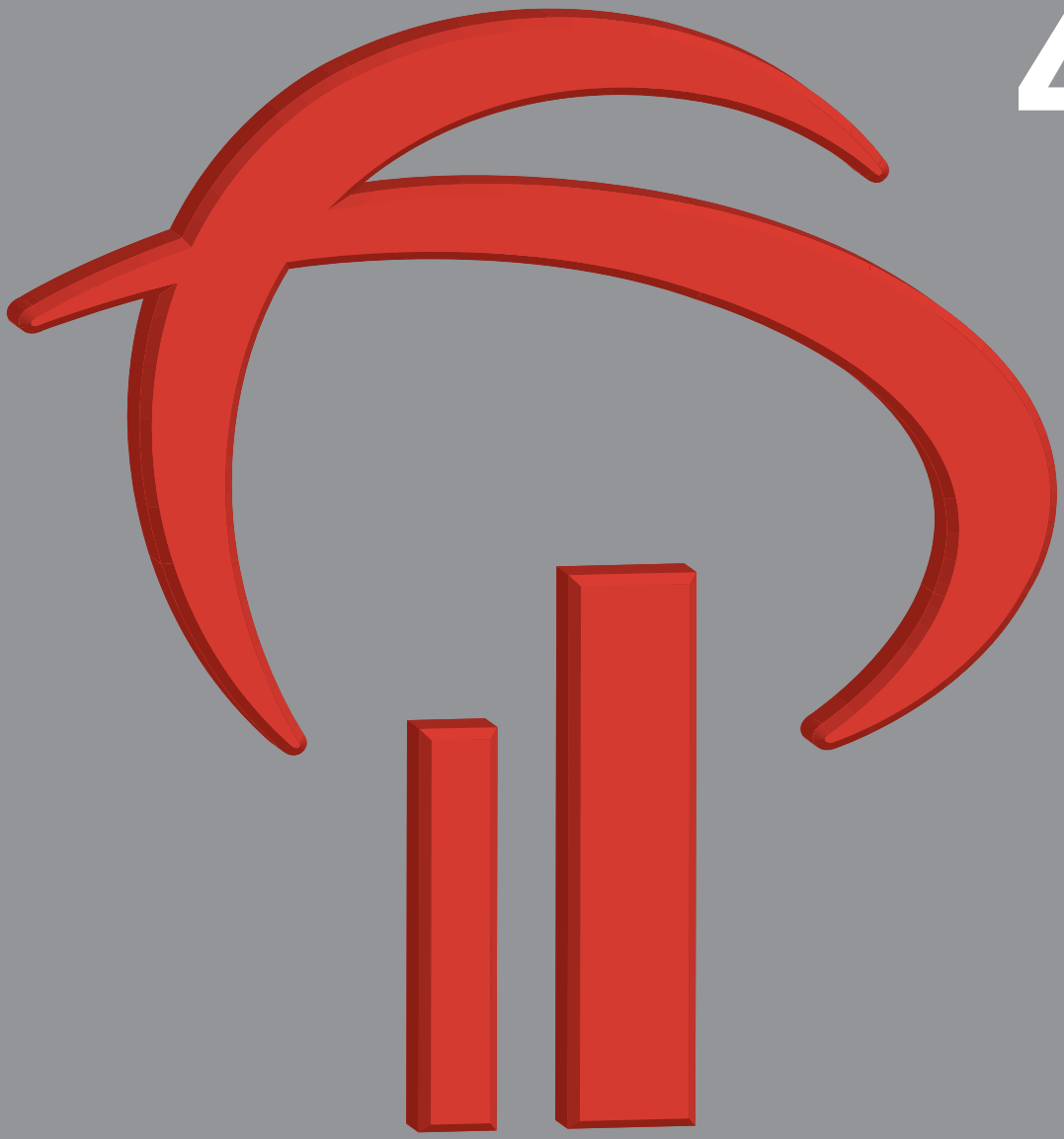
In 1Q09, R$647 million was allocated to shareholders as Dividends and Interest on Shareholders' Equity, equivalent to 34.7% of adjusted net income for the quarter and 34.0% YTD. The amounts allocated over the years have surpassed the limits set forth by the Brazilian Corporation Law and Bradesco's Bylaws.




* It considers Adjusted Net Income.

# Additional Information

# 4



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

ISO 9001 2000

## Compulsory Deposits/ Liabilities

| In percentages | Mar09 | Dec08 | Sep08 | Jun08 | Mar08 | Dec07 | Sep07 | Jun07 | Mar07 |
|---|---|---|---|---|---|---|---|---|---|
| Demand Deposits | | | | | | | | | |
| Rate (1) (5) | 42 | 42 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Additional (2) (6) | 5 | 5 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Liabilities | 30 | 30 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Liabilities (Microfinance) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Free | 21 | 21 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Savings Deposits | | | | | | | | | |
| Rate (3) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Additional (2) (6) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Liabilities | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Free | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Time Deposits | | | | | | | | | |
| Rate (4) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Additional (2) (6) | 4 | 5 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Free | 81 | 80 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Court Deposits | | | | | | | | | |
| Rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Free | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

(1) Collected in cash 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 are complied 70% in cash not remunerated, and 30% in government securities pegged to Selic rate; as of January 5 to 9, 2009, compliance as of January 16, 2009, liabilities are complied 60% in cash not remunerated and 40% in government securities pegged to Selic rate;

(5) As of the calculation period, from October 20 to October 31, 2008, Deposit Guarantee Association (FGC) from August 2008 was prepaid 60 times, compliance as of October 29, 2008;

(6) As of the calculation period, November 17 to November 21, 2008, compliance as of December 1, 2008, additional liabilities are collected in government securities pegged to Selic rate.

## Product and Service Market Share

Below, Banco Bradesco S.A. market share in relation to Banking Market, Insurance and Customer Service Network.

| | Mar09 | Dec08 | Mar08 | Dec07 |
|---|---|---|---|---|
| Banks – Source: Brazilian Central Bank (Bacen) | | | | |
| Time Deposit | N/D | 14.0 | 10.5 | 9.4 |
| Savings Deposit | N/D | 14.3 | 13.7 | 14.0 |
| Demand Deposit | N/D | 17.2 | 18.4 | 16.4 |
| Loan Operations | 13.1 | 13.2 | 13.2 | 13.1 |
| Loan Operations – Auto Individuals | 22.1 (*) | 23.0 | 22.1 | 21.9 |
| Online Collection (Balance) | N/D | 30.2 | 31.5 | 33.2 |
| Number of Branches | 17.6 | 17.7 | 17.0 | 17.3 |
| Banks – Source: International Revenue Service /Brazilian Federal Data Processing Service (Serpro) | | | | |
| Federal Revenue Collection Document (DARF) | 21.4 | 20.1 | 20.3 | 18.9 |
| Brazilian Unified Tax Collection System Document (DAS) | 16.6 | 16.6 | 15.9 | 16.8 |
| Banks – Source: Social Security National Institute (INSS)/Dataprev | | | | |
| Social Pension Plan Voucher (GPS) | 14.2 | 14.2 | 14.0 | 13.9 |
| Benefit Payment to Retirees and Pensioners | 19.6 | 19.6 | 19.5 | 19.6 |
| Banks – Source: National Association of Investment Banks (Anbid) | | | | |
| Investment Funds + Portfolios | 15.8 | 15.2 | 14.1 | 14.1 |
| Insurance, Private Pension Plans and Certificated Savings Plans – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS) | | | | |
| Insurance, Private Pension Plans and Certificated Savings Plans Premiums | 23.8 (**) | 23.9 | 23.7 | 25.5 |
| Insurance Premiums (including Long-term Life Insurance - VGBL) | 24.2 (**) | 24.0 | 23.3 | 25.8 |
| Life Insurance and Personal Accidents Premiums | 17.4 (**) | 16.8 | 17.3 | 15.8 |
| Auto/Basic Lines (RE) Insurance Premiums | 9.8 (**) | 10.5 | 10.5 | 12.0 |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums | 14.3 (**) | 13.4 | 13.1 | 15.3 |
| Health Insurance Premiums | 46.8 (**) | 45.6 | 42.0 | 42.4 |
| Revenues from Private Pension Plans/Contributions (excluding VGBL) | 25.5 (**) | 28.2 | 32.4 | 27.9 |
| Revenues from Certificated Savings Plans | 19.3 (**) | 18.9 | 18.3 | 19.9 |
| Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans | 33.4 (**) | 34.1 | 35.8 | 36.4 |
| Insurance and Private Pension Plans – Source: Fenaprevi | | | | |
| Income on VGBL Premiums | 35.9 (**) | 36.5 | 37.6 | 41.9 |

## Product and Service Market Share

| | Mar09 | Dec08 | Mar08 | Dec07 |
|---|---|---|---|---|
| Revenues from Unrestricted Benefits Generating Plans (PGBL) Contributions | 24.5 (**) | 24.8 | 32.4 | 26.1 |
| Private Pension Plans Investment Portfolios (including VGBL) | 37.4 (**) | 37.6 | 39.8 | 41.0 |
| **Credit and Debit Card – Source: Brazilian Association of Credit Card Companies and Services (Abecs)** | | | | |
| Credit Card Revenue | 18.9 | 19.4 | 20.0 | 20.0 |
| Debit Card Revenue | 19.4 | 19.7 | 19.6 | 20.3 |
| **Leasing – Source: Brazilian Association of Leasing Companies (ABEL)** | | | | |
| Lending Operations | 18.9 (*) | 18.6 | 14.7 | 12.9 |
| **Banco Finasa BMC – Source: Bacen** | | | | |
| Finabens (Portfolio) | 10.4 (*) | 10.4 | 12.9 | 14.8 |
| Auto (Portfolio) – Including Banco Bradesco | 22.1 (*) | 23.2 | 25.4 | 21.9 |
| **Consortium – Source: Bacen** | | | | |
| Real Estate | 27.0 (*) | 27.1 | 27.1 | 27.1 |
| Auto | 23.9 (*) | 23.5 | 21.2 | 21.1 |
| Trucks, Tractors and Agricultural Implements | 13.8 (*) | 13.7 | 7.0 | 6.8 |
| **International Area – Source: Bacen** | | | | |
| Export Market | 23.8 | 22.1 | 20.8 | 20.4 |
| Import Market | 17.5 | 16.0 | 15.2 | 16.1 |

(*) Reference date: February 2009

(**) Reference date: January 2009 (regarding health insurance, the ANS indexes were estimated).

N/A – Not Available

Bradesco's clients have ample access to consult their operations, carry out financial transactions and acquire products and services made available with high technology by ATM, *Fone Fácil* and Internet channels.

Reiterating our commitment to social responsibility, people with special needs can rely on the Bradesco Dia&Noite Customer Service Channels, as follows:

- Internet banking for the visually impaired;
- Personalized assistance for the hearing impaired, by means of the digital language in *Fone Fácil*; and
- Access for the visually impaired and wheelchair users in ATM Network.

### *Branch Network*

| Market Share per Brazilian Region | Mar08 | | Market Share – % | Mar09 | | Market Share – % |
|---|---|---|---|---|---|---|
| | Bradesco | Market (*) | | Bradesco | Market (*) | |
| North | 153 | 727 | 21.1% | 162 | 760 | 21.3% |
| Northeast | 505 | 2,635 | 19.2% | 528 | 2,714 | 19.5% |
| Midwest | 264 | 1,391 | 18.9% | 282 | 1,431 | 19.7% |
| Southeast | 1,781 | 10,212 | 17.4% | 1,890 | 10,498 | 18.0% |
| South | 466 | 3,671 | 12.7% | 513 | 3,767 | 13.6% |
| **Total** | **3,169** | **18,636** | **17.0%** | **3,375** | **19,170** | **17.6%** |

(*) Source: Unicad – Information on Entities of Interest to the Brazilian Central Bank

## Investments in Infrastructure, Information Technology and Telecommunication

Bradesco has been continuously increasing its investments in IT, especially infrastructure, IT and telecommunications, always with a view to providing its clients with higher quality service in high availability and reliable environment. Only in the first three months of 2009 Bradesco invested R$793 million (R$194 million in infrastructure and R$599 million in IT/telecommunications).

Making evident the strategic importance of business support and the constant concern of the Bradesco in automating its processes, optimizing resources, since 2004, Bradesco has invested approximately R$10.5 billion in infrastructure, information technology and telecommunications.

R$ million

| | Years | | | | | 1Q09 |
|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | |
| Infrastructure | 230 | 245 | 354 | 478 | 667 | 194 |
| IT/Telecommunication | 1,302 | 1,215 | 1,472 | 1,621 | 2,003 | 599 |
| **Total** | **1,532** | **1,460** | **1,826** | **2,099** | **2,670** | **793** |

On a daily basis, approximately 169 million transactions are processed, from clients and back office, to an account basis that exceeded 52 million, and over 85 million debit/credit cards. E-channels respond for 87% of transactions carried out by clients.

Our over 10 million Internet Banking users can see the image of checks debited into account, front and back, and they can also print copies.

After transferring 100% of mainframe processing platform to the new Information Technology Center (CTI), the migration of servers and sub-systems of other technologic platforms are at an advanced stage.

We also would like to point out the mass use of security devices such as chip card, biometrics (Palm Secure), security key – card (tancode) and electronic (token), available in customer service channels to provide them safer transactions.

## Market Risk

### *Market Risk Analysis*

For Bradesco, risk management is essential in all its activities and uses it to add value to its business as it supports the commercial areas in the planning of its activities, maximizing own and third-party fund use for the benefit of shareholders and the community. For further information on risk management and compliance, please visit: www.bradesco.com.br/ir – Financial Information/ Quarterly Reports.

The 1Q09 maintained the same behavior observed in 4Q08, when market recovery was followed by uncertain moments regarding the deep impact of the crisis upon countries' economies. Central Banks throughout the world continued adopting measures aiming at inserting liquidity within the market, to facilitate credit and reinstate trust in the financial systems affected by the crisis. These measures included the maintenance of monetary policy flexibility, keeping interest rates in the lowest levels never before seen in history, creating systems that guarantee the transactions among financial institutions and the purchase of long-term securities (Unites States and Japan).

## Market Risk

Despite the disclosed plans, the lack of details and the concern with the real efficacy of the measures that had already been adopted contributed for the high volatility of the market, however, way lower than the one observed in 4Q08. Corporate results disclosure throughout the quarter confirmed the strong impact of the crisis upon activities from different segments. Gross Domestic Product (GDP) in 4Q08 posted a severe drop in the main advanced economies (United States, the Eurozone and England) and also in emerging economies, showing the high level of global slowdown. However, March was slightly more optimistic. The main reasons for that came from the United States, from some North American Banks stating that the first months of 2009 posted revenues and that they would no longer need help from the government, and from the disclosure of some economic indexes that posted some figures above market's expectations. In addition, this slight optimistic scenario was strengthened by the approval of the Public Private Investment Program by the United States, whose purpose is to absorb up to US$1 trillion bad securities from the banks (securities pegged to home and commercial mortgages), and by some signs that China would be recovering the demand for basic materials.

In the domestic scenario, the Brazilian Government, in order to stimulate credit, announced a housing program that expects the expansion of real state financing and job creation in civil construction, and which kept low taxes to stimulate the sectors that had strong slowdown, mainly the automobile industry.

Regarding the monetary policy, due to the drop in the economic activity and prices settlement, the Monetary Policy Committee (Copom) began the flexibility cycle and decided to reduce the basic interest rate (Selic) in both meetings held in the period, from 13.75% to 11.25% p.a.. Futures market for local interest rates is already studying the other reductions in the Selic rate for 2009. It is also worth highlighting Bacen's revision for GDP growth projections, from 3.2% to 1.2%, and for the inflation, from 4.7% to 4% in 2009.

The decrease of volatility in the 1Q09 compared to the 4Q08, allied to better market liquidity, influenced the Trading Portfolio VaR that posted a decrease in the period, mainly due to IPCA and Sovereign bonds/Eurobonds and Treasury risk factors.

*Value at Risk (VaR) – Trading Portfolio*

| Risk Factors | R$ thousand | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar09 | Dec08 | Sep08 | Jun08 | Mar08 | Dec07 | Sep07 | Jun07 | Mar07 |
| Pre-fixed | 16,282 | 76,236 | 24,742 | 7,142 | 14,364 | 59,762 | 106,750 | 30,730 | 2,787 |
| General Price Index – Market (IGP-M) | 54 | 18 | 1,231 | 117 | 96 | 67 | 48 | 30 | 15 |
| Extended Consumer Price Index (IPCA) | 66,173 | 267,651 | 157,598 | 44,136 | 29,523 | 83,503 | 171,362 | 59,679 | 37,787 |
| Domestic Exchange Coupon | 7,338 | 13,991 | 3,733 | 390 | 466 | 3,239 | 1,152 | 866 | 462 |
| Foreign Currency | 10,159 | 23,070 | 13,150 | 1,382 | 2,089 | 835 | 6,783 | 5,352 | 705 |
| Variable Income | 12,021 | 4,499 | 2,863 | 6,629 | 2,823 | 5,527 | 1,450 | 967 | 2,743 |
| Sovereign/Eurobonds and Treasuries | 88,015 | 170,532 | 71,811 | 24,350 | 50,946 | 39,444 | 38,229 | 17,493 | 22,245 |
| Other | 57 | 61 | 2,253 | 2,369 | 3,793 | 6,700 | 7,555 | 5,329 | 63 |
| Correlation/Diversification Effect | (70,887) | (112,617) | (72,854) | (24,274) | (46,365) | (129,293) | (217,515) | (68,404) | (11,686) |
| **VaR** | **129,212** | **443,441** | **204,527** | **62,241** | **57,735** | **69,784** | **115,814** | **52,042** | **55,121** |
| **Average VaR in the Quarter** | **206,152** | **550,624** | **97,535** | **91,960** | **58,635** | **82,736** | **86,960** | **60,265** | **42,029** |
| **Minimum VaR in the Quarter** | **120,399** | **221,038** | **61,857** | **58,792** | **41,442** | **64,552** | **33,097** | **39,367** | **22,146** |
| **Maximum VaR in the Quarter** | **417,290** | **750,559** | **244,827** | **120,378** | **69,571** | **101,611** | **134,092** | **90,034** | **63,103** |

## Market Risk

### Backtesting –Trading Portfolio VaR

The methodology applied and current statistical models are validated on a daily basis using backtesting techniques. The backtesting compares the daily VaR calculated with the result obtained with these positions (excluding result with intraday positions, brokerage rates and commissions). Its main purpose is to monitor, validate and evaluate the adherence to the VaR model and the number of disruptions must be in accordance with the reliability interval previously established in the modeling.

### Stress Analysis

To estimate the possible loss not included in VaR, the Organization evaluates daily the possible effects on the positions of stress scenarios. Stress analysis is a tool that tries to quantify the negative impact of shocks and economic events financially unfavorable to the positions of the institution. Thus, crisis scenarios are prepared by the Organization's economic area, for risk factors in which the trading portfolio has a position. Thus, considering the diversification effect among risk factors, the possibility of the average estimated loss in a stress situation would be R$1,118 million in the 1Q09, and the maximum estimated loss would be approximately R$1,576 million.

### Trading Portfolio Stress Analysis

R$ thousand

| | Without Diversification | | | | | With Diversification | | |
|---|---|---|---|---|---|---|---|---|
| | Mar09 | Dec08 | Sep08 | Dec08 | Mar08 | Mar09 | Dec08 | Sep08 |
| **Stress Analysis – Trading Portfolio** | **1,827,137** | **1,859,921** | **758,370** | **272,232** | **275,693** | **1,021,942** | **1,294,568** | **476,564** |
| Average in the Quarter | 1,792,199 | 1,892,689 | 476,112 | 510,592 | 461,661 | 1,117,892 | 1,425,209 | 294,548 |
| Minimum in the Quarter | 1,501,861 | 609,924 | 264,658 | 294,611 | 232,787 | 837,097 | 382,265 | 199,359 |
| Maximum in the Quarter | 2,251,277 | 2,755,070 | 803,121 | 823,568 | 626,992 | 1,576,158 | 2,051,929 | 476,564 |

Besides the follow-up and control of VaR and stress analysis, a sensitivity analysis of the trading portfolio is made daily, measuring the effect on the portfolio of the moves of the market curves and prices.

# Report of Independent Auditors

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

ISO 9001 2000

## *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, 2009, December 31 and March 31, 2008, on which we issued a report without exceptions dated April 30, 2009, we carried out a limited review of the supplementary accounting information presented in the Report on Economic and Financial Analysis. This supplementary information was prepared by the Bank's management to permit additional analysis and is not a required part of the Quarterly Information.

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

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

São Paulo, April 30, 2009

PRICEWATERHOUSECOOPERS

Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Contador
CRC 1SP172940/O-6

# Financial Statements, Independent Auditors' Report and Report of the Fiscal Council

6



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

ISO 9001 2000

## Management Report

Dear Shareholders,

We hereby present to you the Consolidated Financial Statements of Banco Bradesco S.A. for the period ended March 31, 2009, pursuant to the Brazilian Corporation Law.

The global scenario still demands prudent actions. Within this context, Bradesco Organization remains realistic and strong, renewing its constructive and positive view regarding Brazil's outlooks. Bradesco is also aware of opportunities that may arise from unstable environment.

At Bradesco Organization, amongst the material events of 1Q09, we can highlight:

- March 10, date of Fundação Bradesco's 66th anniversary, was very important for us. Mr. Luiz Carlos Trabuco Cappi, having worked 40 years for the Organization, was the successor of Mr. Márcio Artur Laurelli Cypriano, as the CEO of Banco Bradesco. Mr. Cypriano have reached the limit age provided for by the Bank's Bylaws for the position and after 10 years of profitable and calm management, did not have his term renewed. He remains as a member of the Board of Directors, providing the Organization with his important collaboration.
- Also on March 10, the Special Shareholders' Meeting approved the Bank's common and preferred shares reverse split, in the proportion of fifty (50) to one (1), with simultaneous split for each share, after they are grouped in the proportion of one (1) to fifty (50), respecting the respective type of shares. For the rounding of shareholdings that arise from fractions of shares, at the shareholders' free and exclusive discretion, a 61-day term was granted starting on April 8, 2009 and ending on June 8, 2009.

In 1Q09, Bradesco recorded a Net Income of R$1.723 billion, corresponding to R$0.56 per share and annualized profitability of 21.01% on average Shareholders' Equity (*). The annualized return on Average Total Assets stood at 1.48%.

In 1Q09, R$2.528 billion were paid and provisioned as Interest on Shareholders' Equity and Dividends to shareholders, of which R$647 million as income for the quarter (R$124 million paid and R$523 million provisioned) and R$1.881 billion referring to 2008 (a monthly payment of R$39 million on January 2, 2009 and a supplementary payment of R$1.842 billion on March 9, 2009).

In the period, the Organization's taxes and contributions, including social security contributions, paid or provisioned, amounted to R$3,159 billion, of which R$1,473 billion of taxes withheld and collected from third-parties, mainly from financial intermediation, and R$1,686 billion was calculated based on the activities developed by Bradesco Organization, equivalent to 97.85% of Net Income.

The control of administrative expenses and the permanent effort to increase revenues reflect the improvement in the Operating Efficiency Ratio – IEO, accumulated for 12 months, from 41.65%, in March 2008, to 41.50%, on March 31, 2009.

The Capital Stock realized was R$23 billion at the end of the quarter. Added to Equity Reserves of R$12.306 billion, it comprised the Shareholders' Equity in the amount of R$35.306 billion, a growth of 7.28% compared to the previous year, corresponding to a book value of R$11.50 per share.

Bradesco's market value, calculated based on the quotation of its shares, reached R$65.154 billion on March 31, equivalent to 1.85 times the accounting Shareholders' Equity, maintaining with a positive perception despite the 30.41% decrease due to the current economic scenario, which was R$93.631 billion in the same period of the previous year.

## *Management Report*

It is worth pointing out that the Managed Shareholders' Equity corresponds to 7.39% of consolidated Assets that amounted to R$482.141 billion, a 35.63% growth over March 2008. Therefore, the capital adequacy ratio in the consolidated financial result reached 16.58% and in the consolidated economic-financial result reached 16.04%, higher than the minimum of 11% regulated by Resolution 2,099, as of August 17, 1994 of the National Monetary Council, in conformity with the Basel Committee. At the end of the quarter, the fixed assets to shareholders' equity ratio compared to consolidated reference shareholders' equity stood at 48.93% in the consolidated financial result and 14.12% in the consolidated economic-financial result, in conformity with the maximum limit of 50%.

Pursuant to Article 8 of Circular Letter 3,068, dated November 8, 2001 of the Brazilian Central Bank, Bradesco declares to have financial capacity and plans to hold to maturity securities classified in the "held-to-maturity securities" category.

Global funds raised and managed by Bradesco Organization amounted to R$640,347 billion on March 31, a growth of 26.71% y-o-y and distributed as follows:

- R$260,763 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings account;
- R$200,975 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, 9.33% higher than March/2008;
- R$102,108 billion recorded in the exchange portfolio, borrowings and onlendings, own working capital, tax payment and collection and related taxes, funds from issuance of securities, subordinated debt in the country and other funding;
- R$66,673 billion recorded in technical provisions for insurance, supplementary private pension plan and certificated savings plan, with a 11.64% increase when compared to the previous year;
- R$9,828 billion in foreign funding, by means of public and private issues, subordinated debt and securitization of future financial flows, representing US$4.245 billion.

At the end of the period, loan operations recorded a balance of R$214,291 billion, including:

- R$10,220 billion in advances on exchange contracts, for a total portfolio of US$10.839 billion of export financing;
- US$1,998 billion operations of import financing in foreign currency;
- R$21,662 billion in Leasing;
- R$10,703 billion in business in the rural area;
- R$58,024 billion in consumer financing;

## Management Report

- R$32,693 billion in sureties and guarantees;
- R$7,054 billion of credits receivable from credit cards;
- R$14,533 billion referring to foreign and domestic fund onlending operations, mainly originated from the BNDES (National Economic and Social Development Bank), as the main onlending agent.

For Real Estate Financing, the Organization allocated in the quarter funds for the construction and acquisition of own house in the amount of R$654.604 million, corresponding to 5,307 properties.

To support company's capitalization, Bradesco, through Banco Bradesco BBI S.A., intermediated primary and secondary offering of shares, debentures and promissory notes, in addition to Receivables Securitization Fund operations that, in the period, totaled R$1.950 billion, representing 30.90% of the total volume of these issues recorded at the Brazilian Securities and Exchange Commission (CVM). It is also worth highlighting Projects Financing and Structured Operations, caring for structuring, origination, distribution and management of clients' assets, flows and financial inventory.

Standing out in the areas of Insurance, Private Pension Plan and Certificated Savings Plan, *Grupo Bradesco de Seguros e Previdência* recorded, on March 31, Net Income of R$649.552 million and Shareholders' Equity of R$9.384 billion. Insurance written premiums, pension plan contributions and savings bond income reached R$5.514 billion, a growth of 2.74% compared to the same period in the previous year.

On March 31, Bradesco Organization's network, had at its clients and users disposition, 33,475 outlets with 29,764 Bradesco Dia&Noite ATMs, 29,339 of them also working on weekends and holidays, in addition to 5,679 Banco24Horas machines, available to Bradesco clients, who can do withdrawals, print statements and view balances. The network also had 884 Correspondent Banks from Banco Finasa BMC, available for services in the payroll-deductible loans and vehicles segments:

5,742 Branches, Banking Service Branches (PAB) and Advanced Service Branches (PAA) in the country (Branches: Bradesco's 3,346, Banco Finasa BMC's 24, Banco Bankpar's 2, Banco Bradesco BBI's 1, Banco Bradesco Cartões' 1 and Banco Alvorada's 1; PABs: 1,184; and PAAs: 1,183);

4 Branches Overseas, 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);

## Management Report

| | |
|---|---|
| 5,959 | Banco Postal branches; |
| 16,710 | Bradesco Expresso service stations; |
| 1,512 | Eletronic Service Branches in companies (PAE) |
| 3,389 | Outplaced Terminals of Bradesco Dia&Noite (Day&Night) ATM network; and |
| 152 | Branches of Finasa Promotora de Vendas, a company present in 22,445 car dealers. |

Pursuant to CVM Rule 381, Bradesco Organization did neither contract nor had services provided by PricewaterhouseCoopers Auditores Independentes not related to external audit on levels exceeding 5% of its total costs in the quarter. The policy adopted complies with the principles preserving the auditor's independence, in accordance with internationally accepted criteria, which are: the auditor must neither audit its own work, nor perform managerial tasks at its client or promote its client's interests.

Bradesco's Human Resources Managerial Policy maintains a model of excellence, guided by respect and transparency in its relations through continual investment in development, knowledge sharing and valuation of the human being. In the quarter there were 601 courses, with 487,441 attendances. The assistance benefits, focused on ensuring well-being, improving quality of life and safety of employees and their dependents, reached, by the end of the period, 182,736 lives.

A Pioneer in the Organization's social investment, Fundação Bradesco develops a broad social and educational program in its 40 Schools primarily installed in the country's most underprivileged regions in all Brazilian states and the Federal District. With a planned budget of R$231.343 million for the year, it will provide over 642 thousand assistances across its performance segments, with free and quality education, of which 112 thousand students are served in their own Schools, in Basic Education – from Kindergarten to High School and Technical Professional Education in high school level –, in Youth and Adult Education and in the Preliminary and Continuing Qualification, and more than 530 thousand assistances in other on-site and distance education courses, through its Virtual School, its e-learning portal and CIDs – Digital Inclusion Centers. Meals, medical and dental assistance, uniform and school supplies are ensured for approximately 50 thousand Basic Education students, free of charge.

Developed by the Organization, the Finasa Sports Program has, in the city of Osasco, São Paulo, 53 qualification and specialization centers to teach volleyball and basketball in private and state schools and in Municipal Sports Centers, in SESI and in private schools, including Fundação Bradesco's school units. It currently assists over 2,300 9 to 18 year-old girls, emphasizing the commitment to defending a Country open to talent, effort and citizenship valuation.

## *Management Report*

We have registered important acknowledgements to Bradesco in the quarter:

- **Bradesco is the 12th most valuable brand in the world in the banking segment,** according to a study prepared by the international consulting firm Brand Finance, published on the special issue Top 500 Global Financial Brands 2009, of The Banker magazine, which also showed Bradesco as the 5th largest brand value in the world among the retail Banks and the most valuable brand in Brazil;

- **It was chosen as the Institution with best quality in treasury operations in Latin America by Global Finance magazine, a publication specialized in international finance,** in the Best Provider of Money Market Funds In Latin America category;

- **Winner in the categories Best Work in Air and Best Work in Fauna and Flora in the third edition of Brazil Environment Award *Prêmio Brasil de Meio Ambiente*,** coordinated by Editora JB, which is responsible for the publication of *Jornal do Brasil*;

- **The first Brazilian company to receive the Golden Peacock Global Award for Corporate Social Responsibility 2009.** The acknowledgement is given to companies that adopt the best corporate social and environmental responsibility policies;

- **Recognized as the best Private Banking of the country, for the second consecutive year, by Euromoney magazine,** one of the most respected publications specialized in international finances; and

- **Bradesco Asset Management – BRAM received the maximum grade from Moody's,** one of the main risk assessment agencies of the world rated with MQI, the highest grade in the international management quality level.

Once more the results reached confirmed Bradesco's commitment to always offering high quality products and services. These advances are achieved thanks to the support and the trust of our shareholders and clients and the efficient and dedicated work of our personnel and other employees. For all of that, we would like to thank all of you.

Cidade de Deus, April 30, 2009

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

(*) It does not take into account the mark-to-market effect of available-for-sale securities recorded in the shareholders' equity.

## *Consolidated Balance Sheet – R$ thousand*

| Assets | 2009 | 2008 | |
|---|---|---|---|
| | March | December | March |
| **Current assets** | **363,187,181** | **344,543,102** | **275,069,597** |
| **Funds available (Note 6)** | **7,533,368** | **9,295,541** | **5,702,253** |
| **Interbank investments (Notes 3d and 7)** | **92,518,981** | **73,462,439** | **48,112,116** |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 83,094,204 | 61,434,616 | 42,893,613 |
| Interbank deposits | 9,425,217 | 12,030,642 | 5,223,372 |
| Allowance for losses | (440) | (2,819) | (4,869) |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **109,441,918** | **118,548,453** | **93,786,182** |
| Own portfolio | 86,932,457 | 92,838,502 | 82,214,836 |
| Subject to repurchase agreements | 54,789 | 3,677,132 | 1,615,018 |
| Derivative financial instruments | 2,022,601 | 1,986,876 | 1,417,180 |
| Restricted deposits – Brazilian Central Bank | 14,413,471 | 13,183,184 | 4,206,268 |
| Subject to collateral provided | 5,975,073 | 6,820,705 | 3,981,945 |
| Securities purpose of unrestricted purchase and sale commitments | 43,527 | 42,054 | 350,935 |
| **Interbank accounts** | **15,211,438** | **13,286,710** | **24,017,589** |
| Unsettled payments and receipts | 448,405 | 71,077 | 743,980 |
| Restricted credits: (Note 9) | | | |
| – Restricted deposits – Brazilian Central Bank | 14,731,881 | 13,200,677 | 23,216,434 |
| – National treasury – rural loan | 578 | 578 | 578 |
| – National Housing System (SFH) | 4,934 | 5,317 | 5,239 |
| Correspondent banks | 25,640 | 9,061 | 51,358 |
| **Interdepartmental accounts** | **14,731** | **55,960** | **145,798** |
| Internal transfer of funds | 14,731 | 55,960 | 145,798 |
| **Loan operations (Notes 3g, 10, 32b)** | **75,933,451** | **76,636,185** | **68,156,719** |
| Loan operations: | | | |
| – Public sector | 703,541 | 83,725 | 74,077 |
| – Private sector | 82,491,208 | 83,244,110 | 73,607,833 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (7,261,298) | (6,691,650) | (5,525,191) |
| **Leasing operations (Notes 2, 3g, 10 and 32b)** | **7,421,374** | **6,918,300** | **3,854,652** |
| Leasing receivables: | | | |
| – Public sector | 74,401 | 71,308 | 56,553 |
| – Private sector | 13,177,699 | 12,141,973 | 6,758,474 |
| Unearned income from leasing | (5,395,771) | (4,988,418) | (2,820,855) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (434,955) | (306,563) | (139,520) |
| **Other receivables** | **53,674,549** | **44,932,764** | **29,767,974** |
| Receivables on sureties and guarantees honored (Note 10a-2) | 7,347 | 40,513 | 12,249 |
| Foreign exchange portfolio (Note 11a) | 33,385,361 | 24,836,825 | 14,255,544 |
| Receivables | 505,129 | 385,232 | 338,842 |
| Securities trading | 874,432 | 1,244,975 | 809,610 |
| Specific loan | 882 | – | – |
| Insurance premiums receivable | 2,060,151 | 1,362,825 | 1,255,932 |
| Sundry (Note 11b) | 17,326,267 | 17,360,172 | 13,198,094 |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (485,020) | (297,778) | (102,297) |
| **Other assets (Note 12)** | **1,437,371** | **1,406,750** | **1,526,314** |
| Other assets | 636,632 | 544,401 | 467,753 |
| Provision for depreciation | (237,120) | (204,877) | (194,056) |
| Prepaid expenses (Notes 3i and 12b) | 1,037,859 | 1,067,226 | 1,252,617 |
| **Long-term assets** | **110,936,672** | **102,259,226** | **75,103,203** |
| **Interbank investments (Notes 3d and 7)** | **823,033** | **728,786** | **563,194** |
| Interbank investments | 823,033 | 729,110 | 563,194 |
| Provision for losses | – | (324) | – |

## *Consolidated Balance Sheet – R$ thousand*

| Assets | 2009 | 2008 | |
|---|---|---|---|
| | March | December | March |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **21,374,287** | **13,049,220** | **11,380,554** |
| Own portfolio | 19,989,450 | 11,213,621 | 8,421,679 |
| Subject to repurchase agreements | 906,353 | 588,238 | 676,785 |
| Derivative financial instruments | 259,290 | 377,264 | 611,365 |
| Restricted deposits – Brazilian Central Bank | – | – | 1,258,475 |
| Privatization currencies | 99,270 | 99,658 | 100,434 |
| Subject to collateral provided | 119,924 | 770,439 | 311,816 |
| **Interbank accounts** | **464,454** | **461,372** | **451,626** |
| Restricted credits: (Note 9) | | | |
| – SFH | 464,454 | 461,372 | 451,626 |
| **Loan operations (Notes 3g, 10 and 32b)** | **53,455,038** | **54,089,629** | **44,114,759** |
| Loan operations: | | | |
| – Public sector | 767,150 | 756,042 | 704,867 |
| – Private sector | 55,351,266 | 55,878,581 | 45,563,153 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (2,663,378) | (2,544,994) | (2,153,261) |
| **Leasing operations (Notes 2, 3g, 10 and 32b)** | **13,234,717** | **12,901,443** | **6,981,872** |
| Leasing receivables: | | | |
| – Public sector | 16,500 | 30,149 | 75,413 |
| – Private sector | 23,420,279 | 22,529,125 | 11,781,776 |
| Unearned income from leasing | (9,631,466) | (9,246,275) | (4,695,718) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (570,596) | (411,556) | (179,599) |
| **Other receivables** | **21,197,924** | **20,636,782** | **10,968,509** |
| Receivables | 279 | 111 | 423 |
| Trading securities | 1,333,104 | 1,752,147 | 928,629 |
| Sundry (Note 11b) | 19,873,770 | 18,894,584 | 10,043,165 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (9,229) | (10,060) | (3,708) |
| **Other assets (Note 12)** | **387,219** | **391,994** | **642,689** |
| Other assets | 1,187 | 1,188 | 4,604 |
| Provision for devaluations | – | – | (516) |
| Prepaid expenses (Notes 3i and 12b) | 386,032 | 390,806 | 638,601 |
| **Permanent assets** | **8,017,091** | **7,610,715** | **5,297,533** |
| **Investments (Notes 3j, 13 and 32b)** | **1,095,181** | **1,048,497** | **743,088** |
| Interest in unconsolidated companies: | | | |
| – Local | 579,192 | 592,655 | 524,916 |
| Other investments | 866,185 | 806,042 | 564,327 |
| Allowance for losses | (350,196) | (350,200) | (346,155) |
| **Premises and equipment (Notes 3k and 14)** | **3,275,273** | **3,236,644** | **2,102,994** |
| Premises and equipment | 1,030,669 | 1,042,890 | 1,083,817 |
| Other premises and equipment | 6,634,820 | 6,466,671 | 3,878,133 |
| Accumulated depreciation | (4,390,216) | (4,272,917) | (2,858,956) |
| **Leased assets (Note 14)** | **10,854** | **12,741** | **10,588** |
| Leased assets | 22,222 | 22,691 | 16,656 |
| Accumulated depreciation | (11,368) | (9,950) | (6,068) |
| **Intangible assets** | **3,635,783** | **3,312,833** | **2,440,863** |
| Intangible assets (Note 15) | 6,366,661 | 5,832,703 | 4,399,199 |
| Accumulated amortization | (2,730,878) | (2,519,870) | (1,958,336) |
| **Total** | **482,140,944** | **454,413,043** | **355,470,333** |

The Notes are an integral part of the Financial Statements.

## *Consolidated Balance Sheet – R$ thousand*

| Liabilities | 2009 | 2008 | |
|---|---|---|---|
| | March | December | March |
| **Current** | **270,904,658** | **248,474,344** | **210,534,626** |
| **Deposits (Notes 3n and 16a)** | **89,839,871** | **91,745,343** | **77,693,179** |
| Demand deposits | 24,999,970 | 27,610,162 | 25,845,700 |
| Savings deposits | 37,391,607 | 37,768,508 | 33,290,059 |
| Interbank deposits | 384,993 | 674,711 | 309,774 |
| Time deposits (Notes 16 and 32b) | 26,181,451 | 24,689,254 | 17,413,385 |
| Other deposits | 881,850 | 1,002,708 | 834,261 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **63,115,027** | **48,510,998** | **45,001,283** |
| Own portfolio | 4,069,749 | 6,752,535 | 10,927,982 |
| Third-party portfolio | 55,702,256 | 39,359,625 | 30,558,507 |
| Unrestricted portfolio | 3,343,022 | 2,398,838 | 3,514,794 |
| **Funds from issuance of securities (Notes 16c and 32b)** | **3,005,901** | **2,590,402** | **1,641,718** |
| Exchange acceptances | 256 | 249 | 32 |
| Mortgage and real estate notes and letters of credit and others | 2,223,898 | 2,148,189 | 973,863 |
| Debentures (Note 16c-1) | 76,119 | 31,283 | 111,176 |
| Securities issued abroad | 705,628 | 410,681 | 556,647 |
| **Interbank accounts** | **123,920** | **12,920** | **312,545** |
| Interbank onlending | 1,851 | – | – |
| Correspondent banks | 122,069 | 12,920 | 312,545 |
| **Interdepartmental accounts** | **2,163,045** | **2,900,799** | **1,847,051** |
| Third-party funds in transit | 2,163,045 | 2,900,799 | 1,847,051 |
| **Borrowing (Notes 17a and 32b)** | **12,049,075** | **13,123,735** | **7,372,525** |
| Local borrowing – official institutions | 10 | 39 | 126 |
| Local borrowing – other institutions | 525 | 439 | 390 |
| Borrowing abroad | 12,048,540 | 13,123,257 | 7,372,009 |
| **Local onlending – official institutions (Notes 17b and 32b)** | **6,927,635** | **6,740,688** | **5,665,277** |
| National treasury | 103,631 | 114,608 | 40,289 |
| National Bank for Economic and Social Development (BNDES) | 2,864,867 | 2,822,971 | 2,515,813 |
| Federal Savings Bank (CEF) | 16,213 | 16,118 | 15,326 |
| Fund for Financing the Acquisition of Industrial Machinery and Equipment (Finame) | 3,942,916 | 3,786,978 | 3,093,614 |
| Other institutions | 8 | 13 | 235 |
| **Foreign onlending (Notes 17b and 32b)** | **381** | **182** | **1,393,690** |
| Foreign onlending | 381 | 182 | 1,393,690 |
| **Derivative financial instruments (Notes 3f and 32)** | **2,075,938** | **1,794,281** | **1,357,328** |
| Derivative financial instruments | 2,075,938 | 1,794,281 | 1,357,328 |
| **Technical provisions for insurance, private pension plans and certificated savings plans (Notes 3o and 21)** | **49,019,882** | **47,009,072** | **42,976,819** |
| **Other liabilities** | **42,583,983** | **34,045,924** | **25,273,211** |
| Collection of taxes and other contributions | 2,498,280 | 256,155 | 2,711,207 |
| Foreign exchange portfolio (Note 11a) | 22,367,012 | 13,538,239 | 7,318,890 |
| Social and statutory | 771,495 | 1,791,868 | 795,222 |
| Fiscal and social security (Note 20a) | 2,081,029 | 2,770,595 | 2,379,722 |
| Securities trading | 1,139,803 | 792,180 | 758,166 |
| Financial and development funds | 6,342 | 7,031 | 2,814 |
| Subordinated debts (Notes 19 and 32b) | 71,134 | 12,147 | 665,046 |
| Sundry (Note 20b) | 13,648,888 | 14,877,709 | 10,642,144 |

## *Consolidated Balance Sheet – R$ thousand*

| Liabilities | 2009 | 2008 | |
|---|---|---|---|
| | March | December | March |
| **Long-term liabilities** | **175,319,989** | **171,087,150** | **111,678,094** |
| **Deposits (Notes 3n and 16a)** | **79,263,263** | **72,748,010** | **29,017,493** |
| Interbank deposits | 21,171 | 23,483 | 575 |
| Time deposits (Note 16 and 32b) | 79,242,092 | 72,724,527 | 29,016,918 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **28,544,174** | **31,466,155** | **24,538,852** |
| Own portfolio | 28,544,174 | 31,466,155 | 24,538,852 |
| **Funds from issuance of securities (Notes 16c and 32b)** | **6,273,819** | **6,421,269** | **5,579,888** |
| Exchange acceptances | – | – | 227 |
| Mortgage and real estate notes and letters of credit and others | 196,584 | 174,226 | 1,011 |
| Debentures (Note 16c-1) | 1,455,357 | 1,455,360 | 2,552,100 |
| Securities issued abroad | 4,621,878 | 4,791,683 | 3,026,550 |
| **Borrowing (Notes 17a and 32b)** | **631,081** | **1,080,870** | **589,251** |
| Local borrowing – official institutions | 19 | 75 | 241 |
| Borrowing abroad | 631,062 | 1,080,795 | 589,010 |
| **Local onlending – official institutions (Notes 17b and 32b)** | **10,812,027** | **11,001,648** | **8,991,779** |
| BNDES | 4,129,875 | 4,317,915 | 3,623,498 |
| CEF | 80,280 | 83,079 | 87,454 |
| Finame | 6,601,132 | 6,599,912 | 5,280,009 |
| Other institutions | 740 | 742 | 818 |
| **Derivative financial instruments (Notes 3f and 32)** | **217,949** | **247,645** | **266,640** |
| Derivative financial instruments | 217,949 | 247,645 | 266,640 |
| **Technical provisions for insurance, private pension plans and certificated savings plans (Notes 3o and 21)** | **17,653,175** | **17,578,060** | **16,745,592** |
| **Other liabilities** | **31,924,501** | **30,543,493** | **25,948,599** |
| Fiscal and social security (Note 20a) | 9,590,431 | 8,712,002 | 7,635,324 |
| Subordinated debts (Notes 19 and 32b) | 19,673,798 | 19,236,419 | 15,871,747 |
| Sundry (Note 20b) | 2,660,272 | 2,595,072 | 2,441,528 |
| **Deferred income** | **272,930** | **273,506** | **189,818** |
| Deferred income | 272,930 | 273,506 | 189,818 |
| **Minority interest in subsidiaries (Note 22)** | **337,010** | **321,499** | **158,678** |
| **Shareholders' equity (Note 23)** | **35,306,357** | **34,256,544** | **32,909,117** |
| Capital: | | | |
| – Domiciled in Brazil | 22,135,032 | 21,665,186 | 21,411,839 |
| – Domiciled abroad | 864,968 | 1,334,814 | 1,588,161 |
| Capital reserves | 62,614 | 62,614 | 62,498 |
| Profit reserves | 12,936,218 | 11,860,287 | 8,394,029 |
| Assets valuation adjustments – available-for-sale securities | (687,295) | (661,504) | 1,452,744 |
| Treasury shares (Notes 23d and 32b) | (5,180) | (4,853) | (154) |
| **Shareholders' equity managed by parent company** | **35,643,367** | **34,578,043** | **33,067,795** |
| **Total** | **482,140,944** | **454,413,043** | **355,470,333** |

The Notes are an integral part of the Financial Statements.

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

| | 2009 | 2008 | |
|---|---|---|---|
| | 1st Quarter | 4th Quarter | 1st Quarter |
| **Revenues from financial intermediation** | **16,499,653** | **17,763,255** | **11,739,336** |
| Loan operations (Note 10j) | 7,848,097 | 8,864,704 | 6,571,120 |
| Leasing operations (Note 10j) | 888,685 | 816,841 | 372,536 |
| Operations with securities (Note 8h) | 4,783,392 | 5,845,255 | 1,820,337 |
| Financial income from insurance, private pension plans and certified savings plans (Note 8h) | 1,986,067 | 1,467,509 | 1,676,345 |
| Derivative financial instruments (Note 8h) | 537,398 | (1,589,816) | 574,278 |
| Foreign exchange operations (Note 11a) | 308,745 | 2,013,231 | 395,881 |
| Compulsory deposits (Note 9b) | 147,269 | 345,531 | 328,839 |
| **Expenses from financial intermediation** | **11,665,907** | **14,947,765** | **7,310,706** |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e) | 6,885,965 | 7,666,503 | 3,818,055 |
| Price-level restatement and interest on technical provisions for insurance, private pension plans and certificated savings plans (Note 16e) | 1,373,602 | 926,147 | 1,024,234 |
| Borrowing and onlending (Note 17c) | 485,112 | 3,794,252 | 800,385 |
| Leasing operations (Note 10j) | 1,624 | 1,843 | 1,195 |
| Allowance for loan losses (Notes 3g, 10g and 10h) | 2,919,604 | 2,559,020 | 1,666,837 |
| | | | |
| **Gross income from financial intermediation** | **4,833,746** | **2,815,490** | **4,428,630** |
| | | | |
| **Other operating income/expenses** | **(2,381,156)** | **(2,242,795)** | **(1,930,091)** |
| Fee and commission income (Note 24) | 2,836,569 | 2,817,724 | 2,803,529 |
| Other fee and commission income | 2,291,288 | 2,287,322 | 2,345,278 |
| Bank fees revenues | 545,281 | 530,402 | 458,251 |
| Insurance, private pension plans and certificated savings plans retained premiums (Notes 3o and 21d) | 5,445,094 | 6,135,168 | 5,285,116 |
| Net premiums written | 5,513,953 | 6,204,046 | 5,366,960 |
| Reinsurance premiums | (68,859) | (68,878) | (81,844) |
| Variation of technical provisions for insurance, private pension plans and certificated savings plans (Note 3o) | (2,262,667) | (2,732,824) | (2,533,242) |
| Retained claims (Note 3o) | (1,981,545) | (2,147,086) | (1,639,572) |
| Certificated savings plans drawings and redemptions (Note 3o) | (363,563) | (410,563) | (318,260) |
| Insurance, private pension plans and certificated savings plans selling expenses (Note 3o) | (298,683) | (300,754) | (279,285) |
| Personnel expenses (Note 25) | (1,776,156) | (1,889,770) | (1,736,553) |
| Other administrative expenses (Note 26) | (2,126,848) | (2,250,083) | (1,814,994) |
| Tax expenses (Note 27) | (595,318) | (305,137) | (611,323) |
| Equity in the earnings of affiliated companies (Note 13c) | 5,567 | 46,930 | 32,169 |
| Other operating income (Note 28) | 471,875 | 520,615 | 329,782 |
| Other operating expenses (Note 29) | (1,735,481) | (1,727,015) | (1,394,428) |
| Full goodwill amortization (Note 15a) | – | – | (53,030) |
| **Operating income** | **2,452,590** | **572,695** | **2,498,539** |
| **Non-operating income (Note 30)** | **(39,979 )** | **(5,516)** | **402,233** |
| **Income before tax on income and interest** | **2,412,611** | **567,179** | **2,900,772** |
| **Income tax and social contribution (Notes 34a and 34b)** | **(684,057)** | **1,054,410** | **(794,696)** |
| **Minority interest in subsidiaries** | **(5,542)** | **(16,502)** | **(3,591)** |
| **Net income** | **1,723,012** | **1,605,087** | **2,102,485** |

The Notes are an integral part of the Financial Statements.

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

| Events | Restated paid-up Capital | Capital reserves | | Revenue reserves | | Assets Valuation Adjustments | | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | capital stock | Tax incentives from income tax | Other | Legal | Statutory | Own | Subsidiaries | | | |
| **Balances on December 31, 2007** | **19,000,000** | **2,103** | **53,521** | **1,477,637** | **8,485,956** | **(47,424)** | **1,517,400** | **(131,849)** | **–** | **30,357,344** |
| Capital increase by subscription | **1,200,000** | – | – | – | – | – | – | – | – | 1,200,000 |
| Capital increase with reserves | **2,800,000** | – | – | – | (2,800,000) | – | – | – | – | – |
| Goodwill from share subscription | – | – | 6,874 | – | – | – | – | – | – | 6,874 |
| Acquisition of treasury shares | – | – | – | – | – | – | – | (154) | – | (154) |
| Cancellation of treasury shares | – | – | – | – | (131,849) | – | – | 131,849 | – | – |
| Assets valuation adjustments | – | – | – | – | – | 7,229 | (24,461) | – | – | (17,232) |
| Net income | – | – | – | – | – | – | – | – | 2,102,485 | 2,102,485 |
| Allocations: – Reserves | – | – | – | 105,124 | 1,257,161 | – | – | – | (1,362,285) | – |
| – Provisioned interest on shareholders' equity | – | – | – | – | – | – | – | – | (740,200) | (740,200) |
| **Balances on March 31, 2008** | **23,000,000** | **2,103** | **60,395** | **1,582,761** | **6,811,268** | **(40,195)** | **1,492,939** | **(154)** | **–** | **32,909,117** |
| **Balances on September 30, 2008** | **23,000,000** | **2,103** | **60,511** | **1,778,395** | **9,196,591** | **(125,029)** | **259,005** | **(3,750)** | **–** | **34,167,826** |
| Prior periods adjustment, Law 11,638/07 | – | – | – | – | – | – | – | – | (99,219) | (99,219) |
| Acquisition of treasury shares | – | – | – | – | – | – | – | (1,103) | – | (1,103) |
| Assets valuation adjustments | – | – | – | – | – | 71,068 | (866,548) | – | – | (795,480) |
| Net income | – | – | – | – | – | – | – | – | 1,605,087 | 1,605,087 |
| Allocations: – Reserves | – | – | – | 75,293 | 810,008 | – | – | – | (885,301) | – |
| – Provisioned interest on shareholders' equity | – | – | – | – | – | – | – | – | (504,390) | (504,390) |
| – Provisioned and/or paid dividends | – | – | – | – | – | – | – | – | (116,177) | (116,177) |
| **Balances on December 31, 2008** | **23,000,000** | **2,103** | **60,511** | **1,853,688** | **10,006,599** | **(53,961)** | **(607,543)** | **(4,853)** | **–** | **34,256,544** |
| Acquisition of treasury shares | – | – | – | – | – | – | – | (327) | – | (327) |
| Assets valuation adjustments | – | – | – | – | – | (106,069) | 80,278 | – | – | (25,791) |
| Net income | – | – | – | – | – | – | – | – | 1,723,012 | 1,723,012 |
| Allocations: – Reserves | – | – | – | 86,151 | 989,780 | – | – | – | (1,075,931) | – |
| – Provisioned interest on shareholders' equity | – | – | – | – | – | – | – | – | (523,150) | (523,150) |
| – Paid and/or provisioned dividends | – | – | – | – | – | – | – | – | (123,931) | (123,931) |
| **Balances on March 31, 2009** | **23,000,000** | **2,103** | **60,511** | **1,939,839** | **10,996,379** | **(160,030)** | **(527,265)** | **(5,180)** | **–** | **35,306,357** |

The Notes are an integral part of the Financial Statements.

## *Statement of Value Added – R$ thousand*

| Description | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|
| | 1st Quarter | % | 4th Quarter | % | 1st Quarter | % |
| **1 – Income** | **15,651,669** | **318.6** | **17,353,984** | **600.0** | **12,675,342** | **236.7** |
| **1.1) Financial intermediation** | **16,499,653** | **335.9** | **17,763,255** | **614.1** | **11,739,336** | **219.2** |
| **1.2) Fee and commission** | **2,836,569** | **57.7** | **2,817,724** | **97.4** | **2,803,529** | **52.3** |
| **1.3) Allowance for loan losses** | **(2,919,604)** | **(59.4)** | **(2,559,020)** | **(88.5)** | **(1,666,837)** | **(31.1)** |
| **1.4) Other** | **(764,949)** | **(15.6)** | **(667,975)** | **(23.0)** | **(200,686)** | **(3.7)** |
| **2 – Financial intermediation expenses** | **(8,746,303)** | **(178.0)** | **(12,388,745)** | **(428.3)** | **(5,643,869)** | **(105.4)** |
| **3 – Inputs acquired from third-parties** | **(1,744,776)** | **(35.5)** | **(1,662,942)** | **(57.5)** | **(1,570,015)** | **(29.3)** |
| Materials, energy and other | (101,641) | (2.1) | (107,750) | (3.7) | (92,643) | (1.7) |
| Third-party services | (565,933) | (11.5) | (627,216) | (21.7) | (445,856) | (8.3) |
| **Other** | **(1,077,202)** | **(21.9)** | **(927,976)** | **(32.1)** | **(1,031,516)** | **(19.3)** |
| Communication | (282,629) | (5.8) | (282,532) | (9.8) | (259,669) | (4.8) |
| Financial system services | (162,798) | (3.3) | (168,418) | (5.8) | (144,679) | (2.7) |
| Advertising and Publicity | (109,226) | (2.2) | (211,315) | (7.3) | (122,372) | (2.3) |
| Transportation | (139,837) | (2.8) | (150,343) | (5.2) | (133,216) | (2.5) |
| Data processing | (151,650) | (3.1) | (123,924) | (4.3) | (97,515) | (1.8) |
| Maintenance and repairs | (90,054) | (1.8) | (107,208) | (3.7) | (89,096) | (1.7) |
| Asset leasing | (108,056) | (2.2) | (101,657) | (3.5) | (74,261) | (1.4) |
| Asset leasing – Law 11,638/07 (1) | 106,316 | 2.2 | 346,358 | 12.0 | – | – |
| Security and surveillance | (60,260) | (1.2) | (57,197) | (2.0) | (50,684) | (0.9) |
| Travel | (15,101) | (0.3) | (22,364) | (0.8) | (18,981) | (0.4) |
| Other | (63,907) | (1.4) | (49,376) | (1.7) | (41,043) | (0.8) |
| **4 – Gross value added (1-2-3)** | **5,160,590** | **105.1** | **3,302,297** | **114.2** | **5,461,458** | **102.0** |
| **5 – Depreciation, amortization and depletion** | **(253,864)** | **(5.2)** | **(456,845)** | **(15.8)** | **(137,721)** | **(2.6)** |
| **6 – Net value added produced by the Entity (4-5)** | **4,906,726** | **99.9** | **2,845,452** | **98.4** | **5,323,737** | **99.4** |
| **7 – Value added received in transfer** | **5,567** | **0.1** | **46,930** | **1.6** | **32,169** | **0.6** |
| Equity in earnings (losses) of unconsolidated companies | 5,567 | 0.1 | 46,930 | 1.6 | 32,169 | 0.6 |
| **8 – Value added to distribute (6+7)** | **4,912,293** | **100.0** | **2,892,382** | **100.0** | **5,355,906** | **100.0** |
| **9 – Value added distributed** | **4,912,293** | **100.0** | **2,892,382** | **100.0** | **5,355,906** | **100.0** |
| **9.1) Personnel** | **1,538,424** | **31.4** | **1,636,275** | **56.6** | **1,522,233** | **28.5** |
| Cash dividends | 892,466 | 18.2 | 927,768 | 32.1 | 807,587 | 15.1 |
| Benefits | 351,882 | 7.2 | 391,102 | 13.5 | 351,222 | 6.6 |
| FGTS | 81,501 | 1.7 | 89,280 | 3.1 | 83,450 | 1.6 |
| Other charges | 212,575 | 4.3 | 228,125 | 7.9 | 279,974 | 5.2 |
| **9.2) Taxes, fees and contributions** | **1,517,107** | **30.9** | **(495,778)** | **(17.1)** | **1,620,339** | **30.2** |
| Federal | 1,424,134 | 29.0 | (581,011) | (20.1) | 1,517,554 | 28.3 |
| State | 219 | – | 39 | – | 1,146 | – |
| Municipal | 92,754 | 1.9 | 85,194 | 3.0 | 101,639 | 1.9 |
| **9.3) Third-party capital compensation** | **128,208** | **2.6** | **130,296** | **4.5** | **107,258** | **2.0** |
| Rentals | 128,208 | 2.6 | 130,296 | 4.5 | 107,258 | 2.0 |
| **9.4) Shareholders' equity compensation** | **1,728,554** | **35.1** | **1,621,589** | **56.0** | **2,106,076** | **39.3** |
| Interest on shareholders' equity | 523,150 | 10.6 | 504,390 | 17.4 | 740,200 | 13.8 |
| Dividends | 123,931 | 2.5 | 116,177 | 4.0 | – | – |
| Retained earnings | 1,075,931 | 21.9 | 984,520 | 34.0 | 1,362,285 | 25.4 |
| Interest of non-controlling shareholders in retained earnings | 5,542 | 0.1 | 16,502 | 0.6 | 3,591 | 0.1 |

The Notes are an integral part of the Financial Statements.

## *Consolidated Cash Flow – R$ thousand*

| | | 2009 | 2008 | |
|---|---|---|---|---|
| | | 1st Quarter | 4th Quarter | 1st Quarter |
| Cash Flow From Operating activities: | | | | |
| **Net Income before income tax and social contribution** | | **2,412,611** | **567,179** | **2,900,772** |
| **Adjustments to net income before taxes** | | **5,479,269** | **4,407,422** | **3,155,438** |
| Provision for loan losses | | 2,919,604 | 2,559,020 | 1,666,837 |
| Depreciation and amortization | | 387,308 | 580,936 | 137,721 |
| Goodwill amortization | | 24,577 | 24,577 | 53,030 |
| Impairment | | (2,706) | (10,310) | (10,358) |
| Expenses with civil, labor and tax provisions | | 713,652 | 278,219 | 665,907 |
| Expenses with restatement and interest from technical provisions for insurance, private pension plans and certificated savings plans | | 1,373,602 | 926,147 | 1,024,234 |
| Equity in the earnings (losses) of unconsolidated companies | | (5,567) | (46,930) | (32,169) |
| (Gain) in the sale of other investments | | (29,498) | (151,203) | (383,029) |
| (Gain)/loss in the sale of fixed assets | | (3,063) | 30,143 | (3,297) |
| (Gain)/loss in the sale of foreclosed assets | | 46,568 | 115,214 | (20,991) |
| Other | | 54,792 | 101,609 | 57,553 |
| **Adjusted net income** | | **7,891,880** | **4,974,601** | **6,056,210** |
| (Increase)/Decrease in interbank investments | | 1,195,222 | (15,938,119) | (1,721,535) |
| (Increase)/Decrease in securities and derivative financial instruments | | 1,965,551 | (5,390,807) | 8,402,168 |
| (Increase) in interbank and interdepartmental accounts | | (982,132) | 1,312,231 | (849,559) |
| (Increase)/Decrease in loan and leasing operations | | (2,177,853) | (8,577,588) | (8,507,227) |
| (Increase)/Decrease in insurance premiums receivable | | (697,326) | 26,381 | 20,680 |
| Increase in technical provisions for insurance, private pension plans and certificated savings plans | | 665,554 | 772,774 | 171,912 |
| Increase/(Decrease) in deferred income | | (576) | 46,428 | 671 |
| (Increase) in other receivables and other assets | | (9,709,752) | (19,360,691) | (4,516,646) |
| Increase in other liabilities | | 11,220,696 | 8,341,999 | 4,404,976 |
| Interests of minority shareholders | | 9,969 | (322,017) | (325) |
| Income tax and social contribution paid | | (1,166,545) | (523,726) | (1,072,390) |
| **Net cash provided by/used in operating activities** | | **8,214,688** | **(34,638,534)** | **2,388,935** |
| Cash flow from investing activities: | | | | |
| Increase/(Decrease) in reserve requirements in the Brazilian Central Bank | | (1,531,204) | 12,340,225 | 322,153 |
| (Increase)/Decrease in available-for-sale securities | | (1,051,035) | 5,138,616 | 2,543,644 |
| (Increase)/Decrease in held-to-maturity securities | | 67,105 | (52,558) | (1,005,836) |
| Proceeds from sale of foreclosed assets | | 63,192 | 50,259 | 153,723 |
| Divestments | | 156,407 | 260,850 | 418,020 |
| Proceeds from the sale of premises and equipment and leased assets | | 64,979 | – | 24,270 |
| Decrease in intangible assets | | 8,064 | – | 1,041 |
| Acquisition of foreclosed assets | | (253,355) | (270,021) | (243,577) |
| Acquisition of investments | | (179,824) | (314,431) | (235,043) |
| Acquisition of premises and equipment and leased assets | | (311,458) | (691,020) | (176,250) |
| Investment in deferred charges | | (463,345) | (816,934) | (88,700) |
| Dividends and interest on shareholders' equity received | | 1,624 | 25,801 | 45,993 |
| **Net cash provided by/used in investing activities** | | **(3,428,850)** | **15,670,787** | **1,759,438** |
| Cash flow from financing activities: | | | | |
| Increase in deposits | | 4,609,781 | 25,323,634 | 8,387,226 |
| Increase (Decrease) in federal funds purchased and securities sold under agreements to repurchase | | 11,682,048 | (7,486,629) | (4,093,514) |
| Increase in funds from issuance of securities | | 268,049 | 2,476,049 | 741,741 |
| Increase (Decrease) in borrowing and onlending | | (1,526,924) | (30,885) | 602,975 |
| Increase in subordinated debt | | 496,366 | 1,730,952 | 716,421 |
| Capital increase and goodwill in share subscription | | – | – | 1,206,874 |
| Dividends and interest on shareholders' equity paid | | (1,733,695) | (116,178) | (2,167,925) |
| Acquisition of shares issued by the Company | | (327) | (1,103) | (154) |
| **Net cash provided by/used in financing activities** | | **13,795,298** | **21,895,840** | **5,393,644** |
| **Increase in cash and cash equivalents** | | **18,581,136** | **2,928,093** | **9,542,017** |
| Increase/Net decrease in cash and cash equivalents | At the beginning of the period | 64,131,372 | 61,203,279 | 31,067,339 |
| | At the end of the period | 82,712,508 | 64,131,372 | 40,609,356 |
| | **Net increase in cash and cash equivalents** | **18,581,136** | **2,928,093** | **9,542,017** |

The Notes are an integral part of the Financial Statements

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## *Notes to the Consolidated Financial Statements*

### 1) Operations

Banco Bradesco S.A. (Bradesco) is a private-sector publicly-held 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, consortium management, credit cards, insurance, private pension plans and certificated savings plans. 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 and its direct and indirect subsidiaries and jointly-controlled investments, in Brazil and abroad, and SPEs. They were prepared based on accounting practices determined by the Brazilian Corporation Law 6,404/76, amendments introduced by Law 11,638/07 and Provisional Measure 449/08 related to the accounting of operations, as well as the rules and instructions of the National Monetary Council (CMN), Brazilian Central Bank (Bacen), Brazilian Securities and Exchange Commission (CVM), National Private Insurance Council (CNSP), Insurance Superintendence (Susep), National Agency for Supplementary Healthcare (ANS) and Committee for Accounting Pronouncements (CPC), when applicable, 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 lessee.

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 presenting separately the portions of the net income and the shareholders' equity referring to the interest of minority shareholders. In the case of investments which are jointly controlled with other shareholders, asset, liability and income components were included in the consolidated financial statements in proportion to the percentage capital stock of each investee. Goodwill in financing acquisition in subsidiaries and jointly-controlled investments was fully amortized up to March 31, 2008 (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries is presented in the income accounts with derivative financial instruments, in order to eliminate the effect of the protection instruments of these investments.

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 non-financial asset impairment, other provisions, the calculation of technical provisions for insurance, supplementary pension plans and certificated savings plans and the determination of the useful life of specific assets. Actual results could differ from these estimates and assumptions.

## Notes to the Consolidated Financial Statements

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

| | Activity | Total Ownership | | |
|---|---|---|---|---|
| | | 2009 | 2008 | |
| | | March 31 | December 31 | March 31 |
| **Financial area – local** | | | | |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. | Loan and financing | 100.00% | 100.00% | 100.00% |
| Banco Alvorada S.A. | Banking | 99.88% | 99.88% | 99.88% |
| Banco Finasa BMC S.A. (1) | 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 | 98.33% | 98.33% | 100.00% |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Finasa S.A. (7) | Banking | – | – | 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. (10) | Brokerage | 100.00% | 100.00% | – |
| Companhia Brasileira de Meios de Pagamento – Visanet (2) (5) (6) (8) | Service provision | 39.26% | 39.26% | 39.26% |
| **Financial area – abroad** | | | | |
| 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 S.A. New York Branch | Banking | 100.00% | 100.00% | 100.00% |
| Banco BMC S.A. Grand Cayman Branch (2) | Banking | – | 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% |
| **Insurance, private pension plans and certificated savings plans area** | | | | |
| Atlântica Capitalização S.A. | Certificated savings plans | 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. | Certificated savings plans | 100.00% | 100.00% | 100.00% |
| Bradesco Saúde S.A. | Insurance /health | 100.00% | 100.00% | 100.00% |
| Bradesco Dental S.A. | Insurance/dental health | 100.00% | 100.00% | 100.00% |
| 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% |
| Seguradora Brasileira de Crédito à Exportação S.A. (2) (11) | Insurance | – | – | 12.09% |
| **Other activities** | | | | |
| 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% |
| Nova Paiol Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| Scopus Tecnologia Ltda. | Information technology | 100.00% | 100.00% | 100.00% |
| Tempo Serviços Ltda. | Service provision | 100.00% | 100.00% | 100.00% |
| União Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |

(1) Current name of Banco BMC S.A.;

(2) Companies/braches whose audit (review) services in 2008 were carried out by other independent auditors;

(3) Branch incorporated by Banco Bradesco S.A. Grand Cayman Branch in March 2009;

(4) Reduction in ownership interest due to the acquisition of Ágora Corretora upon the assignment of Banco Bradesco BBI S.A.'s shares to the former controlling shareholders of Ágora, in September 2008;

(5) Companies whose audit (review) services in 2009 were carried out by other independent auditors;

(6) Companies proportionally consolidated, pursuant to CMN Resolution 2,723 and CVM Rule 247;

(7) Company merged into Banco BMC S.A. in April 2008;

(8) The special purpose entity called 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 called 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 September 2008; and

(11) Company sold in July 2008.

## *Notes to the Consolidated Financial Statements*

3) Significant Accounting Policies

a) Functional and presentation currencies

The financial statements are presented in Reais, which is Bradesco's functional currency.

Operations in foreign branches and subsidiaries are basically a continuation of the activities in Brazil, therefore, assets, liabilities and results are adjusted to comply with the accounting practices adopted in Brazil and translated into Reais according to the relevant currency's exchange rate. Gains and losses arising from this translation are registered in the income for the period.

b) Determination of income

The income is determined on the accrual basis of accounting that establishes that income and expenses should be included in the determination of the results of the period in which they take place, always simultaneously when they are correlated, regardless of receipt or payment. Transactions with prefixed rates are recorded at their redemption value and income and expenses for the future period are recorded as a discount to the corresponding assets and liabilities. Income and expenses of a financial nature are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to cross-border transactions which are calculated based on the straight-line method. Post-fixed or foreign-currency-indexed transactions are adjusted to the balance sheet date.

The insurance, coinsurance and commission premiums, net of premiums assigned in coinsurance, reinsurance and corresponding commissions are appropriated to the income by effectiveness of the corresponding insurance policies and invoices and are deferred for appropriation on a straight-line basis over the terms of the insurance policies, during the risk coverage period, by means of recording and reversal of unearned premiums reserve and deferred selling expenses. The accepted coinsurance and retrocession operations are recorded based on the information received from other companies and Brasil Resseguros S.A. (IRB), respectively.

The supplementary pension plans contributions and life insurance premiums covering survival are recognized in income when effectively received.

The revenue from certificated savings plans is recognized at the time it is effectively received. The expenses for placement of bonds, classified as "Selling Expenses," are recorded as they are incurred. Brokerage expenses are recorded when the certificated savings plans contributions are effectively received. Payments for drawing redemptions are considered as expenses in the month when they take place.

The expenses for technical provisions for private pension plans and certificated savings plans 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: availability of domestic and foreign currency funds and investments in gold, open markets and interest-earning deposits in other banks, whose maturity on the effective application date was 90 days or less and present an insignificant risk of fair value change, which will be used by the Bank to manage its short-term commitments.

d) Interbank investments

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

e) Securities

Trading securities – securities acquired for the purpose of being actively and frequently traded, adjusted to market value as a counter-entry to income for the period;

Available-for-sale securities – securities which are not specifically intended for trading purposes or as held to maturity, adjusted to market value as a counter-entry to a specific account in shareholders' equity, at amounts 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 income earned, as a counter-entry to income for the period.

The securities classified in the trading and available-for-sale categories, as well as derivative financial instruments are stated by its estimated fair value in the consolidated balance sheet. The fair value generally is based on market prices quotations for assets or liabilities with similar characteristics. If market prices are not available, fair values are based on market operators' 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.

## Notes to the Consolidated Financial Statements

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

These are 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.

Bradesco takes part in operations involving derivative financial instruments destined to meet its own needs in order to manage the Bank's global exposure, as well as for meeting its clients' requests, for the management of their positions, where valuations or devaluations 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 financial assets and liabilities market value are considered hedge and are classified according their nature in:

Market risk hedge: financial instruments classified in this category as well as their hedge-related financial assets and liabilities have their gains and losses, realized or not, recorded in income account.

Cash flow hedge: for financial instruments classified in this category, the effective valuation or devaluation portion is recorded, net from tax effects, in a specific account emphasized in the Shareholders' Equity. Non-effective portion of the respective hedge is directly recognized in an income account.

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

Loan and leasing operations, advances on foreign exchange contracts and other receivables with characteristics of loan assignment are classified at their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution 2,682, at nine levels from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's risk level assessment. 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 is also taken into account for client risk rating purposes as follows:

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

(1) For operations falling due for over 36 months, the terms are doubled, as allowed by CMN Resolution 2,682/99.

The accrual of these operations past due up to 59 days is recorded in revenues and subsequent to the 60th day, in unearned income.

Past-due operations rated at "H" level remain at this level for six months, subsequent to which they are written-off against the existing allowance and controlled in memorandum accounts for at least five years, no longer being recorded in equity accounts.

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

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

## *Notes to the Consolidated Financial Statements*

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

Tax credits on income tax and social contribution, 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 depreciation excess and market value adjustments of securities is recorded in "Other Liabilities – Tax and Social Security Activities", and for depreciation excess only income rate is applied.

Tax credits on temporary additions will be realized upon use and/or reversal of the corresponding provisions on which they were recorded. 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 the current expectations for realization, taking into account the technical studies and analyses carried out by the Management.

The provision for income tax is recorded at the base rate of 15% of taxable income, plus a 10% surcharge. As of May 1, 2008, social contribution on pre-tax income is calculated at a 15% rate for financial institutions and insurance companies and at 9% for other companies (up to April 30, 2008, this rate was 9% for all types of companies). The increase in the rate of social contribution payable by companies in the financial and insurance sectors was introduced by Provisional Measure 413 of January 3, 2008, (which became Law 11,727 on June 23, 2008) and is calculated pursuant to the rules issued by the tax authorities.

Tax credits 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 Provisional Measure 449/08, the changes in the determination criteria for income, cost and expenses used in the assessment of net income for the year, enacted by Law 11,638/07 and by Articles 36 and 37 of the aforementioned Provisional Measure, shall not have effect on the assessment of taxable income for corporate entities opting for the RTT, but, for tax purposes, the accounting methods and criteria in force on December 31, 2007 shall be considered. For accounting purposes, the tax effects of adopting the Law 11,638/07 are recorded in corresponding deferred assets and liabilities.

i) Prepaid expenses

These record investments of resources in prepayments, whose rights of benefits or service provision will take place in future periods; therefore, they are recorded in assets considering the accrual method of accounting.

Prepayments correspond to the installment already paid for service rights to be received or for the future use of financial assets or resources from third parties.

This group is basically represented by: insurance selling expenses, insurance expenses and advertising expenses, as described in Note 12b. Commission in the placement of financing were recorded under this item up to March 31, 2008 and as of April, they will be allocated to the respective financing / leasing operations balance.

Thus, based on the "accrual method of accounting" and the "confrontation between income and expense," incurred costs related to underlying assets which will generate income in subsequent periods are recorded in prepaid expenses. These assets are appropriated to the income in accordance with terms and amounts of benefits which are expected and directly written-off in the income when underlying assets and rights are no longer part of the institution's assets or the expected future benefits cannot be realized.

j) Investments

The investments in subsidiaries, jointly – controlled companies and affiliated companies, with significant influence or interest of 20% or more in the voting capital, are evaluated by the equity accounting method.

Fiscal incentives and other investments are recorded at acquisition cost, net of the provision for losses, when applicable.

k) Fixed assets

These correspond to the rights aiming corporeal assets destined to the maintenance of activities or performed with this purpose, including those deriving from operations transferring risks, benefits and controls of entities' assets.

This is stated at acquisition cost, net of respective accumulated depreciations, calculated by the straight-line method according to the estimated useful-economic life of assets, of which: 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.

## Notes to the Consolidated Financial Statements

### l) Intangible assets

Intangible assets are the rights acquired related to non corporeal assets meant for the entity's maintenance or exercised with that purpose. Intangible assets with established useful live are usually amortized according to the straight-line method within an estimated economic benefit period.

Intangible assets are comprised of:

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

  These are recorded and amortized in the period in which asset shall directly and indirectly contribute to the future cash flow.

- Software

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

### m) Impairment of non-financial assets

The book value of non-financial assets, except other assets and tax credits, are tested, at least annually, for impairment, which is recognized in the income for the year if the accounting 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. Impairment losses are recognized in income for the period.

### 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 *pro rata* basis.

### o) Provisions relating to insurance, private pension plans and certificated savings plans activities

Technical provisions are calculated according to actuarial technical notes approved by Susep and ANS, and criteria set forth by CNSP Resolutions 036/2000, 162/2006, 181/2007 and 195/2008.

- Insurance of basic, life and health lines

  – Unearned Premiums Provision (PPNG) comprises retained premiums which are deferred during the term of effectiveness of the insurance agreements, determining the *pro rata* day value of the unearned premium of the period of the risk to accrue (future risk of policies in effect). When this provision's insufficiency is ascertained by means of actuarial calculation, the Provision of Premium Insufficiency will be recorded.

  – The provision of Incurred but not Reported (INBR) claims is calculated on an actuarial basis to quantify the amount of claims occurred and not reported by those policyholders/beneficiaries. Pursuant to CNSP Resolution 195/2008, as of 2009, insurance companies are not to deduct the calculation of provisions of amounts transferred to third parties through reinsurance operations.

  – The provision of unsettled claims is recorded based on the indemnities payment estimates, pursuant to notices of claims received from those policyholders until 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 of unsettled claims complements the provisions of IBNR claims.

  – Supplementary Premium Provision (PCP) is recorded on a monthly basis to complement PPNG, considering the effective risks issued or not. The value of the PCP is the difference, if positive, between the average of the sum of the PPNG values daily verified and the recorded PPNG.

  – Other technical provisions refer to provision to face differences of future readjustments of premiums and those required for the technical balance of the individual health plan portfolio, adopting a formulation included in the actuarial technical note approved by ANS.

  – The Provision of Benefits to be granted, of individual health plan portfolio, refers to a 5-year coverage for dependents in case the policyholders is deceased, adopting a formulation included in the actuarial technical note approved by ANS.

  – The Provision of Benefits Granted, of individual health plan portfolio, is comprised by liabilities arising from payment release contractual clauses referring to the health plan coverage, and its accounting complies with Resolution – RN 75/2004 of ANS, and by premiums for the payment release of Bradesco Saúde policyholders –"Plano GBS".

## *Notes to the Consolidated Financial Statements*

- Supplementary private pension plans and life insurance covering survival

  – The mathematical provision of benefits to be granted refers to participants whose benefits have not started yet. The mathematical provision of benefits granted refers to participants already using the benefits. Mathematical provisions related to private pension plans known as "traditional" represent the difference between the current value of the future benefits and the current value of the future contributions, corresponding to the obligations assumed under the form of retirement, disability, pension and savings funds plans. They are calculated according to the methodology and premises set forth in the actuarial technical notes. The provisions linked to Long-Term Life Insurance (VGBL) covering survival and to the private pension plans of PGBL category represent the amount of the contributions made by the participants, net of loadings and other contractual charges, plus financial earnings generated by the investment of resources in Exclusive Investment Funds (FIE).

  – The contribution insufficiency provision is established to complement the mathematical provisions of benefits granted and to be granted, should they not be sufficient to guarantee future commitments. The provision is calculated on an actuarial basis and takes into consideration the actuarial table AT-2000 (soften), increased by 1.5% (improvement), considering males apart from females, who have higher life expectancy, and the actual interest rate of 4.3% p.a.

  – The financial fluctuation provision is established up to the limit of 15% of the mathematical provision of 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 established to cover administrative expenses of the defined benefit and variable contribution plans. It is calculated in conformity with the methodology set forth in the actuarial technical note.

- Certificated savings plans

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

  – The provisions for redemptions are established by the values of the expired certificated savings plans and also by the values of the certificated savings plans which have not expired but whose early redemption has been required by the clients. The provisions are monetarily restated based on the indexes estimated in each plan; and

  – The provisions for unrealized and payable drawing are recorded to meet premiums arising from future drawing (unrealized) and also for premiums arising from drawing in which clients were already selected (payable).

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

The recognition, measuring and disclosure of contingent assets and liabilities and legal liabilities are made according to the criteria defined in CMN Resolution 3,535/08 and CVM Resolution 489/05.

- Contingent Assets: are not recognized on an accounting basis, except when Management has total control of 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 by the confirmed capacity of its receipt or compensation with other liability recovery. The contingent assets whose chances of success is probable are disclosed in the notes to the financial statements (Note 18a);

- Contingent Liabilities: are recorded taking into consideration the opinion of the legal advisors, the nature of the lawsuits, the similarity with previous processes, the complexity and positioning of courts, whenever the loss is evaluated as probable, which would cause a probable outflow of resources for the settlement of liabilities and when the amounts involved are measurable with sufficient assurance. The contingent liabilities classified as possible losses are not recognized on an accounting basis, 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, whose purpose of contestation is their legality or constitutionality, which, regardless of the evaluation about the probability of success, have their amounts fully recognized in the financial statements (Note 18b).

## Notes to the Consolidated Financial Statements

q) Funding expenses

On funding transactions upon issue of securities, related expenses are recorded as an offsetting entry to liabilities and allocated to income according to the term of the transaction.

r) Other assets and liabilities

The assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations (on a daily *pro rata* basis), and provision for loss, when deemed appropriate. The liabilities include known or estimated amounts, plus related charges and monetary and exchange variations (on a daily *pro rata* basis).

4) Information for Comparison Purposes

Reclassifications

For a better comparison of the financial statements, reclassifications were carried out in the balances of the 1Q08, to comply with the accounting procedures/classifications adopted in the 1Q09:

Balance sheet

| | March 31, 2008 – R$ thousand | | |
|---|---|---|---|
| | Previous disclosure | Reclassifications | Reclassified balance |
| Assets | | | |
| **Current assets** | **275,505,263** | **(435,666)** | **275,069,597** |
| **Other receivables and assets** | **1,961,980** | **(435,666)** | **1,526,314** |
| Prepaid expenses (1) | 1,688,283 | (435,666) | 1,252,617 |
| **Long-term assets** | **76,109,876** | **(1,006,673)** | **75,103,203** |
| **Other receivables and assets** | **1,649,362** | **(1,006,673)** | **642,689** |
| Prepaid expenses (1) | 1,645,274 | (1,006,673) | 638,601 |
| **Permanent assets** | **3,902,203** | **1,395,330** | **5,297,533** |
| **Premises and equipment** | **2,333,922** | **(230,928)** | **2,102,994** |
| Other premises and equipment (1) | 4,460,214 | (582,081) | 3,878,133 |
| Accumulated depreciation (1) | (3,210,109) | 351,153 | (2,858,956) |
| **Deferred assets (1)** | **814,605** | **(814,605)** | **–** |
| Organization and expansion expenses | 1,935,095 | (1,935,095) | – |
| Accumulated amortization | (1,120,490) | 1,120,490 | – |
| **Intangible assets (1)** | **–** | **2,440,863** | **2,440,863** |
| Intangible assets | – | 4,399,199 | 4,399,199 |
| Accumulated amortization | – | (1,958,336) | (1,958,336) |
| **Total** | **355,517,342** | **(47,009)** | **355,470,333** |
| | | | |
| Liabilities | | | |
| **Current liabilities** | **210,581,635** | **(47,009)** | **210,534,626** |
| **Funds from issuance of securities** | **1,658,635** | **(16,917)** | **1,641,718** |
| Securities issued abroad (1) | 573,564 | (16,917) | 556,647 |
| **Other liabilities** | **25,303,303** | **(30,092)** | **25,273,211** |
| Subordinated debts (1) | 695,138 | (30,092) | 665,046 |
| **Total** | **355,517,342** | **(47,009)** | **355,470,333** |

(1) Account reclassifications to adapt to the new accounting rules set forth by Law 11,638/07, CPC, CVM and CMN.

## 5) Balance Sheet and Statement of Adjusted Income by Business Segment

### a) Balance sheet

R$ thousand

| | Financial (1) (2) | | Insurance group (2) (3) | | Other activities (2) | Amount eliminated (4) | Total consolidated |
|---|---|---|---|---|---|---|---|
| | Brazil | Abroad | Brazil | Abroad | | | |
| **Assets** | | | | | | | |
| **Current and long-term assets** | **370,857,889** | **29,858,168** | **79,127,261** | **23,473** | **677,267** | **(6,420,205)** | **474,123,853** |
| Funds available | 5,085,918 | 2,380,707 | 134,507 | 11,848 | 4,892 | (84,504) | 7,533,368 |
| Interbank investments | 90,614,710 | 2,727,304 | – | – | – | – | 93,342,014 |
| Securities and derivative financial instruments | 51,915,210 | 6,869,315 | 72,907,289 | 5,011 | 257,807 | (1,138,427) | 130,816,205 |
| Interbank and interdepartmental accounts | 15,380,601 | 310,022 | – | – | – | – | 15,690,623 |
| Loan and leasing operations | 138,717,965 | 15,395,159 | – | – | – | (4,068,544) | 150,044,580 |
| Other receivables and other assets | 69,143,485 | 2,175,661 | 6,085,465 | 6,614 | 414,568 | (1,128,730) | 76,697,063 |
| **Permanent assets** | **25,467,161** | **477,505** | **1,580,142** | **35** | **162,582** | **(19,670,334)** | **8,017,091** |
| Investments | 19,275,452 | 468,735 | 942,621 | – | 78,707 | (19,670,334) | 1,095,181 |
| Premises and equipment and leased assets | 2,982,129 | 8,638 | 220,731 | 35 | 74,594 | – | 3,286,127 |
| Intangible assets | 3,209,580 | 132 | 416,790 | – | 9,281 | – | 3,635,783 |
| **Total on March 31, 2009** | **396,325,050** | **30,335,673** | **80,707,403** | **23,508** | **839,849** | **(26,090,539)** | **482,140,944** |
| **Total on December 31, 2008** | **369,586,421** | **29,807,072** | **77,953,752** | **21,877** | **995,911** | **(23,951,990)** | **454,413,043** |
| **Total on March 31, 2008** | **283,664,147** | **22,300,702** | **73,572,320** | **24,922** | **915,803** | **(25,007,561)** | **355,470,333** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| **Current and long-term liabilities** | **360,442,214** | **20,625,389** | **71,174,551** | **12,052** | **390,646** | **(6,420,205)** | **446,224,647** |
| Deposits | 161,692,814 | 7,744,623 | – | – | – | (334,303) | 169,103,134 |
| Federal funds purchased and securities sold under agreements to repurchase | 91,649,871 | 9,330 | – | – | – | – | 91,659,201 |
| Funds from issuance of securities | 5,115,225 | 5,307,854 | – | – | – | (1,143,359) | 9,279,720 |
| Interbank and interdepartmental accounts | 2,282,805 | 4,160 | – | – | – | – | 2,286,965 |
| Borrowing and onlending | 30,740,906 | 3,493,105 | – | – | – | (3,813,812) | 30,420,199 |
| Derivative financial instruments | 1,734,635 | 559,252 | – | – | – | – | 2,293,887 |
| Technical provisions from insurance, private pension plans and certificated savings plans | – | – | 66,670,000 | 3,057 | – | – | 66,673,057 |
| Other liabilities: | | | | | | | |
| – Subordinated debts | 16,484,056 | 3,260,876 | – | – | – | – | 19,744,932 |
| – Other | 50,741,902 | 246,189 | 4,504,551 | 8,995 | 390,646 | (1,128,731) | 54,763,552 |
| **Deferred income** | **266,904** | **–** | **6,026** | **–** | **–** | **–** | **272,930** |
| **Shareholders' equity/minority interest in subsidiaries** | **309,575** | **9,710,284** | **9,526,826** | **11,456** | **449,203** | **(19,670,334)** | **337,010** |
| **Shareholders' equity – parent company** | **35,306,357** | **–** | **–** | **–** | **–** | **–** | **35,306,357** |
| **Total on March 31, 2009** | **396,325,050** | **30,335,673** | **80,707,403** | **23,508** | **839,849** | **(26,090,539)** | **482,140,944** |
| **Total on December 31, 2008** | **369,586,421** | **29,807,072** | **77,953,752** | **21,877** | **995,911** | **(23,951,990)** | **454,413,043** |
| **Total on March 31, 2008** | **283,664,147** | **22,300,702** | **73,572,320** | **24,922** | **915,803** | **(25,007,561)** | **355,470,333** |

# Notes to the Consolidated Financial Statements

b) Statement of income

| | R$ thousand | | | | | | |
|---|---|---|---|---|---|---|---|
| | Financial (1) (2) | | Insurance Group (2) (3) | | Other activities (2) | Amount eliminated (4) | Total consolidated |
| | Brazil | Abroad | Brazil | Abroad | | | |
| Revenues from financial intermediation | 13,792,668 | 740,853 | 1,986,360 | 1,110 | 7,427 | (28,765) | 16,499,653 |
| Expenses from financial intermediation | 10,025,327 | 293,665 | 1,373,558 | – | 1,284 | (27,927) | 11,665,907 |
| **Gross income from financial intermediation** | **3,767,341** | **447,188** | **612,802** | **1,110** | **6,143** | **(838)** | **4,833,746** |
| Other operating income/expenses | (2,772,304) | (23,417) | 397,710 | 723 | 15,294 | 838 | (2,381,156) |
| **Operating income** | **995,037** | **423,771** | **1,010,512** | **1,833** | **21,437** | **–** | **2,452,590** |
| Non-operating income | (53,228) | 1,647 | 11,614 | 5 | (17) | – | (39,979) |
| **Income before tax on profit and interest** | **941,809** | **425,418** | **1,022,126** | **1,838** | **21,420** | **–** | **2,412,611** |
| Income tax and social contribution | (297,392) | (1,733) | (375,015) | 936 | (10,853) | – | (684,057) |
| Minority interest in subsidiaries | (5,061) | – | (334) | – | (147) | – | (5,542) |
| **Net income for 1Q09** | **639,356** | **423,685** | **646,777** | **2,774** | **10,420** | **–** | **1,723,012** |
| **Net income for 4Q08** | **1,469,715** | **(384,899)** | **556,911** | **(6,495)** | **(30,145)** | **–** | **1,605,087** |
| **Net income for 1Q08** | **1,227,596** | **106,754** | **743,917** | **1,989** | **22,229** | **–** | **2,102,485** |

(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 are being eliminated among companies from the same segment;

(3) The "Insurance Group" segment comprises insurance, private pension plans and certificated savings plans 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 | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Funds available in domestic currency | 5,009,832 | 5,822,653 | 5,158,361 |
| Funds available in foreign currency | 2,523,466 | 3,472,821 | 543,837 |
| Investments in gold | 70 | 67 | 55 |
| **Total funds available (cash)** | **7,533,368** | **9,295,541** | **5,702,253** |
| Short-term interbank investments (1) | 75,179,140 | 54,835,831 | 34,907,103 |
| **Total cash and cash equivalents** | **82,712,508** | **64,131,372** | **40,609,356** |

(1) Refers to operations whose maturity on the effective application date is 90 days or less.

## Notes to the Consolidated Financial Statements

### 7) Interbank Investments

#### a) Breakdown and terms

| | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| Investments in the open market: | | | | | | | |
| Own portfolio position | 16,986,410 | 7,333,756 | 3,050 | – | 24,323,216 | 19,446,068 | 8,855,237 |
| • Financial treasury bills | 2,226,633 | – | – | – | 2,226,633 | 3,609,090 | 1,372,407 |
| • National treasury notes | 13,670,973 | 5,216,125 | – | – | 18,887,098 | 11,858,081 | 2,208,740 |
| • National treasury bills | 1,088,804 | 2,117,631 | – | – | 3,206,435 | 3,948,556 | 5,202,387 |
| • Other | – | – | 3,050 | – | 3,050 | 30,341 | 71,703 |
| Funded status | 55,592,152 | – | – | – | 55,592,152 | 39,750,183 | 30,571,459 |
| • Financial treasury bills | 43,734,397 | – | – | – | 43,734,397 | 38,054,546 | 21,075,570 |
| • National treasury notes | 11,824,284 | – | – | – | 11,824,284 | 171,531 | 2,627,614 |
| • National treasury bills | 33,471 | – | – | – | 33,471 | 1,524,106 | 6,868,275 |
| Short position | 164,202 | 3,014,634 | – | – | 3,178,836 | 2,238,365 | 3,466,917 |
| • National treasury bills | 164,202 | 3,014,634 | – | – | 3,178,836 | 2,238,365 | 3,466,917 |
| Subtotal | 72,742,764 | 10,348,390 | 3,050 | – | 83,094,204 | 61,434,616 | 42,893,613 |
| Interest-earning deposits in other banks: | | | | | | | |
| – Interest-earning deposits in other banks | 4,875,823 | 3,726,271 | 823,123 | 823,033 | 10,248,250 | 12,759,752 | 5,786,566 |
| – Provisions for losses | – | (440) | – | – | (440) | (3,143) | (4,869) |
| Subtotal | 4,875,823 | 3,725,831 | 823,123 | 823,033 | 10,247,810 | 12,756,609 | 5,781,697 |
| Total on March 31, 2009 | 77,618,587 | 14,074,221 | 826,173 | 823,033 | 93,342,014 | | |
| % | 83,2 | 15,1 | 0,9 | 0,8 | 100,0 | | |
| Total on December 31, 2008 | 64,738,498 | 5,828,352 | 2,895,589 | 728,786 | | 74,191,225 | |
| % | 87,3 | 7,9 | 3,9 | 0,9 | | 100,0 | |
| Total on March 31, 2008 | 41,402,621 | 5,725,144 | 984,351 | 563,194 | | | 48,675,310 |
| % | 85,0 | 11,8 | 2,0 | 1,2 | | | 100,0 |

#### b) Income from interbank investments

Classified in the statement of income as income on securities transactions.

| | 2009 | 2008 | |
|---|---|---|---|
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Income from investments in purchase and sale commitments: | | | |
| Own portfolio position | 685,664 | 291,306 | 105,292 |
| Funded status | 1,471,813 | 1,363,792 | 826,511 |
| Short position | 149,809 | 299,071 | 47,822 |
| Unrestricted securities | – | – | 9,767 |
| Subtotal | 2,307,286 | 1,954,169 | 989,392 |
| Income from interest-earning deposits in other banks | 278,083 | 204,894 | 150,265 |
| Total (Note 8h) | 2,585,369 | 2,159,063 | 1,139,657 |

## 8) Securities and Derivative Financial Instruments

Find below the information related to securities and derivative financial instruments:

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

R$ thousand

| | 2009 | | | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial | Insurance/ certificated savings plans | Private pension plans | Other activities | March 31 | % | December 31 | % | March 31 | % |
| **Trading securities** | **45,720,520** | **2,123,965** | **27,972,487** | **256,767** | **76,073,739** | **68.0** | **80,383,883** | **69.8** | **59,581,463** | **63.3** |
| – Government securities | 29,659,160 | 687,257 | 198,825 | 186,402 | 30,731,644 | 27.5 | 34,649,213 | 30.1 | 18,168,731 | 19.3 |
| – Corporate bonds | 13,779,469 | 1,436,708 | 200,602 | 70,365 | 15,487,144 | 13.8 | 15,389,377 | 13.3 | 10,432,663 | 11.1 |
| – Derivative financial instruments (1) | 2,281,891 | – | – | – | 2,281,891 | 2.0 | 2,364,140 | 2.1 | 2,028,545 | 2.2 |
| – PGBL / VGBL restricted bonds | – | – | 27,573,060 | – | 27,573,060 | 24.7 | 27,981,153 | 24.3 | 28,951,524 | 30.7 |
| **Available-for-sale securities** | **7,912,435** | **1,660,850** | **2,247,671** | **559** | **11,821,515** | **10.6** | **10,796,270** | **9.4** | **20,443,667** | **21.7** |
| – Government securities | 2,820,776 | 132,105 | 308,468 | – | 3,261,349 | 2.9 | 2,964,736 | 2.6 | 14,386,818 | 15.3 |
| – Corporate bonds | 5,091,659 | 1,528,745 | 1,939,203 | 559 | 8,560,166 | 7.7 | 7,831,534 | 6.8 | 6,056,849 | 6.4 |
| **Held-to-maturity securities** | **1,137,642** | **6,335,984** | **16,480,176** | **–** | **23,953,802** | **21.4** | **24,020,907** | **20.8** | **14,146,171** | **15.0** |
| – Government securities | 1,137,642 | 6,335,984 | 15,830,933 | – | 23,304,559 | 20.8 | 23,325,817 | 20.2 | 13,669,411 | 14.5 |
| – Corporate bonds | – | – | 649,243 | – | 649,243 | 0.6 | 695,090 | 0.6 | 476,760 | 0.5 |
| **Subtotal** | **54,770,597** | **10,120,799** | **46,700,334** | **257,326** | **111,849,056** | **100.0** | **115,201,060** | **100.0** | **94,171,301** | **100.0** |
| Purchase and sale commitments (2) | 3,128,033 | 3,551,511 | 12,287,605 | – | 18,967,149 | | 16,396,613 | | 10,995,435 | |
| **Overall total** | **57,898,630** | **13,672,310** | **58,987,939** | **257,326** | **130,816,205** | | **131,597,673** | | **105,166,736** | |
| – Government securities | 33,617,578 | 7,155,346 | 16,338,226 | 186,402 | 57,297,552 | 51.2 | 60,939,766 | 52.9 | 46,224,960 | 49.1 |
| – Corporate bonds | 21,153,019 | 2,965,453 | 2,789,048 | 70,924 | 26,978,444 | 24.1 | 26,280,141 | 22.8 | 18,994,817 | 20.2 |
| – PGBL / VGBL restricted bonds | – | – | 27,573,060 | – | 27,573,060 | 24.7 | 27,981,153 | 24.3 | 28,951,524 | 30.7 |
| **Subtotal** | **54,770,597** | **10,120,799** | **46,700,334** | **257,326** | **111,849,056** | **100.0** | **115,201,060** | **100.0** | **94,171,301** | **100.0** |
| Purchase and sale commitments (2) | 3,128,033 | 3,551,511 | 12,287,605 | – | 18,967,149 | | 16,396,613 | | 10,995,435 | |
| **Overall total** | **57,898,630** | **13,672,310** | **58,987,939** | **257,326** | **130,816,205** | | **131,597,673** | | **105,166,736** | |

b) Consolidated portfolio breakdown by issuer

R$ thousand

| Securities (3) | 2009 | | | | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31 | | | | | | | December 31 | | March 31 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (5) (6) (7) | Restated cost value | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market |
| **Government securities** | **3,602,567** | **4,133,929** | **2,110,725** | **47,450,331** | **57,297,552** | **56,273,335** | **1,024,217** | **60,939,766** | **761,418** | **46,224,960** | **950,789** |
| Financial treasury bills | 2,378,341 | 3,083,100 | 477,108 | 4,540,920 | 10,479,469 | 10,486,303 | (6,834) | 7,968,695 | (8,919) | 4,906,843 | (89) |
| National treasury bills | 120,659 | 397,101 | 750,536 | 1,550,268 | 2,818,564 | 2,798,877 | 19,687 | 6,410,513 | 37,913 | 5,516,754 | (27,052) |
| National treasury notes | – | 628,063 | 883,078 | 37,729,984 | 39,241,125 | 38,656,902 | 584,223 | 41,138,951 | 275,193 | 29,757,610 | 605,928 |
| Brazilian foreign debt notes | – | 2,382 | 3 | 3,471,383 | 3,473,768 | 3,131,183 | 342,585 | 3,564,215 | 421,798 | 2,998,038 | 367,012 |
| Privatization currencies | – | – | – | 99,270 | 99,270 | 85,775 | 13,495 | 99,658 | 13,124 | 79,667 | 18,012 |
| Foreign government securities | 1,101,567 | 23,283 | – | 52,872 | 1,177,722 | 1,106,655 | 71,067 | 1,755,595 | 22,316 | 2,963,916 | (13,006) |
| Other | 2,000 | – | – | 5,634 | 7,634 | 7,640 | (6) | 2,139 | (7) | 2,132 | (16) |
| **Corporate bonds** | **6,338,375** | **5,890,984** | **1,680,260** | **13,068,825** | **26,978,444** | **27,906,958** | **(928,514)** | **26,280,141** | **(594,115)** | **18,994,817** | **1,254,141** |
| Bank deposit certificates | 95,951 | 379,467 | 736,126 | 675,158 | 1,886,702 | 1,886,702 | – | 2,032,302 | – | 2,402,772 | – |
| Shares | 3,155,107 | – | – | – | 3,155,107 | 4,313,570 | (1,158,463) | 3,363,189 | (856,683) | 4,023,134 | 958,872 |
| Debentures | 83,253 | 157,606 | 275,388 | 7,097,449 | 7,613,696 | 7,408,425 | 205,271 | 7,236,194 | 69,335 | 5,351,024 | 156,037 |
| Promissory notes | 420,501 | 4,997,197 | – | 116 | 5,417,814 | 5,417,814 | – | 4,915,118 | – | – | – |
| Foreign corporate bonds | 96,398 | 19,128 | 7,844 | 1,773,958 | 1,897,328 | 2,008,062 | (110,734) | 1,899,742 | (155,446) | 1,655,505 | 28,036 |
| Derivative financial instruments (1) | 1,157,102 | 274,700 | 590,799 | 259,290 | 2,281,891 | 2,141,129 | 140,762 | 2,364,140 | 401,921 | 2,028,545 | 79,003 |
| Other | 1,330,063 | 62,886 | 70,103 | 3,262,854 | 4,725,906 | 4,731,256 | (5,350) | 4,469,456 | (53,242) | 3,533,837 | 32,193 |
| **PGBL / VGBL restricted bonds** | **2,258,370** | **2,261,432** | **3,483,788** | **19,569,470** | **27,573,060** | **27,573,060** | **–** | **27,981,153** | **–** | **28,951,524** | **–** |
| **Subtotal** | **12,199,312** | **12,286,345** | **7,274,773** | **80,088,626** | **111,849,056** | **111,753,353** | **95,703** | **115,201,060** | **167,303** | **94,171,301** | **2,204,930** |
| Purchase and sale commitments (2) | 14,377,481 | 1,467,552 | – | 3,122,116 | 18,967,149 | 18,967,149 | – | 16,396,613 | – | 10,995,435 | – |
| Hedge – cash flow (Note 8g) | – | – | – | – | – | – | (225,784) | – | – | – | – |
| **Overall total** | **26,576,793** | **13,753,897** | **7,274,773** | **83,210,742** | **130,816,205** | **130,720,502** | **(130,081)** | **131,597,673** | **167,303** | **105,166,736** | **2,204,930** |

c) Consolidated classification by category, maturity and business segment

I) Trading securities

| Securities (3) | 2009 | | | | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31 | | | | | | | December 31 | | March 31 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (5) (6) (7) | Restated cost value | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market |
| **– Financial** | **5,292,203** | **8,507,036** | **3,316,681** | **28,604,600** | **45,720,520** | **44,717,636** | **1,002,884** | **49,565,780** | **1,253,771** | **25,737,251** | **93,250** |
| National treasury bills | 115,461 | 321,973 | 750,527 | 1,516,052 | 2,704,013 | 2,684,967 | 19,046 | 6,259,719 | 37,946 | 4,938,745 | (26,916) |
| Financial treasury bills | 2,352,435 | 2,958,174 | 199,653 | 3,259,371 | 8,769,633 | 8,777,254 | (7,621) | 6,503,743 | (9,113) | 2,887,565 | (1,160) |
| Bank deposit certificates | 13,865 | 127,210 | 670,503 | 613,836 | 1,425,414 | 1,425,414 | – | 1,394,751 | – | 1,438,826 | – |
| Derivative financial instruments (1) | 1,157,102 | 274,700 | 590,799 | 259,290 | 2,281,891 | 2,141,129 | 140,762 | 2,364,140 | 401,921 | 2,028,545 | 79,003 |
| Debentures | 7,047 | 149,163 | 215,637 | 5,090,931 | 5,462,778 | 5,261,422 | 201,356 | 5,063,443 | 72,528 | 3,698,046 | 153,994 |
| Promissory notes | 417,521 | 4,272,538 | – | 116 | 4,690,175 | 4,690,175 | – | 4,439,342 | – | – | – |
| Brazilian foreign debt notes | – | – | – | 41,438 | 41,438 | 38,121 | 3,317 | 43,072 | 2,280 | 37,376 | 3,173 |
| National treasury notes (4) | – | 365,580 | 881,377 | 15,713,917 | 16,960,874 | 16,376,647 | 584,227 | 18,833,362 | 277,396 | 4,730,050 | (101,318) |
| Foreign corporate securities | – | 14,427 | 7,844 | 70,158 | 92,429 | 98,233 | (5,804) | 105,220 | (5,593) | 753,981 | (566) |
| Foreign government securities | 1,101,567 | 23,271 | – | 52,872 | 1,177,710 | 1,106,643 | 71,067 | 1,755,583 | 22,316 | 2,963,916 | (13,006) |
| Shares (4) | 20,608 | – | – | – | 20,608 | 20,608 | – | 471,897 | 454,090 | 88,011 | 46 |
| Other | 106,597 | – | 341 | 1,986,619 | 2,093,557 | 2,097,023 | (3,466) | 2,331,508 | – | 2,172,190 | – |
| **– Insurance companies and certificated savings plans** | **974,195** | **381,277** | **185,157** | **583,336** | **2,123,965** | **2,123,965** | **–** | **2,153,932** | **–** | **4,019,075** | **–** |
| Financial treasury bills | 2 | 3,029 | 159,545 | 497,372 | 659,948 | 659,948 | – | 695,307 | – | 1,213,161 | – |
| National treasury bills | – | – | – | 19,441 | 19,441 | 19,441 | – | 47,333 | – | 517,593 | – |
| Bank deposit certificates | – | 247,672 | 23,911 | 11,436 | 283,019 | 283,019 | – | 360,068 | – | 715,261 | – |
| National treasury notes | – | – | 1,701 | 6,167 | 7,868 | 7,868 | – | 111,024 | – | 359,120 | – |
| Shares | 46,109 | – | – | – | 46,109 | 46,109 | – | 27,117 | – | 155,447 | – |
| Debentures | 75,386 | – | – | 18,334 | 93,720 | 93,720 | – | 32,501 | – | 186,257 | – |
| Promissory notes | 2,980 | 130,576 | – | – | 133,556 | 133,556 | – | 62 | – | – | – |
| Other | 849,718 | – | – | 30,586 | 880,304 | 880,304 | – | 880,520 | – | 872,236 | – |

R$ thousand

| Securities (3) | 2009 | | | | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31 | | | | | | | December 31 | | March 31 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (5) (6) (7) | Restated cost value | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market |
| **– Private pension plans** | **2,448,779** | **2,261,446** | **3,489,334** | **19,772,928** | **27,972,487** | **27,972,487** | **–** | **28,409,104** | **–** | **29,546,360** | **–** |
| Financial treasury bills | – | 14 | 999 | 194,824 | 195,837 | 195,837 | – | 197,673 | – | 324,824 | – |
| National treasury notes | – | – | – | 2,988 | 2,988 | 2,988 | – | 2,731 | – | 4,225 | – |
| Bank deposit certificates | – | – | 4,547 | 866 | 5,413 | 5,413 | – | 5,169 | – | 5,072 | – |
| National treasury bills | – | – | – | – | – | – | – | 6,998 | – | 30,575 | – |
| Shares | 1,848 | – | – | – | 1,848 | 1,848 | – | 1,571 | – | 79,425 | – |
| Debentures | 71 | – | – | 2,801 | 2,872 | 2,872 | – | 3,021 | – | 917 | – |
| PGBL/VGBL restricted bonds | 2,258,370 | 2,261,432 | 3,483,788 | 19,569,470 | 27,573,060 | 27,573,060 | – | 27,981,153 | – | 28,951,524 | – |
| Other | 188,490 | – | – | 1,979 | 190,469 | 190,469 | – | 210,788 | – | 149,798 | – |
| **– Other activities** | **32,872** | **11,836** | **21,464** | **190,595** | **256,767** | **256,501** | **266** | **255,067** | **–** | **278,777** | **–** |
| Financial treasury bills | 25,904 | – | 4,335 | 134,493 | 164,732 | 164,732 | – | 164,510 | – | 146,184 | – |
| Bank deposit certificates | 40 | 4,585 | 17,129 | 9,212 | 30,966 | 30,966 | – | 27,546 | – | 26,774 | – |
| National treasury bills | 5,198 | 898 | – | 14,775 | 20,871 | 20,605 | 266 | 17,815 | – | 14,822 | – |
| Debentures | 749 | 6,353 | – | 31,316 | 38,418 | 38,418 | – | 33,841 | – | 90,369 | – |
| National treasury notes | – | – | – | 799 | 799 | 799 | – | 10,343 | – | 573 | – |
| Other | 981 | – | – | – | 981 | 981 | – | 1,012 | – | 55 | – |
| **Subtotal** | **8,748,049** | **11,161,595** | **7,012,636** | **49,151,459** | **76,073,739** | **75,070,589** | **1,003,150** | **80,383,883** | **1,253,771** | **59,581,463** | **93,250** |
| **Purchase and sale commitments (2)** | **14,377,481** | **1,467,552** | **–** | **3,122,116** | **18,967,149** | **18,967,149** | **–** | **16,396,613** | **–** | **10,995,435** | **–** |
| – Financial | 7,943 | – | – | 3,120,090 | 3,128,033 | 3,128,033 | – | 2,723,656 | – | 2,746,231 | – |
| – Insurance companies and certificated savings plans | 3,163,346 | 388,165 | – | – | 3,551,511 | 3,551,511 | – | 3,187,069 | – | 2,420,880 | – |
| **– Private pension plans** | **11,206,192** | **1,079,387** | **–** | **2,026** | **12,287,605** | **12,287,605** | **–** | **10,485,888** | **–** | **5,828,324** | **–** |
| – PGBL/VGBL | 10,545,503 | 1,078,791 | – | 2,026 | 11,626,320 | 11,626,320 | – | 10,068,576 | – | 5,679,586 | – |
| – Funds | 660,689 | 596 | – | – | 661,285 | 661,285 | – | 417,312 | – | 148,738 | – |
| **Overall total** | **23,125,530** | **12,629,147** | **7,012,636** | **52,273,575** | **95,040,888** | **94,037,738** | **1,003,150** | **96,780,496** | **1,253,771** | **70,576,898** | **93,250** |
| **Derivative financial instruments (liabilities)** | **(1,802,868)** | **(201,329)** | **(71,741)** | **(217,949)** | **(2,293,887)** | **(2,233,149)** | **(60,738)** | **(2,041,926)** | **(184,759)** | **(1,623,968)** | **13,331** |

## II) Available-for-sale securities

R$ thousand

| Securities (3) | 2009 | | | | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31 | | | | | | | December 31 | | March 31 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Market/ book value (5) (6) (7) | Restated cost value | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market | Market/ book value (5) (6) (7) | Mark-to-market |
| **– Financial** | **746,654** | **154,831** | **178,538** | **6,832,412** | **7,912,435** | **8,004,805** | **(92,370)** | **6,919,083** | **(30,466)** | **7,528,989** | **833,181** |
| National treasury bills | – | 74,230 | 9 | – | 74,239 | 73,864 | 375 | 78,648 | (33) | 15,019 | (136) |
| Brazilian foreign debt securities | – | 2,382 | 3 | 2,305,139 | 2,307,524 | 1,968,256 | 339,268 | 2,373,461 | 419,518 | 2,114,955 | 363,839 |
| Foreign corporate securities | 96,398 | 4,701 | – | 1,703,800 | 1,804,899 | 1,909,829 | (104,930) | 1,794,522 | (149,853) | 901,524 | 28,602 |
| National treasury notes (4) | – | – | – | 101,679 | 101,679 | 101,683 | (4) | 15,950 | (2,203) | 2,036,803 | (45,962) |
| Financial treasury bills | – | 10,620 | 28,977 | 196,313 | 235,910 | 235,933 | (23) | 130,565 | 29 | 90,762 | 679 |
| Bank deposit certificates | 81,572 | – | 20,036 | 39,808 | 141,416 | 141,416 | – | 244,368 | – | 211,469 | – |
| Debentures | – | – | 59,751 | 1,182,827 | 1,242,578 | 1,244,706 | (2,128) | 820,975 | (3,170) | 776,899 | (4,749) |
| Shares (4) | 434,661 | – | – | – | 434,661 | 758,312 | (323,651) | 441,038 | (247,000) | 1,014,199 | 462,227 |
| Privatization currencies | – | – | – | 99,270 | 99,270 | 85,775 | 13,495 | 99,658 | 13,124 | 79,667 | 18,012 |
| Foreign governments bonds | – | 12 | – | – | 12 | 12 | – | 12 | – | – | – |
| Other | 134,023 | 62,886 | 69,762 | 1,203,576 | 1,470,247 | 1,485,019 | (14,772) | 919,886 | (60,878) | 287,692 | 10,669 |
| **– Insurance companies and certificated savings plans** | **1,240,856** | **197,131** | **25,601** | **197,262** | **1,660,850** | **2,071,109** | **(410,259)** | **1,962,469** | **(527,942)** | **1,348,209** | **175,788** |
| Financial treasury bills | – | 33,329 | 25,601 | 73,175 | 132,105 | 131,817 | 288 | 81,367 | 28 | 74,423 | 60 |
| Shares | 1,188,602 | – | – | – | 1,188,602 | 1,618,074 | (429,472) | 1,082,630 | (535,576) | 1,100,247 | 147,428 |
| Debentures | – | – | – | 124,087 | 124,087 | 118,044 | 6,043 | 587,323 | (23) | 121,776 | 6,792 |
| Promissory notes | – | 163,802 | – | – | 163,802 | 163,802 | – | 158,571 | – | – | – |
| Bank deposit certificates | – | – | – | – | – | – | – | – | – | 4,863 | – |
| National treasury notes | – | – | – | – | – | – | – | – | – | 231 | – |
| Other | 52,254 | – | – | – | 52,254 | 39,372 | 12,882 | 52,578 | 7,629 | 46,669 | 21,508 |
| **– Private pension plans** | **1,463,194** | **508,215** | **57,998** | **218,264** | **2,247,671** | **2,652,556** | **(404,885)** | **1,914,241** | **(528,119)** | **11,558,236** | **1,102,536** |
| Shares | 1,463,194 | – | – | – | 1,463,194 | 1,868,601 | (405,407) | 1,338,859 | (528,256) | 1,585,612 | 348,996 |
| Financial treasury bills | – | 77,934 | 57,998 | 172,536 | 308,468 | 307,946 | 522 | 182,936 | 137 | 155,650 | 332 |
| National treasury notes | – | – | – | – | – | – | – | – | – | 9,816,974 | 753,208 |
| Promissory notes | – | 430,281 | – | – | 430,281 | 430,281 | – | 317,143 | – | – | – |
| Other | – | – | – | 45,728 | 45,728 | 45,728 | – | 75,303 | – | – | – |
| **– Other activities** | **559** | **–** | **–** | **–** | **559** | **492** | **67** | **477** | **59** | **8,233** | **175** |
| Bank deposit certificates | 474 | – | – | – | 474 | 474 | – | 400 | – | 507 | – |
| Shares | 85 | – | – | – | 85 | 18 | 67 | 77 | 59 | 193 | 175 |
| Financial treasury bills | – | – | – | – | – | – | – | – | – | 204 | – |
| Other | – | – | – | – | – | – | – | – | – | 7,329 | – |
| **Subtotal** | **3,451,263** | **860,177** | **262,137** | **7,247,938** | **11,821,515** | **12,728,962** | **(907,447)** | **10,796,270** | **(1,086,468)** | **20,443,667** | **2,111,680** |
| Hedge – cash flow (Note 8g) | – | – | – | – | – | – | (225,784) | | | | |
| **Overall total** | **3,451,263** | **860,177** | **262,137** | **7,247,938** | **11,821,515** | **12,728,962** | **(1,133,231)** | **10,796,270** | **(1,086,468)** | **20,443,667** | **2,111,680** |

III) Held-to-maturity securities

| Securities | R$ thousand | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2009 | | | | | 2008 | |
| | December 31 | | | | | December 31 | March 31 |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Restated cost value (5) | Restated cost value (5) | Restated cost value (5) |
| **Financial** | – | – | – | **1,137,642** | **1,137,642** | **1,160,149** | **859,665** |
| Brazilian foreign debt notes | – | – | – | 1,124,806 | 1,124,806 | 1,147,682 | 845,707 |
| Financial treasury bills | – | – | – | 12,836 | 12,836 | 12,467 | 13,958 |
| **Insurance companies and certificated savings plans** | – | **262,483** | – | **6,073,501** | **6,335,984** | **6,313,953** | **6,264,478** |
| Debentures | – | – | – | – | – | 84,320 | – |
| National treasury notes | – | 262,483 | – | 6,073,501 | 6,335,984 | 6,229,633 | 6,264,478 |
| **Private pension plans** | – | **2,090** | – | **16,478,086** | **16,480,176** | **16,546,805** | **7,022,028** |
| Debentures | – | 2,090 | – | 647,153 | 649,243 | 610,770 | 476,760 |
| National treasury notes | – | – | – | 15,830,933 | 15,830,933 | 15,935,908 | 6,545,156 |
| Financial treasury bills | – | – | – | – | – | 127 | 112 |
| **Overall total (4)** | – | **264,573** | – | **23,689,229** | **23,953,802** | **24,020,907** | **14,146,171** |

d) Breakdown of the portfolios by publication items

| Securities | R$ thousand | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2009 | | | | | 2008 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Total on March 31 (3) (5) (6) (7) | Total on December 31 (3) (5) (6) (7) | Total on March 31 (3) (5) (6) (7) |
| **Own portfolio** | **25,394,906** | **10,683,960** | **5,317,643** | **65,525,398** | **106,921,907** | **104,052,123** | **90,636,515** |
| **Fixed income securities** | **22,239,799** | **10,683,960** | **5,317,643** | **65,525,398** | **103,766,800** | **100,688,934** | **86,613,381** |
| • Financial treasury bills | 2,378,341 | 1,009,550 | 398,169 | 2,249,581 | **6,035,641** | **5,834,518** | **3,653,889** |
| • Purchase and sale commitments (2) | 14,377,481 | 1,467,552 | – | 3,122,116 | **18,967,149** | **16,396,613** | **10,995,435** |
| • National treasury notes | – | 296,994 | 183,886 | 23,350,447 | **23,831,327** | **23,555,145** | **23,986,287** |
| • Brazilian foreign debt securities | – | 2,382 | 3 | 3,471,383 | **3,473,768** | **2,184,648** | **2,265,594** |
| • Bank deposit certificates | 95,951 | 379,467 | 736,126 | 675,158 | **1,886,702** | **2,032,302** | **2,402,772** |
| • National treasury bills | 95,874 | 6,483 | 162,336 | 894,360 | **1,159,053** | **2,457,439** | **1,637,628** |
| • Foreign corporate securities | 96,398 | 19,128 | 7,844 | 1,773,958 | **1,897,328** | **1,869,597** | **1,655,505** |
| • Debentures | 83,253 | 157,606 | 275,388 | 7,097,449 | **7,613,696** | **7,235,211** | **4,585,629** |
| • Promissory notes | 420,501 | 4,997,197 | – | 116 | **5,417,814** | **4,915,118** | – |
| • Foreign government securities | 1,101,567 | 23,283 | – | 52,872 | **1,177,722** | **1,755,595** | **2,963,916** |
| • PGBL/VGBL restricted bonds | 2,258,370 | 2,261,432 | 3,483,788 | 19,569,470 | **27,573,060** | **27,981,153** | **28,951,524** |
| • Other | 1,332,063 | 62,886 | 70,103 | 3,268,488 | **4,733,540** | **4,471,595** | **3,515,202** |

R$ thousand

| Securities | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 30 days | From 31 to180 days | From 181 to 360 days | More than 360 days | Total on March 31 (3) (5) (6) (7) | Total on December 31 (3) (5) (6) (7) | Total on March 31 (3) (5) (6) (7) |
| **Equity securities** | **3,155,107** | **–** | **–** | **–** | **3,155,107** | **3,363,189** | **4,023,134** |
| • Shares of listed companies (technical provision) | 1,257,799 | – | – | – | **1,257,799** | **1,282,595** | **905,306** |
| • Shares of listed companies (other) (4) | 1,897,308 | – | – | – | **1,897,308** | **2,080,594** | **3,117,828** |
| **Subject to commitments** | **24,785** | **2,795,237** | **1,331,553** | **17,417,305** | **21,568,880** | **25,139,356** | **12,150,741** |
| **Repurchase agreement** | **–** | **42,915** | **11,874** | **906,353** | **961,142** | **4,265,370** | **2,291,803** |
| • National treasury bills | – | 42,915 | 9,381 | 45,974 | **98,270** | **248,442** | **327,980** |
| • Brazilian foreign debt securities | – | – | – | – | **–** | **671,665** | **732,444** |
| • Financial treasury bills | – | – | 2,493 | 860,379 | **862,872** | **1,147,476** | **240,724** |
| • National treasury notes | – | – | – | – | **–** | **2,166,659** | **225,260** |
| • Foreign corporate securities | – | – | – | – | **–** | **30,145** | **–** |
| • Debentures | – | – | – | – | **–** | **983** | **765,395** |
| **Brazilian Central Bank** | **22,529** | **2,357,659** | **581,199** | **11,452,084** | **14,413,471** | **13,183,184** | **5,464,743** |
| • National treasury bills | 22,529 | 5,848 | 31,263 | 450,456 | **510,096** | **2,767,761** | **1,378,321** |
| • National treasury notes | – | 331,069 | 549,936 | 10,547,075 | **11,428,080** | **10,415,423** | **3,631,061** |
| • Financial treasury bills | – | 2,020,742 | – | 454,553 | **2,475,295** | **–** | **455,361** |
| **Privatization currencies** | **–** | **–** | **–** | **99,270** | **99,270** | **99,658** | **100,434** |
| **Collateral provided** | **2,256** | **394,663** | **738,480** | **4,959,598** | **6,094,997** | **7,591,144** | **4,293,761** |
| • National treasury bills | 2,256 | 341,855 | 524,365 | 159,478 | **1,027,954** | **914,576** | **1,841,056** |
| • Financial treasury bills | – | 52,808 | 64,859 | 967,658 | **1,085,325** | **966,942** | **537,703** |
| • National treasury notes | – | – | 149,256 | 3,832,462 | **3,981,718** | **5,001,724** | **1,915,002** |
| • Brazilian foreign debt securities | – | – | – | – | **–** | **707,902** | **–** |
| **Derivative financial instruments (1)** | **1,157,102** | **274,700** | **590,799** | **259,290** | **2,281,891** | **2,364,140** | **2,028,545** |
| **Securities purpose of unrestricted purchase and sale commitments** | **–** | **–** | **34,778** | **8,749** | **43,527** | **42,054** | **350,935** |
| • National treasury bills | – | – | 23,191 | – | **23,191** | **22,295** | **331,769** |
| • Financial treasury bills | – | – | 11,587 | 8,749 | **20,336** | **19,759** | **19,166** |
| **Overall total** | **26,576,793** | **13,753,897** | **7,274,773** | **83,210,742** | **130,816,205** | **131,597,673** | **105,166,736** |
| % | **20.3** | **10.5** | **5.6** | **63.6** | **100.0** | **100.0** | **100.0** |

(1) For comparison purposes with the criterion adopted by Bacen Circular Letter 3,068 and due to securities characteristics, we are considering the derivative financial instruments, except the ones considered cash flow hedge under the category "Trading Securities";

(2) These refer to investment funds and managed portfolios applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries, except the ones considered cash flow hedge included in the consolidated financial statements;

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

(4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the held-to-maturity securities' category. This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations on the reference date of March 31, 2009. On June 30, 2008, R$9,248,661 thousand were transferred from "Available-for-Sale Securities" to "Held-to-Maturity Securities", related to securities held by Bradesco Vida e Previdência, pursuant to Susep/Decon/Geaco Circular Letter 130/08; On December 31, 2008, R$454,090 thousand of shares issued by Visa Inc. and R$9,836,218 thousand were transferred from NTN "Available-for-Sale Securities" to "Trading Securities"; and respective amounts of R$454,090 thousand and R$211,085 thousand were also transferred, due to the management's intention as to their trading;

(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 value in the amount of R$2,168,206 thousand (December 31, 2008 – R$1,550,399 thousand and March 31, 2008 – R$1,428,075 thousand); and

(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 respective quotas.

## Notes to the Consolidated Financial Statements

### e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in equity or memorandum accounts, to meet its own needs to manage Bradesco's global exposure, as well as to answer 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 risks deriving from operations carried out by Bradesco and its subsidiaries.

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

To derivative financial instruments, market price quotations are used to determine the fair value of these 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. 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 (OCT Clearing House) and BM&FBovespa. Operations involving forward contracts of indexes and currencies are carried out to manage hedge institution's global exposures and operations to meet our clients' 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 at over-the-counter markets.

## Notes to the Consolidated Financial Statements

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

R$ thousand

| | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|
| | 31 de March | | 31 de December | | 31 de March | |
| | Overall amount | Net amount | Overall amount | Net amount | Overall amount | Net amount |
| Future contracts | | | | | | |
| **Purchase commitments:** | **32,266,160** | | **43,251,570** | | **11,947,191** | |
| – Interbank market | 26,155,682 | – | 39,325,772 | 22,614,663 | 10,554,544 | – |
| – Foreign currency | 6,062,560 | – | 3,900,193 | – | 1,392,647 | – |
| – Other | 47,918 | 47,918 | 25,605 | 25,605 | – | – |
| **Sale commitments:** | **90,394,421** | | **34,483,872** | | **75,978,344** | |
| – Interbank market (1) | 74,641,681 | 48,485,999 | 16,711,109 | – | 60,897,339 | 50,342,795 |
| – Foreign currency (2) | 15,752,740 | 9,690,180 | 17,772,763 | 13,872,570 | 15,014,319 | 13,621,672 |
| – Other | – | – | – | – | 66,686 | 66,686 |
| Option contracts | | | | | | |
| **Purchase commitments:** | **1,617,273** | | **12,892,510** | | **11,075,380** | |
| – Interbank market | 293,100 | – | 7,165,403 | 7,165,403 | 9,858,900 | 21,900 |
| – Foreign currency | 372,519 | – | 3,435,644 | 2,033,044 | 466,166 | – |
| – Other | 951,654 | – | 2,291,463 | 1,313,475 | 750,314 | – |
| **Sale commitments:** | **4,487,471** | | **2,380,588** | | **12,230,778** | |
| – Interbank market | 1,819,400 | 1,526,300 | – | – | 9,837,000 | – |
| – Foreign currency | 601,380 | 228,861 | 1,402,600 | – | 1,104,185 | 638,019 |
| – Other | 2,066,691 | 1,115,037 | 977,988 | – | 1,289,593 | 539,279 |
| Forward contracts | | | | | | |
| **Purchase commitments:** | **6,492,418** | | **7,449,901** | | **3,365,860** | |
| – Foreign currency | 6,382,339 | 332,081 | 7,449,901 | 2,651,278 | 3,230,616 | 1,966,178 |
| – Other | 110,079 | – | – | – | 135,244 | – |
| **Sale commitments:** | **6,862,403** | | **4,798,623** | | **1,714,915** | |
| – Foreign currency | 6,050,258 | – | 4,798,623 | – | 1,264,438 | – |
| – Other | 812,145 | 702,066 | – | – | 450,477 | 315,233 |
| Swap contracts | | | | | | |
| **Asset position:** | **16,923,902** | | **21,324,069** | | **35,632,449** | |
| – Interbank market | 5,568,991 | – | 5,761,712 | – | 10,082,092 | 3,177,533 |
| – Prefixed | 700,475 | 406,026 | 939,787 | 431,618 | 685,780 | – |
| – Foreign currency (3) | 8,446,810 | – | 12,933,946 | – | 22,358,746 | – |
| – Reference Interest Rate (TR) | 1,647,377 | 1,457,695 | 740,917 | 537,669 | 924,893 | 857,299 |
| – Special Clearance and Custody System (Selic) | 269,605 | 162,737 | 338,774 | 229,609 | 281,009 | 277,543 |
| – General Price Index-Market (IGP-M) | 123,126 | – | 247,383 | – | 575,720 | – |
| – Other (3) | 167,518 | – | 361,550 | – | 724,209 | – |
| **Liability position:** | **16,915,568** | | **21,148,166** | | **35,136,302** | |
| – Interbank market | 5,745,265 | 176,274 | 5,844,816 | 83,104 | 6,904,559 | – |
| – Prefixed | 294,449 | – | 508,169 | – | 2,008,795 | 1,323,015 |
| – Foreign currency (3) | 9,491,694 | 1,044,884 | 13,273,100 | 339,154 | 23,330,139 | 971,393 |
| – TR | 189,682 | – | 203,248 | – | 67,594 | – |
| – Selic | 106,868 | – | 109,165 | – | 3,466 | – |
| – IGP-M | 570,486 | 447,360 | 695,213 | 447,830 | 1,814,878 | 1,239,158 |
| – Other (3) | 517,124 | 349,606 | 514,455 | 152,905 | 1,006,871 | 282,662 |

(1) On March 31, 2009, it includes R$20,475,182 thousand related to cash flow hedge to protect CDI-related funding (Note 8g);

(2) On March 31, 2009, it includes specific hedge to protect investments abroad that totaled R$9,323,886 thousand (R$9,094,833 thousand on December 31, 2008 and R$8,940,925 thousand on March 31, 2008) (Note 13a); and

(3) It includes loan derivative operations (Note 8f).

Operations due in D+1 are included in derivative.

## Notes to the Consolidated Financial Statements

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

R$ thousand

| | 2009 | | | 2008 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | March 31 | | | December 31 | | | March 31 | | |
| | Restated cost | Adjustment to market value | Market value | Restated cost | Adjustment to market value | Market value | Restated cost | Adjustment to market value | Market value |
| Adjustment receivables – swap | 728,063 | 119,657 | 847,720 | 1,138,346 | 176,812 | 1,315,158 | 1,119,134 | 70,082 | 1,189,216 |
| Receivable forward purchases | 420,742 | (16) | 420,726 | 569,229 | – | 569,229 | 201,165 | (69) | 201,096 |
| Receivable forward sales | 899,889 | (551) | 899,338 | 31,684 | – | 31,684 | 450,497 | (231) | 450,266 |
| Premiums on exercisable options | 92,435 | 21,672 | 114,107 | 222,960 | 225,109 | 448,069 | 178,746 | 9,221 | 187,967 |
| **Total assets** | **2,141,129** | **140,762** | **2,281,891** | **1,962,219** | **401,921** | **2,364,140** | **1,949,542** | **79,003** | **2,028,545** |
| Adjustment payables – swap | (816,596) | (22,790) | (839,386) | (1,158,107) | 18,852 | (1,139,255) | (714,229) | 21,160 | (693,069) |
| Payable forward purchases | (129,311) | 17 | (129,294) | (17,529) | – | (17,529) | (234,631) | 69 | (234,562) |
| Payable forward sales | (886,966) | 809 | (886,157) | (204,208) | – | (204,208) | (508,437) | 231 | (508,206) |
| Premiums on written options | (400,276) | (38,774) | (439,050) | (477,323) | (203,611) | (680,934) | (180,002) | (8,129) | (188,131) |
| **Total liabilities** | **(2,233,149)** | **(60,738)** | **(2,293,887)** | **(1,857,167)** | **(184,759)** | **(2,041,926)** | **(1,637,299)** | **13,331** | **(1,623,968)** |

III) Future, option, forward and swap contracts

R$ thousand

| | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total on March 31 | Total on December 31 | Total on March 31 |
| Future contracts | 59,702,946 | 13,994,464 | 37,005,144 | 11,958,027 | **122,660,581** | **77,735,442** | **87,925,535** |
| Option contracts | 1,892,491 | 1,281,887 | 1,447,988 | 1,482,378 | **6,104,744** | **15,273,098** | **23,306,158** |
| Forward contracts | 10,776,483 | 1,034,673 | 1,193,256 | 350,409 | **13,354,821** | **12,248,524** | **5,080,775** |
| Swap contracts | 3,586,431 | 1,772,109 | 2,668,696 | 8,048,946 | **16,076,182** | **20,008,911** | **34,443,233** |
| **Total on March 31, 2009** | **75,958,351** | **18,083,133** | **42,315,084** | **21,839,760** | **158,196,328** | | |
| **Total on December 31, 2008** | **65,188,440** | **12,551,254** | **12,458,741** | **35,067,540** | | **125,265,975** | |
| **Total on March, 31 2008** | **38,769,377** | **43,356,235** | **26,502,431** | **42,127,658** | | | **150,755,701** |

IV) Types of margin granted as collateral for derivative financial instruments, mainly comprising futures contracts

R$ thousand

| | 2009 | 2008 | |
|---|---|---|---|
| | March 31 | December 31 | March 31 |
| **Government securities** | | | |
| National treasury notes | 3,034,477 | 3,539,081 | 1,446,949 |
| Financial treasury bills | 24,021 | 23,326 | – |
| National treasury bills | 52,356 | 11,580 | 620,545 |
| Total | **3,110,854** | **3,573,987** | **2,067,494** |

## Notes to the Consolidated Financial Statements

V) Net revenues and expenses amounts

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Swap contracts | 328,569 | 455,456 | 79,311 |
| Forward contracts | (781) | (2,756) | (1,880) |
| Option contracts | 185,335 | 221,843 | 85,897 |
| Futures contracts | 145,731 | (4,606,549) | 488,471 |
| Foreign exchange variation of investments abroad | (121,456) | 2,342,190 | (77,521) |
| **Total** | **537,398** | **(1,589,816)** | **574,278** |

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

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| OTC Clearing House (Cetip) (over-the-counter) | 5,134,675 | 5,032,857 | 29,770,831 |
| BM&FBovespa (stock exchange) | 139,962,783 | 102,832,089 | 116,318,863 |
| Foreign over-the-counter (1) | 10,113,677 | 14,103,568 | 650,053 |
| Foreign (stock exchange) (1) | 2,985,193 | 3,297,461 | 4,015,954 |
| **Total** | **158,196,328** | **125,265,975** | **150,755,701** |

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

On March 31, 2009, counter-parties are distributed among corporate clients with 86%, financial institutions with 12% and individuals/others with 2%. Specifically regarding exchange financial instruments, we point out that Bradesco did not carry out exotic options, so called target forward swap, or any other leveraged derivatives, as well as amounts payable or receivable, outstanding on March 31, 2009, do not show concentration regarding individual counter-parties.

f) Credit Default Swaps (CDS)

They usually 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 stream of payments that is usually paid in a linear manner during the operation effectiveness.

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

## Notes to the Consolidated Financial Statements

R$ thousand

| | Credit risk amount | | | Effect on the calculation of the required Shareholder's Equity | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | | 2009 | 2008 | |
| | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 |
| **Transferred** | | | | | | |
| Credit swaps whose underlying assets are: | | | | | | |
| • Securities – Brazilian public debt bond | (773,370) | (780,653) | (881,546) | – | – | – |
| • Securities – Foreign public debt bond | – | – | (1,749,100) | – | – | (192,401) |
| • Derivatives with companies | (4,630) | (4,674) | – | (255) | (257) | – |
| **Received** | | | | | | |
| Credit swaps whose underlying assets are: | | | | | | |
| • Securities – Brazilian public debt bond | 11,554,006 | 12,831,299 | 11,612,275 | – | – | – |
| • Derivatives with companies | 168,978 | 219,306 | 367,500 | 18,558 | 24,124 | 40,425 |
| **Total** | **10,944,984** | **12,265,278** | **9,349,129** | **18,303** | **23,867** | **(151,976)** |
| Deposited margin | 1,316,760 | 1,733,378 | 1,069,571 | | | |

Bradesco carries out operations involving credit derivatives with the purpose of maximizing its risk exposure and asset management. Contracts related to the credit derivatives operations described above have several maturities until 2017, 93.2% of which mature by 2010. The mark-to-market of protection rates that remunerates the risk receiving counterparty amounts to R$(261,164) thousand (December 31, 2008 – R$(393,264) thousand and on March 31, 2008 – R$(97,476) thousand). During the period there was no occurrence of a credit event related to triggering events provided for in the contracts.

### g) Cash flow hedge

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

Bradesco traded DI Future contracts in 2009, used as cash flow hedge for funding linked to DI CETIP. The flowing table presents the DI Future position as of March 31, 2009:

| | R$ thousand |
|---|---|
| DI Future with maturity between the years of 2010 and 2012 | 20,475,182 |
| Funding referring to CDI | 20,279,968 |
| Market adjustment recorded in Shareholders' Equity (1) | (225,784) |
| Non-effective market value recorded in result | 1,732 |

(1) The adjustment in the shareholders' equity is R$135,470 thousand net from tax effects.

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

## Notes to the Consolidated Financial Statements

h) Income from securities, income on insurance, private pension plans and certificated savings plans and derivative financial instruments

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Fixed income securities | 2,246,205 | 3,544,433 | 693,638 |
| Interbank investments (Note 7b) | 2,585,369 | 2,159,063 | 1,139,657 |
| Equity securities | (48,182) | 141,759 | (12,958) |
| **Subtotal** | **4,783,392** | **5,845,255** | **1,820,337** |
| Income on insurance, private pension plans and certificated savings plans | 1,986,067 | 1,467,509 | 1,676,345 |
| Income from derivative financial instruments (Note 8e V) | 537,398 | (1,589,816) | 574,278 |
| **Total** | **7,306,857** | **5,722,948** | **4,070,960** |

9) Interbank Accounts – Restricted Deposits

a) Restricted Credit

| | | R$ thousand | | |
|---|---|---|---|---|
| | Remuneration | 2009 | 2008 | |
| | | March 31 | December 31 | March 31 |
| Reserve requirements – demand deposits (1) | not remunerated | 7,059,990 | 5,661,716 | 8,511,507 |
| Reserve requirements – savings account deposits | savings index | 7,671,891 | 7,538,961 | 6,626,184 |
| **Additional reserve requirements (2)** | Selic rate | – | – | **8,078,743** |
| • Time deposit | – | – | – | 2,742,084 |
| • Savings deposits | – | – | – | 3,275,092 |
| • Demand deposit | – | – | – | 2,061,567 |
| Restricted deposits – National Housing System (SFH) | TR + interest rate | 469,388 | 466,689 | 456,865 |
| Funds from rural loan | not remunerated | 578 | 578 | 578 |
| **Total** | | **15,201,847** | **13,667,944** | **23,673,877** |

(1) Decrease in the rate, from 45% in March 2008 to 42% as of October 2008; and

(2) On March 31, 2009, additional compulsory deposits were classified as follows: R$6,742,538 thousand (on December 31, 2008 – R$6,441,025 thousand) in securities, R$2,459,837 thousand (on December 31, 2008 - R$2,078,671 thousand) in interbank investments, totaling R$9,202,375 thousand (on December 31, 2008 - R$8,519,696 thousand).

b) Compulsory Deposits

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Restricted deposits - Bacen (reserves requirement) | 140,167 | 337,091 | 322,476 |
| Restricted deposits – SFH | 7,102 | 8,440 | 6,363 |
| **Total** | **147,269** | **345,531** | **328,839** |

## 10) Loan Operations

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

### a) By type and maturity

R$ thousand

| | Performing loans | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2009 | | 2008 | | | |
| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total on March 31 (A) | % (6) | Total on December 31 (A) | % (6) | Total on March 31 (A) | % (6) |
| Discounted trade receivables | 13,840,809 | 8,388,973 | 6,325,555 | 7,687,390 | 9,314,734 | 23,972,345 | **69,529,806** | **36.4** | **70,785,589** | **36.4** | **57,746,185** | **37.7** |
| Financing | 2,671,879 | 2,526,312 | 2,168,346 | 5,602,731 | 8,565,677 | 24,367,375 | **45,902,320** | **24.1** | **47,170,357** | **24.3** | **42,669,542** | **27.9** |
| Agricultural and agribusiness financing | 856,012 | 490,873 | 686,868 | 1,834,933 | 1,958,956 | 4,222,825 | **10,050,467** | **5.3** | **9,987,012** | **5.1** | **9,169,289** | **6.0** |
| **Subtotal** | **17,368,700** | **11,406,158** | **9,180,769** | **15,125,054** | **19,839,367** | **52,562,545** | **125,482,593** | **65.8** | **127,942,958** | **65.8** | **109,585,016** | **71.6** |
| Leasing operations | 779,545 | 597,586 | 574,984 | 1,714,873 | 3,312,452 | 12,395,290 | **19,374,730** | **10.2** | **19,015,876** | **9.8** | **10,598,824** | **6.9** |
| Advances on foreign exchange contracts (1) | 1,989,456 | 1,238,746 | 729,459 | 1,671,700 | 4,531,035 | – | **10,160,396** | **5.3** | **9,807,478** | **5.1** | **7,304,901** | **4.8** |
| **Subtotal** | **20,137,701** | **13,242,490** | **10,485,212** | **18,511,627** | **27,682,854** | **64,957,835** | **155,017,719** | **81.3** | **156,766,312** | **80.7** | **127,488,741** | **83.3** |
| Other receivables (2) | 252,535 | 135,260 | 134,907 | 314,846 | 592,950 | 1,271,637 | **2,702,135** | **1.4** | **2,867,248** | **1.5** | **473,909** | **0.3** |
| **Total loan operations (3)** | **20,390,236** | **13,377,750** | **10,620,119** | **18,826,473** | **28,275,804** | **66,229,472** | **157,719,854** | **82.7** | **159,633,560** | **82.2** | **127,962,650** | **83.6** |
| Sureties and guarantees (4) | 2,199,343 | 724,507 | 898,047 | 2,028,205 | 3,517,876 | 23,325,379 | **32,693,357** | **17.1** | **33,878,760** | **17.5** | **25,080,146** | **16.4** |
| Loan assignment (5) | 26,246 | 25,437 | 24,563 | 68,746 | 117,159 | 159,996 | **422,147** | **0.2** | **495,491** | **0.3** | – | – |
| **Overall total on March 31, 2009** | **22,615,825** | **14,127,694** | **11,542,729** | **20,923,424** | **31,910,839** | **89,714,847** | **190,835,358** | **100.0** | | | | |
| **Overall total on December 31, 2008** | **22,381,859** | **14,494,236** | **12,468,494** | **22,039,054** | **30,339,071** | **92,285,097** | | | **194,007,811** | **100.0** | | |
| **Overall total on March 31, 2008** | **17,429,407** | **11,830,319** | **9,375,256** | **19,829,148** | **26,090,141** | **68,488,525** | | | | | **153,042,796** | **100.0** |

R$ thousand

| | Non-performing loans | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Past due installments | | | | | | | | | |
| | | | | | | 2009 | | 2008 | | |
| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 540 days | Total on March 31 (B) | % (6) | Total on December 31 (B) | % (6) | Total on March 31 (B) | % (6) |
| Discounted trade receivables and other loans | 758,637 | 690,160 | 712,442 | 1,158,586 | 1,270,082 | **4,589,907** | **74.1** | **3,963,361** | **73.8** | **3,255,643** | **74.9** |
| Financing | 253,449 | 192,435 | 89,132 | 178,680 | 163,141 | **876,837** | **14.2** | **793,655** | **14.8** | **831,130** | **19.1** |
| Agricultural and agribusiness financing | 33,007 | 22,879 | 15,747 | 114,865 | 17,304 | **203,802** | **3.3** | **228,218** | **4.3** | **103,693** | **2.4** |
| **Subtotal** | **1,045,093** | **905,474** | **817,321** | **1,452,131** | **1,450,527** | **5,670,546** | **91.6** | **4,985,234** | **92.9** | **4,190,466** | **96.4** |
| Leasing operations | 74,306 | 65,638 | 30,889 | 54,625 | 43,200 | **268,658** | **4.3** | **172,503** | **3.2** | **66,024** | **1.5** |
| Advances on foreign exchange contracts (1) | 20,891 | 18,224 | 6,013 | 8,053 | 6,634 | **59,815** | **1.0** | **38,726** | **0.7** | **49,233** | **1.1** |
| **Subtotal** | **1,140,290** | **989,336** | **854,223** | **1,514,809** | **1,500,361** | **5,999,019** | **96.9** | **5,196,463** | **96.8** | **4,305,723** | **99.0** |
| Other receivables (2) | 44,474 | 5,433 | 1,194 | 90,663 | 48,608 | **190,372** | **3.1** | **171,562** | **3.2** | **45,567** | **1.0** |
| **Overall total on March 31, 2009 (3)** | **1,184,764** | **994,769** | **855,417** | **1,605,472** | **1,548,969** | **6,189,391** | **100.0** | | | | |
| **Overall total on December 31, 2008 (3)** | **1,007,868** | **782,486** | **774,301** | **1,245,838** | **1,557,532** | | | **5.368.025** | **100.0** | | |
| **Overall total on March 31, 2008 (3)** | **848.816** | **720.193** | **558.664** | **983.694** | **1.239.923** | | | | | **4.351.290** | **100.0** |

R$ thousand

| | Non-performing loans | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Installments falling due | | | | | | | | | | | |
| | | | | | | | 2009 | | 2008 | | | |
| | Up to 30 days | From 31 to 60 days | From 61 to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total on March 31 (C) | % (6) | Total on December 31 (C) | % (6) | Total on March 31 (C) | % (6) |
| Discounted trade receivables and other loans | 390,057 | 307,019 | 272,861 | 556,810 | 759,463 | 1,192,880 | 3,479,090 | 34.1 | 2,791,900 | 33.2 | 2,209,793 | 33.0 |
| Financing | 237,953 | 224,850 | 209,943 | 584,934 | 950,896 | 2,023,283 | 4,231,859 | 41.4 | 3,737,632 | 44.4 | 3,701,275 | 55.2 |
| Agricultural and agribusiness financing | 13,917 | 18,035 | 9,983 | 24,831 | 42,603 | 339,708 | 449,077 | 4.4 | 504,734 | 6.0 | 263,380 | 3.9 |
| **Subtotal** | **641,927** | **549,904** | **492,787** | **1,166,575** | **1,752,962** | **3,555,871** | **8,160,026** | **79.9** | **7,034,266** | **83.6** | **6,174,448** | **92.1** |
| Leasing operations | 62,043 | 50,238 | 48,367 | 148,148 | 299,435 | 1,410,023 | 2,018,254 | 19.8 | 1,349,483 | 16.0 | 490,795 | 7.3 |
| Advances on foreign exchange contracts (1) | – | – | – | – | – | – | – | – | – | – | – | – |
| **Subtotal** | **703,970** | **600,142** | **541,154** | **1,314,723** | **2,052,397** | **4,965,894** | **10,178,280** | **99.7** | **8,383,749** | **99.6** | **6,665,243** | **99.4** |
| Other receivables (2) | 653 | 638 | 634 | 2,369 | 8,612 | 20,976 | 33,882 | 0.3 | 37,861 | 0.4 | 39,594 | 0.6 |
| **Total loan operations (3)** | **704,623** | **600,780** | **541,788** | **1,317,092** | **2,061,009** | **4,986,870** | **10,212,162** | **100.0** | **8,421,610** | **100.0** | **6,704,837** | **100.0** |
| Sureties and guarantees (4) | – | – | – | – | – | – | – | – | – | – | – | – |
| Loan assignment (5) | – | – | – | – | – | – | – | – | – | – | – | – |
| **Overall total on March 31, 2009** | **704,623** | **600,780** | **541,788** | **1,317,092** | **2,061,009** | **4,986,870** | **10,212,162** | **100.0** | | | | |
| **Overall total on December 31, 2008** | **676,797** | **460,554** | **475,904** | **1,129,134** | **1,717,502** | **3,961,719** | | | **8,421,610** | **100.0** | | |
| **Overall total on March 31, 2008** | **533,587** | **460,335** | **381,244** | **988,103** | **1,452,045** | **2,889,523** | | | | | **6,704,837** | **100.0** |

R$ thousand

| | Overall total | | | | | |
|---|---|---|---|---|---|---|
| | 2009 | | 2008 | | | |
| | Total on March 31 (A+B+C) | % (6) | Total on December 31 (A+B+C) | % (6) | Total on March 31 (A+B+C) | % (6) |
| Discounted trade receivables | 77,598,803 | 37.4 | 77,540,850 | 37.3 | 63,211,621 | 38.5 |
| Financing | 51,011,016 | 24.6 | 51,701,644 | 24.9 | 47,201,947 | 28.8 |
| Agricultural and agribusiness financing | 10,703,346 | 5.2 | 10,719,964 | 5.2 | 9,536,362 | 5.8 |
| **Subtotal** | 139,313,165 | 67.2 | 139,962,458 | 67.4 | 119,949,930 | 73.1 |
| Leasing operations | 21,661,642 | 10.5 | 20,537,862 | 9.9 | 11,155,643 | 6.8 |
| Advances on foreign exchange contracts (1) | 10,220,211 | 4.9 | 9,846,204 | 4.7 | 7,354,134 | 4.5 |
| **Subtotal** | 171,195,018 | 82.6 | 170,346,524 | 82.0 | 138,459,707 | 84.4 |
| Other receivables (2) | 2,926,389 | 1.4 | 3,076,671 | 1.5 | 559,070 | 0.3 |
| Total loan operations (3) | 174,121,407 | 84.0 | 173,423,195 | 83.5 | 139,018,777 | 84.7 |
| Sureties and guarantees (4) | 32,693,357 | 15.8 | 33,878,760 | 16.3 | 25,080,146 | 15.3 |
| Loan assignment (5) | 422,147 | 0.2 | 495,491 | 0.2 | – | – |
| **Overall total on March 31, 2009** | 207,236,911 | 100.0 | | | | |
| **Overall total on December 31, 2008** | | | 207,797,446 | 100.0 | | |
| **Overall total on March 31, 2008** | | | | | 164,098,923 | 100.0 |

(1) Advances on foreign exchange contracts are recorded as a reduction of the item "Other Liabilities";
(2) The item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on purchase of assets, securities and credit instruments receivable, income receivable on foreign exchange contracts and receivables arising from export contracts;
(3) Total loan operations include financing of credit card operations and operations for prepaid credit card receivables in the amount of R$8,603,418 thousand (December 31, 2008 – R$8,394,577 thousand and March 31, 2008 – R$7,393,792 thousand). Other receivables relating to credit cards in the amount of R$7,054,468 thousand (December 31, 2008 – R$7,547,766 thousand and March 31, 2008 – R$5,308,535 thousand) are classified in item "Other Receivables – Sundry" and presented in Note 11b;
(4) Amounts recorded in memorandum account, which include R$1,703,523 thousand referring to operations in which the beneficiary is Banco Bradesco S.A. Grand Cayman Branch;
(5) Restated amount of the loan grant up to March 31, 2009, net of installments received; and
(6) Ratio between type and total loan portfolio including sureties and guarantees.

## b) By type and risk level

R$ thousand

| Loan Operations | Risk levels | | | | | | | | | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AA | A | B | C | D | E | F | G | H | Total on March 31 | % | Total on December 31 | % | Total on March 31 | % |
| Discounted trade receivables | 16,804,573 | 31,969,947 | 9,154,397 | 11,458,249 | 1,873,698 | 1,055,092 | 809,161 | 834,036 | 3,639,650 | **77,598,803** | **44.6** | **77,540,850** | **44.7** | **63,211,621** | **45.5** |
| Financings | 8,363,483 | 24,434,467 | 6,319,331 | 9,242,850 | 687,428 | 358,623 | 283,993 | 230,585 | 1,090,256 | **51,011,016** | **29.3** | **51,701,644** | **29.8** | **47,201,947** | **33.9** |
| Agricultural and agribusiness financings | 1,212,841 | 3,076,124 | 1,379,583 | 3,952,714 | 438,549 | 88,405 | 222,712 | 132,999 | 199,419 | **10,703,346** | **6.1** | **10,719,964** | **6.2** | **9,536,362** | **6.9** |
| **Subtotal** | **26,380,897** | **59,480,538** | **16,853,311** | **24,653,813** | **2,999,675** | **1,502,120** | **1,315,866** | **1,197,620** | **4,929,325** | **139,313,165** | **80.0** | **139,962,458** | **80.7** | **119,949,930** | **86.3** |
| Leasing operations | 197,978 | 11,170,796 | 3,375,898 | 5,641,807 | 410,439 | 220,276 | 172,005 | 116,803 | 355,640 | **21,661,642** | **12.4** | **20,537,862** | **11.8** | **11,155,643** | **8.0** |
| Advances on foreign exchange contracts | 6,583,535 | 1,690,424 | 1,260,274 | 548,292 | 101,947 | 2,954 | 2,370 | 897 | 29,518 | **10,220,211** | **5.9** | **9,846,204** | **5.7** | **7,354,134** | **5.3** |
| **Subtotal** | **33,162,410** | **72,341,758** | **21,489,483** | **30,843,912** | **3,512,061** | **1,725,350** | **1,490,241** | **1,315,320** | **5,314,483** | **171,195,018** | **98.3** | **170,346,524** | **98.2** | **138,459,707** | **99.6** |
| Other receivables | 168,038 | 2,134,306 | 352,608 | 67,727 | 9,401 | 6,197 | 346 | 641 | 187,125 | **2,926,389** | **1.7** | **3,076,671** | **1.8** | **559,070** | **0.4** |
| **Overall total on March 31, 2009** | **33,330,448** | **74,476,064** | **21,842,091** | **30,911,639** | **3,521,462** | **1,731,547** | **1,490,587** | **1,315,961** | **5,501,608** | **174,121,407** | **100.0** | | | | |
| **%** | **19,1** | **42,8** | **12,5** | **17,8** | **2,0** | **1,0** | **0,9** | **0,8** | **3,1** | **100,0** | | | | | |
| **Overall total on December 31, 2008** | **33,424,910** | **76,077,474** | **22,462,522** | **29,997,415** | **2,800,084** | **1,351,400** | **1,217,123** | **830,527** | **5,261,740** | | | **173,423,195** | **100.0** | | |
| **%** | **19,3** | **43,8** | **13,0** | **17,3** | **1,6** | **0,8** | **0,7** | **0,5** | **3,0** | | | **100,0** | | | |
| **Overall total on March 31, 2008** | **24,055,619** | **63,247,792** | **17,316,129** | **25,270,371** | **2,194,427** | **1,067,859** | **964,274** | **740,106** | **4,162,200** | | | | | **139,018,777** | **100.0** |
| **%** | **17,3** | **45,5** | **12,4** | **18,2** | **1,6** | **0,8** | **0,7** | **0,5** | **3,0** | | | | | **100,0** | |

c) Maturity ranges and risk level

R$ thousand

| | Risk levels | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loan operations | | | | | | | | | | | | | | |
| | | | | | | | | | | 2009 | | 2008 | | | |
| | AA | A | B | C | D | E | F | G | H | Total on March 31 | % | Total on December 31 | % | Total on March 31 | % |
| **Installments falling due** | **–** | **–** | **2,167,417** | **2,757,365** | **1,295,027** | **787,457** | **691,939** | **630,510** | **1,882,447** | **10,212,162** | **100.0** | **8,421,610** | **100.0** | **6,704,837** | **100.0** |
| Up to 30 | – | – | 160,989 | 214,541 | 77,166 | 49,518 | 38,700 | 32,161 | 131,548 | **704,623** | **6.9** | **676,797** | **8.0** | **533,587** | **8.0** |
| From 31 to 60 | – | – | 136,867 | 176,655 | 65,617 | 41,544 | 32,367 | 29,302 | 118,428 | **600,780** | **5.9** | **460,554** | **5.5** | **460,335** | **6.9** |
| From 61 to 90 | – | – | 115,858 | 152,483 | 61,876 | 40,867 | 31,125 | 27,187 | 112,392 | **541,788** | **5.3** | **475,904** | **5.7** | **381,244** | **5.7** |
| From 91 to 180 | – | – | 271,831 | 358,550 | 154,521 | 100,669 | 80,469 | 68,546 | 282,506 | **1,317,092** | **12.9** | **1,129,134** | **13.4** | **988,103** | **14.7** |
| From 181 to 360 | – | – | 411,470 | 560,543 | 247,414 | 164,307 | 129,687 | 107,524 | 440,064 | **2,061,009** | **20.2** | **1,717,502** | **20.4** | **1,452,045** | **21.6** |
| More than 360 | – | – | 1,070,402 | 1,294,593 | 688,433 | 390,552 | 379,591 | 365,790 | 797,509 | **4,986,870** | **48.8** | **3,961,719** | **47.0** | **2,889,523** | **43.1** |
| **Past due installments** | **–** | **–** | **329,444** | **805,240** | **649,903** | **614,422** | **519,350** | **509,988** | **2,761,044** | **6,189,391** | **100.0** | **5,368,025** | **100.0** | **4,351,290** | **100.0** |
| Up to 14 | – | – | 70,513 | 153,836 | 40,229 | 22,465 | 16,113 | 16,450 | 55,199 | **374,805** | **6.1** | **304,105** | **5.7** | **288,316** | **6.6** |
| From 15 to 30 | – | – | 228,471 | 251,306 | 104,468 | 46,807 | 29,483 | 22,651 | 126,773 | **809,959** | **13.1** | **703,763** | **13.1** | **560,500** | **12.9** |
| From 31 to 60 | – | – | 29,863 | 380,669 | 187,081 | 134,805 | 63,226 | 42,151 | 156,974 | **994,769** | **16.1** | **782,486** | **14.6** | **720,193** | **16.6** |
| From 61 to 90 | – | – | 18 | 12,430 | 290,099 | 176,074 | 93,980 | 62,992 | 219,824 | **855,417** | **13.8** | **774,301** | **14.4** | **558,664** | **12.8** |
| From 91 to 180 | – | – | 579 | 6,999 | 28,026 | 227,374 | 304,395 | 353,341 | 684,758 | **1,605,472** | **25.9** | **1,245,838** | **23.2** | **983,694** | **22.6** |
| From 181 to 360 | – | – | – | – | – | 6,897 | 12,153 | 12,403 | 1,420,828 | **1,452,281** | **23.4** | **1,462,213** | **27.2** | **1,166,869** | **26.8** |
| More than 360 | – | – | – | – | – | – | – | – | 96,688 | **96,688** | **1.6** | **95,319** | **1.8** | **73,054** | **1.7** |
| **Subtotal** | **–** | **–** | **2,496,861** | **3,562,605** | **1,944,930** | **1,401,879** | **1,211,289** | **1,140,498** | **4,643,491** | **16,401,553** | | **13,789,635** | | **11,056,127** | |
| Specific provision | – | – | 24,968 | 106,878 | 194,493 | 420,563 | 605,644 | 798,349 | 4,643,491 | **6,794,386** | | **5,928,371** | | **4,597,802** | |

R$ thousand

| | Risk levels – Performing loan operations | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 2009 | | 2008 | | | |
| | AA | A | B | C | D | E | F | G | H | Total on March 31 | % | Total on December 31 | % | Total on March 31 | % |
| **Installments falling due** | **33,330,448** | **74,476,064** | **19,345,230** | **27,349,034** | **1,576,532** | **329,668** | **279,298** | **175,463** | **858,117** | **157,719,854** | **100.0** | **159,633,560** | **100.0** | **127,962,650** | **100.0** |
| Up to 30 | 3,647,210 | 10,884,882 | 1,807,729 | 3,643,875 | 164,998 | 47,080 | 26,915 | 18,364 | 149,183 | **20,390,236** | **12.9** | **20,693,153** | **13.0** | **16,818,064** | **13.1** |
| From 31 to 60 | 2,751,590 | 6,251,841 | 1,690,029 | 2,487,321 | 74,479 | 29,111 | 13,586 | 10,200 | 69,593 | **13,377,750** | **8.5** | **13,741,778** | **8.6** | **11,156,859** | **8.7** |
| From 61 to 90 | 1,721,842 | 5,139,853 | 1,319,772 | 2,238,969 | 82,623 | 19,803 | 12,758 | 10,956 | 73,543 | **10,620,119** | **6.7** | **11,195,048** | **7.0** | **8,901,369** | **7.0** |
| From 91 to 180 | 3,321,163 | 9,068,063 | 2,433,189 | 3,614,245 | 188,056 | 39,429 | 24,305 | 19,911 | 118,112 | **18,826,473** | **11.9** | **19,824,734** | **12.4** | **17,566,747** | **13.7** |
| From 181 to 360 | 7,355,035 | 12,841,262 | 3,080,966 | 4,508,019 | 196,322 | 58,424 | 33,982 | 26,385 | 175,409 | **28,275,804** | **18.0** | **26,785,463** | **16.8** | **22,901,613** | **17.9** |
| More than 360 | 14,533,608 | 30,290,163 | 9,013,545 | 10,856,605 | 870,054 | 135,821 | 167,752 | 89,647 | 272,277 | **66,229,472** | **42.0** | **67,393,384** | **42.2** | **50,617,998** | **39.6** |
| Generic provision | – | 372,380 | 193,452 | 997,744 | 157,653 | 98,900 | 139,649 | 122,823 | 858,117 | **2,940,718** | | **2,713,660** | | **2,351,824** | |
| **Overall total on March 31, 2009** | **33,330,448** | **74,476,064** | **21,842,091** | **30,911,639** | **3,521,462** | **1,731,547** | **1,490,587** | **1,315,961** | **5,501,608** | **174,121,407** | | | | | |
| Existing provision | – | 373,068 | 221,311 | 1,312,533 | 922,781 | 837,607 | 1,005,464 | 1,250,104 | 5,501,608 | **11,424,476** | | | | | |
| Minimum required provision | – | 372,380 | 218,420 | 1,104,622 | 352,146 | 519,463 | 745,293 | 921,172 | 5,501,608 | **9,735,104** | | | | | |
| Additional provision | – | 688 | 2,891 | 207,911 | 570,635 | 318,144 | 260,171 | 328,932 | – | **1,689,372** | | | | | |
| **Overall total on December 31, 2008** | **33,424,910** | **76,077,474** | **22,462,522** | **29,997,415** | **2,800,084** | **1,351,400** | **1,217,123** | **830,527** | **5,261,740** | | | **173,423,195** | | | |
| Existing provision | – | 380,935 | 227,137 | 1,354,904 | 757,093 | 654,606 | 819,260 | 806,926 | 5,261,740 | | | **10,262,601** | | | |
| Minimum required provision | – | 380,386 | 224,625 | 899,922 | 280,008 | 405,420 | 608,562 | 581,368 | 5,261,740 | | | **8,642,031** | | | |
| Excess provision | – | 549 | 2,512 | 454,982 | 477,085 | 249,186 | 210,698 | 225,558 | – | | | **1,620,570** | | | |
| **Overall total on March 31, 2008** | **24,055,619** | **63,247,792** | **17,316,129** | **25,270,371** | **2,194,427** | **1,067,859** | **964,274** | **740,106** | **4,162,200** | | | | | **139,018,777** | |
| Existing provision | – | 316,919 | 175,218 | 997,206 | 587,435 | 512,427 | 647,542 | 704,629 | 4,162,200 | | | | | **8,103,576** | |
| Minimum required provision | – | 316,232 | 173,071 | 758,111 | 219,443 | 320,358 | 482,137 | 518,074 | 4,162,200 | | | | | **6,949,626** | |
| Excess provision | – | 687 | 2,147 | 239,095 | 367,992 | 192,069 | 165,405 | 186,555 | – | | | | | **1,153,950** | |

## Notes to the Consolidated Financial Statements

d) Concentration of loan operations

R$ thousand

| | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|
| | March 31 | % | December 31 | % | March 31 | % |
| Largest borrower | 1,860,778 | 1.1 | 2,218,337 | 1.3 | 1,443,668 | 1.0 |
| 10 largest borrowers | 12,051,535 | 6.9 | 11,266,030 | 6.5 | 8,856,772 | 6.4 |
| 20 largest borrowers | 18,647,732 | 10.7 | 17,990,038 | 10.4 | 13,579,616 | 9.8 |
| 50 largest borrowers | 29,602,581 | 17.0 | 29,273,786 | 16.9 | 21,895,691 | 15.8 |
| 100 largest borrowers | 38,281,131 | 22.0 | 38,273,678 | 22.1 | 28,435,647 | 20.5 |

e) By economic activity sector

R$ thousand

| | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|
| | March 31 | % | December 31 | % | March 31 | % |
| **Public Sector** | **1,561,592** | **0.9** | **941,224** | **0.6** | **913,454** | **0.6** |
| **Federal Government** | **1,074,703** | **0.6** | **465,757** | **0.3** | **426,439** | **0.3** |
| Petrochemical | 983,802 | 0.5 | 364,300 | 0.2 | 294,473 | 0.2 |
| Financial intermediary | 90,901 | 0.1 | 101,457 | 0.1 | 131,966 | 0.1 |
| **State Government** | **486,889** | **0.3** | **475,467** | **0.3** | **484,471** | **0.3** |
| Production and distribution of electricity | 486,889 | 0.3 | 475,467 | 0.3 | 484,471 | 0.3 |
| **Municipal Government** | **–** | **–** | **–** | **–** | **2,544** | **–** |
| Direct administration | – | – | – | – | 2,544 | – |
| **Private sector** | **172,559,815** | **99.1** | **172,481,971** | **99.4** | **138,105,323** | **99.4** |
| **Manufacturing** | **42,254,917** | **24.3** | **44,260,472** | **25.5** | **33,478,724** | **24.1** |
| Food products and beverage | 12,102,340 | 7.0 | 12,169,626 | 7.0 | 9,445,274 | 6.8 |
| Steel, metallurgy and mechanics | 6,282,339 | 3.6 | 6,181,657 | 3.6 | 4,766,014 | 3.4 |
| Chemical | 4,836,622 | 2.8 | 5,769,057 | 3.3 | 4,022,479 | 2.9 |
| Pulp and paper | 3,088,149 | 1.8 | 3,136,460 | 1.8 | 1,823,326 | 1.3 |
| Light and heavy vehicles | 2,246,251 | 1.3 | 2,512,943 | 1.4 | 1,955,751 | 1.4 |
| Textiles and clothing | 2,209,228 | 1.3 | 2,096,359 | 1.2 | 1,781,364 | 1.3 |
| Rubber and plastic articles | 1,899,345 | 1.1 | 1,915,389 | 1.1 | 1,482,454 | 1.1 |
| Extraction of metallic and non-metallic ores | 1,796,302 | 1.0 | 1,912,397 | 1.1 | 1,866,806 | 1.3 |
| Leather articles | 1,378,404 | 0.8 | 1,660,416 | 1.0 | 940,116 | 0.7 |
| Automotive parts and accessories | 1,115,268 | 0.6 | 977,944 | 0.6 | 902,998 | 0.6 |
| Furniture and wooden products | 986,788 | 0.6 | 1,021,857 | 0.6 | 854,398 | 0.6 |
| Oil refining and production of alcohol | 982,421 | 0.6 | 1,487,425 | 0.9 | 778,938 | 0.6 |
| Non-metallic materials | 936,025 | 0.5 | 694,890 | 0.4 | 579,567 | 0.4 |
| Electric and electronic products | 895,456 | 0.5 | 1,356,097 | 0.8 | 1,064,755 | 0.8 |
| Publishing, printing and reproduction | 624,856 | 0.3 | 608,927 | 0.4 | 524,811 | 0.4 |
| Other industries | 875,123 | 0.5 | 759,028 | 0.3 | 689,673 | 0.5 |
| **Commerce** | **23,816,510** | **13.7** | **23,547,096** | **13.6** | **19,895,529** | **14.3** |
| Products in specialty stores | 6,274,852 | 3.6 | 6,011,003 | 3.5 | 4,677,144 | 3.4 |
| Food products, beverage and tobacco | 3,413,296 | 2.0 | 3,387,854 | 2.0 | 2,689,110 | 1.9 |
| Automobile vehicles | 1,789,413 | 1.0 | 1,895,554 | 1.1 | 1,550,382 | 1.1 |
| Grooming and household articles | 1,720,811 | 1.0 | 1,808,749 | 1.0 | 1,637,343 | 1.2 |
| Non-specialized retailer | 1,637,657 | 0.9 | 1,741,341 | 1.0 | 1,514,746 | 1.1 |
| Repair, parts and accessories for automobile vehicles | 1,540,217 | 0.9 | 1,418,375 | 0.8 | 1,055,319 | 0.8 |
| Clothing and footwear | 1,415,381 | 0.8 | 1,382,664 | 0.8 | 1,340,491 | 1.0 |
| Residues and scrap | 1,200,422 | 0.7 | 1,246,229 | 0.7 | 1,018,954 | 0.7 |
| Wholesale of goods in general | 1,198,906 | 0.7 | 1,111,882 | 0.6 | 878,791 | 0.6 |
| Trade intermediary | 1,094,483 | 0.6 | 1,137,819 | 0.7 | 699,872 | 0.5 |
| Fuel | 1,052,022 | 0.6 | 994,014 | 0.6 | 850,635 | 0.6 |
| Farming and ranching products | 817,205 | 0.5 | 737,923 | 0.4 | 820,675 | 0.6 |
| Other commerce | 661,845 | 0.4 | 673,689 | 0.4 | 1,162,067 | 0.8 |

## Notes to the Consolidated Financial Statements

R$ thousand

| | 2009 | | 2008 | | | |
|---|---|---|---|---|---|---|
| | March 31 | % | December 31 | % | March 31 | % |
| **Financial intermediaries** | **1,175,184** | **0.7** | **1,236,337** | **0.7** | **862,057** | **0.6** |
| **Services** | **35,688,294** | **20.4** | **34,491,080** | **19.9** | **25,094,001** | **18.1** |
| Transportation and storage | 9,372,659 | 5.4 | 9,105,567 | 5.2 | 6,652,667 | 4.8 |
| Civil construction | 7,698,065 | 4.4 | 7,225,592 | 4.2 | 4,371,397 | 3.1 |
| Real estate activities, rentals and corporate services | 6,000,361 | 3.4 | 5,563,360 | 3.2 | 4,023,600 | 2.9 |
| Production and distribution of electric power, gas and water | 2,587,840 | 1.5 | 2,295,679 | 1.3 | 2,064,414 | 1.5 |
| Social services, education, health, defense and social security | 1,798,245 | 1.0 | 1,816,866 | 1.0 | 1,522,292 | 1.1 |
| Hotel and catering | 1,224,829 | 0.7 | 1,121,937 | 0.7 | 757,802 | 0.5 |
| Holding companies, legal, accounting and business advisory services | 1,063,912 | 0.6 | 889,223 | 0.5 | 687,015 | 0.5 |
| Club, leisure, cultural and sport activities | 861,543 | 0.5 | 905,195 | 0.5 | 904,770 | 0.7 |
| Telecommunications | 589,204 | 0.3 | 813,527 | 0.5 | 812,863 | 0.6 |
| Other services | 4,491,636 | 2.6 | 4,754,134 | 2.8 | 3,297,181 | 2.4 |
| **Agriculture, cattle raising, fishing, forestry and forest exploration** | **2,392,255** | **1.4** | **2,245,627** | **1.3** | **1,805,868** | **1.3** |
| **Individuals** | **67,232,655** | **38.6** | **66,701,359** | **38.4** | **56,969,144** | **41.0** |
| **Total** | **174,121,407** | **100.0** | **173,423,195** | **100.0** | **139,018,777** | **100.0** |

f) Breakdown of loan operations and allowance for loan losses

R$ thousand

| Risk level | Portfolio Balance | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-performing loans | | | Performing loans | Total | % | 2009 | 2008 | |
| | Past due | Falling due | Total – non-performing loans | | | | % March 31 YTD | % December 31 YTD | % March 31 YTD |
| AA | – | – | – | 33,330,448 | 33,330,448 | 19.1 | 19.1 | 19.3 | 17.3 |
| A | – | – | – | 74,476,064 | 74,476,064 | 42.8 | 61.9 | 63.1 | 62.8 |
| B | 329,444 | 2,167,417 | 2,496,861 | 19,345,230 | 21,842,091 | 12.5 | 74.4 | 76.1 | 75.2 |
| C | 805,240 | 2,757,365 | 3,562,605 | 27,349,034 | 30,911,639 | 17.8 | 92.2 | 93.4 | 93.4 |
| **Subtotal** | **1,134,684** | **4,924,782** | **6,059,466** | **154,500,776** | **160,560,242** | **92.2** | | | |
| D | 649,903 | 1,295,027 | 1,944,930 | 1,576,532 | 3,521,462 | 2.0 | 94.2 | 95.0 | 95.0 |
| E | 614,422 | 787,457 | 1,401,879 | 329,668 | 1,731,547 | 1.0 | 95.2 | 95.8 | 95.8 |
| F | 519,350 | 691,939 | 1,211,289 | 279,298 | 1,490,587 | 0.9 | 96.1 | 96.5 | 96.5 |
| G | 509,988 | 630,510 | 1,140,498 | 175,463 | 1,315,961 | 0.8 | 96.9 | 97.0 | 97.0 |
| H | 2,761,044 | 1,882,447 | 4,643,491 | 858,117 | 5,501,608 | 3.1 | 100.0 | 100.0 | 100.0 |
| **Subtotal** | **5,054,707** | **5,287,380** | **10,342,087** | **3,219,078** | **13,561,165** | **7.8** | | | |
| **Overall total on March 31, 2009** | **6,189,391** | **10,212,162** | **16,401,553** | **157,719,854** | **174,121,407** | **100.0** | | | |
| % | 3.5 | 5.9 | 9.4 | 90.6 | 100.0 | | | | |
| **Overall total on December 31, 2008** | **5,368,025** | **8,421,610** | **13,789,635** | **159,633,560** | **173,423,195** | | | | |
| % | 3.1 | 4.9 | 8.0 | 92.0 | 100.0 | | | | |
| **Overall total on March 31, 2008** | **4,351,290** | **6,704,837** | **11,056,127** | **127,962,650** | **139,018,777** | | | | |
| % | 3.1 | 4.8 | 7.9 | 92.1 | 100.0 | | | | |

## Notes to the Consolidated Financial Statements

| Risk level | R$ thousand | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Provision | | | | | | | | | | |
| | Mínimum required | | | | | | Additional | Existing | 2009 | 2008 | |
| | % Mínimum required provision | Specific | | | Generic | Total | | | % March 31 (1) | % December 31 (1) | % March 31 (1) |
| | | Past due | Falling due | Total specific | | | | | | | |
| AA | – | – | – | – | – | – | – | – | – | – | – |
| A | 0.5 | – | – | – | 372,380 | 372,380 | 688 | 373,068 | 0.5 | 0.5 | 0.5 |
| B | 1.0 | 3,294 | 21,674 | 24,968 | 193,452 | 218,420 | 2,891 | 221,311 | 1.0 | 1.0 | 1.0 |
| C | 3.0 | 24,157 | 82,721 | 106,878 | 997,744 | 1,104,622 | 207,911 | 1,312,533 | 4.2 | 4.5 | 3.9 |
| Subtotal | | 27,451 | 104,395 | 131,846 | 1,563,576 | 1,695,422 | 211,490 | 1,906,912 | 1.2 | 1.2 | 1.1 |
| D | 10.0 | 64,990 | 129,503 | 194,493 | 157,653 | 352,146 | 570,635 | 922,781 | 26.2 | 27.0 | 26.8 |
| E | 30.0 | 184,326 | 236,237 | 420,563 | 98,900 | 519,463 | 318,144 | 837,607 | 48.4 | 48.4 | 48.0 |
| F | 50.0 | 259,675 | 345,969 | 605,644 | 139,649 | 745,293 | 260,171 | 1,005,464 | 67.5 | 67.3 | 67.2 |
| G | 70.0 | 356,992 | 441,357 | 798,349 | 122,823 | 921,172 | 328,932 | 1,250,104 | 95.0 | 97.2 | 95.2 |
| H | 100.0 | 2,761,044 | 1,882,447 | 4,643,491 | 858,117 | 5,501,608 | – | 5,501,608 | 100.0 | 100.0 | 100.0 |
| Subtotal | | 3,627,027 | 3,035,513 | 6,662,540 | 1,377,142 | 8,039,682 | 1,477,882 | 9,517,564 | 70.2 | 72.4 | 72.5 |
| Overall total on March 31, 2009 | | 3,654,478 | 3,139,908 | 6,794,386 | 2,940,718 | 9,735,104 | 1,689,372 | 11,424,476 | 6.6 | | |
| % | | 32.0 | 27.5 | 59.5 | 25.7 | 85.2 | 14.8 | 100.0 | | | |
| Overall total on December 31, 2008 | | 3,301,524 | 2,626,847 | 5,928,371 | 2,713,660 | 8,642,031 | 1,620,570 | 10,262,601 | | 5.9 | |
| % | | 32.2 | 25.6 | 57.8 | 26.4 | 84.2 | 15.8 | 100.0 | | | |
| Overall total on March 31, 2008 | | 2,671,556 | 1,926,246 | 4,597,802 | 2,351,824 | 6,949,626 | 1,153,950 | 8,103,576 | | | 5.8 |
| % | | 33.0 | 23.8 | 56.8 | 29.0 | 85.8 | 14.2 | 100.0 | | | |

(1) Ratio between existing provision and portfolio by risk level.

### g) Breakdown of allowance for loan losses

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Opening balance | 10,262,601 | 9,135,795 | 7,825,816 |
| – Specific provision (1) | 5,928,371 | 5,273,879 | 4,412,783 |
| – Generic provision (2) | 2,713,660 | 2,669,937 | 2,284,956 |
| – Additional provision (3) | 1,620,570 | 1,191,979 | 1,128,077 |
| Amount recorded | 2,919,604 | 2,559,020 | 1,666,837 |
| Amount written-off | (1,757,729) | (1,432,214) | (1,389,077) |
| Closing balance | 11,424,476 | 10,262,601 | 8,103,576 |
| – Specific provision (1) | 6,794,386 | 5,928,371 | 4,597,802 |
| – Generic provision (2) | 2,940,718 | 2,713,660 | 2,351,824 |
| – Additional provision (3) | 1,689,372 | 1,620,570 | 1,153,950 |

(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, linked to the provision calculated based on risk level ratings and the corresponding minimum percentage of provision established by CMN Resolution 2,682. The additional provision per client was classified according to the corresponding risk levels (Note 10f).

## Notes to the Consolidated Financial Statements

### h) Recovery and renegotiation

Expenses from allowance for loan losses, net of recoveries of written-off credits.

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Amount recorded | 2,919,604 | 2,559,020 | 1,666,837 |
| Amount recovered (1) | (311,707) | (353,342) | (231,541) |
| **Expense net of amounts recovered** | **2,607,897** | **2,205,678** | **1,435,296** |

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

### i) Breakdown of renegotiated portfolio

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| **Opening balance** | **3,089,034** | **2,939,612** | **2,682,997** |
| Amount renegotiated | 925,250 | 757,285 | 595,748 |
| Amount received | (267,651) | (391,872) | (369,104) |
| Amount written-off | (246,066) | (215,991) | (238,238) |
| **Closing balance** | **3,500,567** | **3,089,034** | **2,671,403** |
| Allowance for loan losses | 2,146,673 | 1,987,576 | 1,768,302 |
| Percentage on portfolio | 61.3% | 64.3% | 66.2% |

### j) Income on loan and leasing operations

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Discounted trade receivables and other loans | 5,314,287 | 5,778,630 | 4,040,408 |
| Financings | 2,025,716 | 2,479,888 | 2,067,845 |
| Rural and agribusiness loans | 196,387 | 252,844 | 231,326 |
| **Subtotal** | **7,536,390** | **8,511,362** | **6,339,579** |
| Recovery of credits written-off as loss | 311,707 | 353,342 | 231,541 |
| **Subtotal** | **7,848,097** | **8,864,704** | **6,571,120** |
| Leasing net of expenses | 887,061 | 814,998 | 371,341 |
| **Total** | **8,735,158** | **9,679,702** | **6,942,461** |

## Notes to the Consolidated Financial Statements

### 11) Other Receivables

#### a) Foreign exchange portfolio

Balance sheet accounts

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| **Assets – other receivables** | | | |
| Exchange purchases pending settlement | 20,236,026 | 15,533,842 | 10,377,443 |
| Foreign exchange acceptances and term documents in foreign currencies | 149 | 1,417 | 3,061 |
| Exchange sale receivables | 13,273,100 | 9,320,005 | 4,044,483 |
| (-) Advances in local currency received | (377,112) | (235,166) | (306,689) |
| Income receivable on advances granted | 253,198 | 216,727 | 137,246 |
| **Total** | **33,385,361** | **24,836,825** | **14,255,544** |
| **Liabilities – other liabilities** | | | |
| Exchange sales pending settlement | 13,097,375 | 9,419,852 | 4,052,759 |
| Exchange purchase payables | 19,477,345 | 13,947,097 | 10,612,710 |
| (-) Advances on foreign exchange contracts | (10,220,211) | (9,846,204) | (7,354,134) |
| Other | 12,503 | 17,494 | 7,555 |
| **Total** | **22,367,012** | **13,538,239** | **7,318,890** |
| **Net foreign exchange portfolio** | **11,018,349** | **11,298,586** | **6,936,654** |
| **Memorandum accounts** | | | |
| Imports loans | 1,329,461 | 1,242,498 | 269,459 |
| Confirmed exports loans | 104,132 | 103,708 | 47,767 |

Exchange results

Breakdown of foreign exchange transactions result adjusted to facilitate presentation

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| **Foreign exchange operations result** | **308,745** | **2,013,231** | **395,881** |
| **Adjustments:** | | | |
| – Income on foreign currency financing (1) | 9,112 | 299,150 | 56,402 |
| – Income on export financing (1) | 124,696 | 147,737 | 40,333 |
| – Income on foreign investments (2) | 85,995 | (24,323) | 23,833 |
| – Expenses from liabilities with foreign bankers (3) (Note 17c) | (108,426) | (2,812,035) | (346,751) |
| – Funding expenses (4) | (113,868) | (184,545) | (34,845) |
| – Other | (89,604) | 817,487 | (34,894) |
| **Total adjustments** | **(92,095)** | **(1,756,529)** | **(295,922)** |
| **Adjusted foreign exchange operations result** | **216,650** | **256,702** | **99,959** |

(1) Classified in item "Income from loan operations";
(2) Demonstrated in item "Income on securities transactions";
(3) Related to funds from financing advances on foreign exchange contracts and import financing, classified in item "Expenses from borrowing and onlending"; and
(4) They refer to funding expenses, whose funds were invested in foreign exchange transactions.

#### b) Sundry

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Tax credits (Note 34c) | 14,748,010 | 13,703,293 | 9,301,599 |
| Credit card operations | 7,054,468 | 7,547,766 | 5,308,535 |
| Borrowers by escrow deposits | 6,658,648 | 6,320,163 | 5,017,458 |
| Prepaid taxes | 1,825,495 | 2,091,073 | 951,237 |
| Sundry borrowers | 2,243,669 | 1,621,656 | 1,224,310 |
| Receivable securities and credits | 3,060,904 | 3,408,517 | 719,854 |
| Advances to *Fundo Garantidor de Crédito* (Deposit Guarantee Association - FGC) | 852,418 | 898,083 | – |
| Payments to be reimbursed | 492,822 | 461,746 | 503,373 |
| Borrowers due to purchase of assets | 95,085 | 93,482 | 164,463 |
| Other | 168,518 | 108,977 | 50,430 |
| **Total** | **37,200,037** | **36,254,756** | **23,241,259** |

# Notes to the Consolidated Financial Statements

## 12) Other Assets

### a) Foreclosed assets/others

| | | | | | R$ thousand |
|---|---|---|---|---|---|
| | Cost | Provision for losses | Residual value | | |
| | | | 2009 | 2008 | |
| | | | March 31 | December 31 | March 31 |
| Real estate | 156,362 | (33,461) | 122,901 | 113,396 | 137,441 |
| Goods subject to special conditions | 64,772 | (64,772) | – | – | – |
| Vehicles and similar | 381,390 | (125,294) | 256,096 | 207,502 | 116,460 |
| Inventories/storehouse | 16,620 | – | 16,620 | 14,583 | 18,205 |
| Machinery and equipment | 10,706 | (6,637) | 4,069 | 4,216 | 4,605 |
| Others | 7,969 | (6,956) | 1,013 | 1,015 | 1,074 |
| **Total on March 31, 2009** | **637,819** | **(237,120)** | **400,699** | | |
| **Total on December 31, 2008** | **545,589** | **(204,877)** | | **340,712** | |
| **Total on March 31, 2008** | **472,357** | **(194,572)** | | | **277,785** |

### b) Prepaid expenses

| | | | R$ thousand |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Commission on the placement of financing (1) | 950,919 | 1,038,744 | 1,477,577 |
| Insurance selling expenses (2) | 294,392 | 293,478 | 261,541 |
| Advertising and publicity expenses (3) | 104,515 | 73,591 | 101,169 |
| Others | 74,065 | 52,219 | 50,931 |
| **Total** | **1,423,891** | **1,458,032** | **1,891,218** |

(1) Commissions paid to storeowners and car dealers. As of 2Q08, commission in the placement of financing are allocated to the respective financing/leasing operations balances (Note 3i).
(2) Commissions paid to insurance brokers on trade of insurance, private pension plans and certificated savings plans products; and
(3) Prepaid advertising and publicity expenses, whose disclosure in the media will occur in the future.

## 13) Investments

### a) Main investments transacted in branches and direct and indirect subsidiaries abroad, which were fully eliminated upon the financial statements consolidation

| Investments in branches and subsidiaries abroad | | | | R$ thousand |
|---|---|---|---|---|
| | Balance on 12.31.2008 | Transaction in the period (1) | Balance on 3.31.2009 | Balance on 3.31.2008 |
| Banco Bradesco S.A. Grand Cayman Branch | 7,032,014 | 195,712 | 7,227,726 | 7,290,737 |
| Bradport SGPS, Sociedade Unipessoal, Lda. | 423,898 | (65,899) | 357,999 | 457,943 |
| Banco Bradesco S.A. New York Branch | 421,485 | 6,795 | 428,280 | 300,552 |
| Banco Bradesco Luxembourg S.A. | 380,726 | 1,925 | 382,651 | 268,549 |
| Others | 836,710 | 90,520 | 927,230 | 623,144 |
| **Total** | **9,094,833** | **229,053** | **9,323,886** | **8,940,925** |

(1) Represented by the negative exchange variation in the amount of R$121,456 thousand, positive equity in the earnings of unconsolidated companies in the amount of R$426,275 thousand, negative adjustment to market value of available-for-sale securities in the amount of R$75,766 thousand.

## Notes to the Consolidated Financial Statements

b) Breakdown of investments in the consolidated financial statements

| Affiliated Companies | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| – IRB-Brasil Resseguros S.A. | 408,733 | 453,326 | 387,917 |
| – Serasa S.A. | 79,451 | 79,291 | 79,451 |
| – BES Investimento do Brasil S.A. | 52,785 | 51,176 | 42,307 |
| – Integritas Participações S.A. (2) | 37,911 | – | – |
| – NovaMarlim Participações S.A. (1) | – | 7,040 | 9,694 |
| – Marlim Participações S.A. (1) | – | 699 | 5,367 |
| – Others | 312 | 1,123 | 180 |
| **Total in affiliated companies** | **579,192** | **592,655** | **524,916** |
| – Tax incentives | 327,773 | 328,178 | 327,429 |
| – Other investments | 538,412 | 477,864 | 236,898 |
| – Provision for: | | | |
| – Tax incentive | (294,307) | (294,307) | (288,719) |
| – Other investments | (55,889) | (55,893) | (57,436) |
| **– Overall total of investments** | **1,095,181** | **1,048,497** | **743,088** |

(1) Companies are no longer evaluated by the equity in the earnings of unconsolidated companies method due to the amendments set forth by Bacen Resolution 3,619 and are reclassified to other investments; and

(2) Company acquired in January 2009.

c) The adjustments resulting from the evaluation of investments by the equity in the earnings of unconsolidated companies method were recorded in income under "Equity in the earnings of unconsolidated companies" and corresponded to R$5,567 thousand in 1Q09 (4Q08 – R$46,930 thousand and 1Q08 - R$32,169 thousand)

| Companies | R$ thousand | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Adjusted shareholders' equity | Number of shares/ quotas held (thousands) | | Consolidated ownership on capital stock | Adjusted net income/ (loss) | Adjustment resulting from evaluation (2) | | |
| | | | Common | Preferred | | | 2009 | 2008 | |
| | | | | | | | 1st Quarter | 4th Quarter | 1st Quarter |
| IRB-Brasil Resseguros S.A. | 1,030,000 | 1,924,158 | – | 212 | 21.24% | (4,839) | (1,028) | 46,384 | 26,529 |
| NovaMarlim Participações S.A. (3) | – | – | – | – | – | – | – | 221 | 337 |
| Marlim Participações S.A. (3) | – | – | – | – | – | – | – | (2,017) | 174 |
| BES Investimento do Brasil S.A. – Banco de Investimento (1) | 150,000 | 263,924 | 7,993 | 7,993 | 20.00% | 18,680 | 3,736 | 573 | 1,803 |
| Serasa S.A. (1) | 145,000 | 983,238 | 909 | – | 8.26% | 28,849 | 2,383 | 1,843 | 3,326 |
| – Integritas Participações S.A. (4) | 98,779 | 184,572 | 12,284 | – | 20.54% | 4,261 | 476 | – | – |
| Other companies | – | – | – | – | – | – | – | (74) | – |
| **Equity in the earnings of unconsolidated companies** | – | – | – | – | – | – | **5,567** | **46,930** | **32,169** |

(1) Data related to February 28, 2009 unaudited;

(2) Adjustments resulting from evaluation consider 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;

(3) Companies are no longer evaluated by the equity accounting method due to the amendments set forth by Bacen Resolution 3,619; and

(4) Company acquired in January 2009.

## Notes to the Consolidated Financial Statements

### 14) Premises and Equipment and Leased Assets

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

R$ thousand

| | Annual rate | Cost | Depreciation | Residual value | | |
|---|---|---|---|---|---|---|
| | | | | 2009 | 2008 | |
| | | | | March 31 | December 31 | March 31 |
| **Premises and equipment:** | | | | | | |
| – Buildings | 4% | 680,193 | (355,765) | 324,428 | 279,362 | 288,162 |
| – Land | – | 350,476 | – | 350,476 | 411,868 | 417,585 |
| Facilities, furniture and equipment in use | 10% | 2,919,831 | (1,550,476) | 1,369,355 | 1,344,117 | 1,008,081 |
| Security and communication systems | 10% | 177,170 | (106,964) | 70,206 | 67,520 | 61,007 |
| Data processing systems | 20 to 50% | 1,313,184 | (879,141) | 434,043 | 317,234 | 238,951 |
| Transportation systems | 20% | 33,624 | (18,508) | 15,116 | 11,449 | 14,618 |
| Construction in progress | – | – | – | – | 14 | 74,590 |
| Finance lease of data processing systems | 20 to 50% | 2,191,011 | (1,479,362) | 711,649 | 805,080 | – |
| **Subtotal** | | **7,665,489** | **(4,390,216)** | **3,275,273** | **3,236,644** | **2,102,994** |
| Leased assets | | 22,222 | (11,368) | 10,854 | 12,741 | 10,588 |
| **Total on March 31, 2009** | | **7,687,711** | **(4,401,584)** | **3,286,127** | | |
| **Total on December 31, 2008** | | **7,532,252** | **(4,282,867)** | | **3,249,385** | |
| **Total on March 31, 2008** | | **4,978,606** | **(2,865,024)** | | | **2,113,582** |

Premises and equipment of the Bradesco Organization present an unrecorded increase of R$1,611,334 thousand (December 31, 2008 – R$1,570,878 thousand and March 31, 2008 – R$1,381,454 thousand) based on appraisal reports prepared by independent experts in 2009, 2008 and 2007.

The Bank executed lease agreements, for data processing systems, which are presented under premises and equipment. According to this accounting policy, assets and liabilities are classified in the financial statements and asset depreciation is calculated according to our own assets depreciation policy. Interest rates on this liability are also recognized.

The fixed assets to reference shareholders' equity ratio in relation to "economic-financial consolidated" is 14.12% (December 31, 2008 – 13.55% and March 31, 2008 – 12.07%), and in relation to the "financial consolidated" basis is 48.93% (December 31, 2008 – 48.02% and March 31, 2008 – 47.70%), within the maximum 50% limit.

The difference between the fixed assets to shareholders' equity ratio of the "economic-financial consolidated" and of the "financial consolidated" derives from the existence of 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 "consolidated financial." Whenever necessary, we may reallocate the funds for the financial companies through the payment of dividends/interest on shareholders' equity to financial companies or corporate reorganization between the financial and non-financial companies, thus allowing the improvement of that ratio.

### 15) Intangible Assets

#### a) Goodwill

Goodwill from investment acquisition in Ágora Corretora amounted to R$694,662 thousand, of which R$203,114 thousand represents the difference between book value and market value of shares recorded in Permanent Assets (BM&FBovespa shares), being amortized upon their realization which, up to September 2008, were classified as Deferred Charges; and R$491,548 thousand representing future profitability/client portfolio, which will be amortized within five (5) years. In the period, goodwill was amortized in the amount of R$24,577 thousand.

Goodwill related to companies acquired up to March 31, 2008 was fully amortized, corresponding to R$53,030 thousand on March 31, 2008.

## Notes to the Consolidated Financial Statements

b) Intangible assets

Acquired intangible assets have defined useful life and comprise:

R$ thousand

| | Amortization rate (1) | Cost | Amortization | Residual value | | |
|---|---|---|---|---|---|---|
| | | | | 2009 | 2008 | |
| | | | | March 31 | December 31 | March 31 |
| Acquisition of right for banking services | Contract | 2,532,245 | (996,337) | 1,535,908 | 1,594,666 | 1,395,329 |
| Software (2) | 10% to 20% | 2,811,838 | (1,625,507) | 1,186,331 | 1,189,343 | 980,380 |
| Future profitability/client portfolio (3) | 20% | 832,831 | (57,347) | 775,484 | 458,778 | – |
| Other | 20% | 189,747 | (51,687) | 138,060 | 70,046 | 65,154 |
| **Total on March 31, 2009** | | **6,366,661** | **(2,730,878)** | **3,635,783** | | |
| **Total on December 31, 2008** | | **5,832,703** | **(2,519,870)** | | **3,312,833** | |
| **Total on March 31, 2008** | | **4,399,199** | **(1,958,336)** | | | **2,440,863** |

(1) The amortization of intangible assets is usually linear throughout an estimated period of economic benefit and accounted as other administrative expenses and other operating expenses;
(2) Software acquired and/or developed by specialized companies; and
(3) Goodwill in the acquisition of shareholders' interest at Ágora Corretora, R$434,201, in Integritas Participações S.A., R$305,165 and in Europ Assistance Serviços de Assistência Personalizados, R$36,118.

Impairment losses in intangible assets were not recorded in the period.

Expenses with research and development of systems corresponded to R$17,391 thousand in the period (4Q08 – R$24,315 thousand; 1Q08 – R$13,167 thousand).

c) Breakdown of intangible assets by class:

R$ thousand

| | Acquisition of bank rights | Software | Future profitability/ client portfolio | Other | Total |
|---|---|---|---|---|---|
| **Balance on December 31, 2008** | **1,594,666** | **1,189,343** | **458,778** | **70,046** | **3,312,833** |
| Additions | 74,686 | 42,560 | 341,283 | 75,429 | 533,958 |
| Amortization for the period | (133,444) | (45,572) | (24,577) | (7,415) | (211,008) |
| **Balance on March 31, 2009** | **1,535,908** | **1,186,331** | **775,484** | **138,060** | **3,635,783** |

## 16) Deposits, Federal Funds Purchased and Securities Sold Under Agreements to Repurchase and Funds from Issuance of Securities

### a) Deposits

R$ thousand

| | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| • Demand deposits (1) | 24,999,970 | – | – | – | 24,999,970 | 27,610,162 | 25,845,700 |
| • Savings deposits (1) | 37,391,607 | – | – | – | 37,391,607 | 37,768,508 | 33,290,059 |
| • Interbank deposits | 130,685 | 134,417 | 119,891 | 21,171 | 406,164 | 698,194 | 310,349 |
| • Time deposits (2) | 6,589,815 | 12,294,564 | 7,297,072 | 79,242,092 | 105,423,543 | 97,413,781 | 46,430,303 |
| • Other – investment deposits | 881,850 | – | – | – | 881,850 | 1,002,708 | 834,261 |
| **Overall total on March 31, 2009** | **69,993,927** | **12,428,981** | **7,416,963** | **79,263,263** | **169,103,134** | | |
| **%** | **41.4** | **7.3** | **4.4** | **46.9** | **100.0** | | |
| **Overall total on December 31, 2008** | **73,097,654** | **8,810,407** | **9,837,282** | **72,748,010** | | **164,493,353** | |
| **%** | **44.4** | **5.4** | **6.0** | **44.2** | | **100.0** | |
| **Overall total on March 31, 2008** | **63,451,445** | **7,874,602** | **6,367,132** | **29,017,493** | | | **106,710,672** |
| **%** | **59.4** | **7.4** | **6.0** | **27.2** | | | **100.0** |

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

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

R$ thousand

| | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| **Own portfolio** | **309,001** | **1,304,692** | **2,456,056** | **28,544,174** | **32,613,923** | **38,218,690** | **35,466,834** |
| • Government securities | 41,493 | 93,030 | 769,104 | 50,201 | 953,828 | 3,513,488 | 786,073 |
| • Debentures of own issuance | 266,265 | 1,211,662 | 1,686,952 | 28,485,886 | 31,650,765 | 34,651,178 | 33,928,981 |
| • Foreign | 1,243 | – | – | 8,087 | 9,330 | 54,024 | 751,780 |
| **Third-party portfolio (1)** | **55,702,256** | **–** | **–** | **–** | **55,702,256** | **39,359,625** | **30,558,507** |
| **Unrestricted portfolio (1)** | **188,207** | **3,134,104** | **20,711** | **–** | **3,343,022** | **2,398,838** | **3,514,794** |
| **Overall total on March 31, 2009 (2)** | **56,199,464** | **4,438,796** | **2,476,767** | **28,544,174** | **91,659,201** | | |
| **%** | **61.3** | **4.8** | **2.8** | **31.1** | **100.0** | | |
| **Overall total on December 31, 2008 (2)** | **44,009,866** | **2,040,073** | **2,461,059** | **31,466,155** | | **79,977,153** | |
| **%** | **55.0** | **2.6** | **3.1** | **39.3** | | **100.0** | |
| **Overall total on March 31, 2008 (2)** | **35,168,660** | **6,388,994** | **3,443,629** | **24,538,852** | | | **69,540,135** |
| **%** | **50.5** | **9,2** | **5,0** | **35,3** | | | **100,0** |

(1) Represented by government securities; and
(2) Includes R$18,967,149 thousand (December 31, 2008 - R$16,396,613 thousand and March 31, 2008 – R$10,995,435 thousand) of funds invested in purchase and sale commitments with Bradesco, whose quotaholders are subsidiaries composing the consolidated financial statements (Notes 8a, b, c and d).

## Notes to the Consolidated Financial Statements

c) Funds from issuance of securities

R$ thousand

| | 2009 | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| **Securities – Local:** | | | | | | | |
| – Exchange acceptances | 256 | – | – | – | 256 | 249 | 259 |
| – Mortgage bond | 104,518 | 514,085 | 165,885 | 1,373 | 785,861 | 770,902 | 912,239 |
| – Letters of credit for agribusiness | 35,120 | 722,858 | 681,432 | 195,211 | 1,634,621 | 1,352,626 | – |
| – Other | – | – | – | – | – | 198,887 | 62,635 |
| – Debentures (1) | – | 76,119 | – | 1,455,357 | 1,531,476 | 1,486,643 | 2,663,276 |
| **Subtotal** | **139,894** | **1,313,062** | **847,317** | **1,651,941** | **3,952,214** | **3,809,307** | **3,638,409** |
| **Securities – Foreign:** | | | | | | | |
| – Fixed Rate Note (2) | – | – | – | – | – | – | 90,717 |
| – MTN Program Issues (2) | 13,332 | – | 226,706 | 14,618 | 254,656 | 265,123 | 516,610 |
| – Securitization of future flow of money orders received from abroad (d) | 14,486 | 126,515 | 232,404 | 4,505,412 | 4,878,817 | 4,718,563 | 2,732,326 |
| – Securitization of future flow of credit card bill receivables from cardholders resident abroad (d) | 622 | 56,258 | 41,086 | 138,834 | 236,800 | 266,897 | 260,461 |
| – Cost of issuances on funding (3) | (187) | (1,461) | (4,133) | (36,986) | (42,767) | (48,219) | (16,917) |
| **Subtotal** | **28,253** | **181,312** | **496,063** | **4,621,878** | **5,327,506** | **5,202,364** | **3,583,197** |
| **Overall total on March 31, 2009** | **168,147** | **1,494,374** | **1,343,380** | **6,273,819** | **9,279,720** | | |
| **%** | **1.8** | **16.1** | **14.5** | **67.6** | **100.0** | | |
| **Overall total on December 31, 2008** | **355,243** | **608,522** | **1,626,637** | **6,421,269** | | **9,011,671** | |
| **%** | **3.9** | **6.8** | **18.1** | **71.2** | | **100.0** | |
| **Overall total on March 31,2008** | **477,440** | **762,442** | **401,836** | **5,579,888** | | | **7,221,606** |
| **%** | **6.6** | **10.6** | **5.6** | **77.2** | | | **100.0** |

(1) This refers to installment of issuances of simple debentures not convertible into Bradesco Leasing S.A. Arrendamento Mercantil Shares, maturing on May 1, 2011 with a 104% of CDI remuneration, whose installments referring to interest are classified in the short term;

(2) Issuance of securities in the international market for foreign exchange operations for customers, 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) Pursuant to CVM Rule 556 and CPC 08, expenses related to fund raising are recorded as write-down to respective funding and appropriated to income for the term of the operation.

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 liabilities and settled with 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 expenses made in the Brazilian territory by holders of credit cards issued outside Brazil.

Long-term securities issued by 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 derived from the sale of current and future money orders flows and credit card receivables, received by the SPEs, must be maintained in a specific bank account until a specific minimum limit is attained.

## Notes to the Consolidated Financial Statements

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

| | | | | | | R$ thousand |
|---|---|---|---|---|---|---|
| | Issuance | Transaction amount | Maturity | Total | | |
| | | | | 2009 | 2008 | |
| | | | | March 31 | December 31 | March 31 |
| Securitization of future flow of money orders received abroad | 8.20.2003 | 595,262 | 8.20.2010 | 96,207 | 116,273 | 141,259 |
| | 7.28.2004 | 305,400 | 8.20.2012 | 139,653 | 150,366 | 133,641 |
| | 6.11.2007 | 481,550 | 5.20.2014 | 580,646 | 586,113 | 439,034 |
| | 6.11.2007 | 481,550 | 5.20.2014 | 580,646 | 586,113 | 439,034 |
| | 12.20.2007 | 354,260 | 11.20.2014 | 464,569 | 468,944 | 351,302 |
| | 12.20.2007 | 354,260 | 11.20.2014 | 464,569 | 468,944 | 351,302 |
| | 3.6.2008 | 836,000 | 5.20.2014 | 1,160,052 | 1,172,293 | 876,754 |
| | 12.19.2008 | 1,168,500 | 2.20.2015 | 1,160,700 | 1,169,517 | – |
| | 3.20.2009 | 225,590 | 2.20.2015 | 231,775 | – | – |
| **Total** | | **4,802,372** | | **4,878,817** | **4,718,563** | **2,732,326** |
| Securitization of future flow of credit card bill receivables from cardholders resident abroad | 7.10.2003 | 800,818 | 6.15.2011 | 236,800 | 266,897 | 260,461 |
| **Total** | | **800,818** | | **236,800** | **266,897** | **260,461** |

e) Expenses with funding and price-level restatement and interest on technical provisions for insurance, private pension plans and certificated savings plans

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Savings deposits | 652,068 | 710,263 | 512,516 |
| Time deposits | 3,224,255 | 3,311,265 | 1,242,841 |
| Federal funds purchased and securities sold under agreements to repurchase | 2,687,671 | 3,016,505 | 1,808,115 |
| Funds from issuance of securities | 224,973 | 516,875 | 202,624 |
| Other funding expenses | 96,998 | 111,595 | 51,959 |
| **Subtotal** | **6,885,965** | **7,666,503** | **3,818,055** |
| Expenses for price-level restatement and interest on technical provisions from insurance, private pension plans and certificated savings plans | 1,373,602 | 926,147 | 1,024,234 |
| **Total** | **8,259,567** | **8,592,650** | **4,842,289** |

17) Borrowing and Onlending

a) Borrowing

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2009 | | | | | 2008 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| **Local** | **526** | **4** | **5** | **19** | **554** | **553** | **757** |
| – Official institutions | 1 | 4 | 5 | 19 | 29 | 114 | 367 |
| – Other institutions | 525 | – | – | – | 525 | 439 | 390 |
| **Foreign (1)** | **1,182,845** | **4,721,038** | **6,144,657** | **631,062** | **12,679,602** | **14,204,052** | **7,961,019** |
| **Overall total on March 31, 2009** | **1,183,371** | **4,721,042** | **6,144,662** | **631,081** | **12,680,156** | | |
| **%** | **9.3** | **37.2** | **48.5** | **5.0** | **100.0** | | |
| **Overall total on December 31, 2008** | **1,756,011** | **6,654,003** | **4,713,721** | **1,080,870** | | **14,204,605** | |
| **%** | **12.4** | **46.8** | **33.2** | **7.6** | | **100.0** | |
| **Overall total on March 31, 2008** | **1,105,735** | **3,734,779** | **2,532,011** | **589,251** | | | **7,961,776** |
| **%** | **13.9** | **46.9** | **31.8** | **7.4** | | | **100.0** |

(1) Pursuant to CVM Rule 556 and CPC 08, expenses related to funding are recorded as write-down to respective funding.

## Notes to the Consolidated Financial Statements

b) Onlending

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | 2009 | | | | | 2008 | |
| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 |
| Local | 1,133,661 | 2,433,244 | 3,360,730 | 10,812,027 | 17,739,662 | 17,742,336 | 14,657,056 |
| – National treasury | – | – | 103,631 | – | 103,631 | 114,608 | 40,289 |
| – BNDES | 283,028 | 942,678 | 1,639,161 | 4,129,875 | 6,994,742 | 7,140,886 | 6,139,311 |
| – CEF | 1,580 | 6,710 | 7,923 | 80,280 | 96,493 | 99,197 | 102,780 |
| – Finame | 849,053 | 1,483,852 | 1,610,011 | 6,601,132 | 10,544,048 | 10,386,890 | 8,373,623 |
| – Other institutions | – | 4 | 4 | 740 | 748 | 755 | 1,053 |
| Foreign | 381 | – | – | – | 381 | 182 | 1,393,690 |
| Overall total on March 31, 2009 | 1,134,042 | 2,433,244 | 3,360,730 | 10,812,027 | 17,740,043 | | |
| % | 6.4 | 13.7 | 18.9 | 61.0 | 100.0 | | |
| Overall total on December 31, 2008 | 1,117,602 | 2,332,321 | 3,290,947 | 11,001,648 | | 17,742,518 | |
| % | 6.3 | 13.2 | 18.5 | 62.0 | | 100.0 | |
| Overall total on March 31, 2008 | 828,593 | 1,874,372 | 4,356,002 | 8,991,779 | | | 16,050,746 |
| % | 5.2 | 11.7 | 27.1 | 56.0 | | | 100.0 |

c) Borrowing and onlending expenses

| | | | R$ thousand |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Borrowing: | | | |
| – Local | 110 | 159 | 118 |
| – Foreign | 32,158 | 68,714 | 33,859 |
| Subtotal borrowing | 32,268 | 68,873 | 33,977 |
| Local onlending: | | | |
| – National treasury | 1,488 | 1,910 | 464 |
| – BNDES | 142,193 | 130,817 | 117,109 |
| – CEF | 2,081 | 2,545 | 2,062 |
| – Finame | 199,203 | 254,467 | 161,660 |
| – Other institutions | 28 | 80 | 21 |
| – Foreign onlending: | | | |
| – Payables to foreign bankers (Note 11a) | 108,426 | 2,812,035 | 346,751 |
| – Other expenses with foreign onlending | (575) | 523,525 | 138,341 |
| Subtotal onlending | 452,844 | 3,725,379 | 766,408 |
| Total | 485,112 | 3,794,252 | 800,385 |

### 18) Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security

#### a) Contingent assets

Contingent assets are not recorded on an accounting basis; however, there are ongoing proceedings whose prospects of success are good. The main one is:

– PIS – R$53,814 thousand: it pleads the compensation of PIS on the Gross Operating Revenue, collected pursuant to Decree Laws 2,445 and 2,449/88, over what exceeded 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

Bradesco Organization is currently party to a number of legal suits in the labor, civil and tax scopes, arising from the normal course of its business activities.

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

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

The liability related to the legal liability in litigation is maintained until the definite successful outcome of the lawsuit, represented by favorable judicial decisions, for which appeals are no longer appropriate or due to statute of limitation.

## *Notes to the Consolidated Financial Statements*

I – Labor claims

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

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

II – Civil lawsuits

These are claims for pain and suffering and property damages, mainly protests, bounced checks, the inclusion of information about debtors in the restricted credit registry and the replacement of inflation rates excluded as a result of economic plans. These lawsuits are individually controlled and provisioned whenever the loss is evaluated as probable, considering the opinion of our legal advisors, the nature of lawsuits, and similarity with previous lawsuits, complexity and positioning of courts.

The issues discussed in the lawsuits usually are not events that cause a representative impact on the interest income. Most of these lawsuits are brought at the Special Civil Court (JEC), in which the requests are limited to 40 minimum wages. Moreover, approximately 50% of JEC's lawsuits are judged unfounded and the historical average amount of condemnation imposed corresponds to only 5% of the total amount claimed.

It is worth pointing out the increase in claims pleading the incidence of inflation rates which were excluded as a result of the savings accounts balance restatement due to Economic Plans (specially Bresser and Verão Economic Plans), although the Bank had complied with the legal requirements in force at the time.

Presently, 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 representative impacts on the Bank's interest income.

III – Legal liabilities – tax and social security

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

The main matters are:

– Cofins – R$2,528,290 thousand: moves to calculate and collect Cofins, as from October 2005, on the effective income, whose concept is in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase of the calculation basis intended by paragraph 1 of Article 3 of Law 9,718/98;

– CSLL – R$1,399,084 thousand: questions CSLL required from financial institutions in the reference years from 1995 to 1998 at rates higher than the ones applied to general legal entities, not complying with the constitutional principle of isonomy;

– IRPJ/Loan Losses - R$580,881 thousand: moves to deduct, for purposes of determination of the calculation basis of due IRPJ and CSLL, the amount of effective and definite losses, total or partial, suffered in the reference years from 1997 to 2006, when receiving credits, 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 the temporary losses;

– INSS Autonomous Brokers – R$645,112 thousand: it discusses the incidence of the social security contribution on the 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 the services are not provided to insurance companies, but to policyholders, thus being out of the incidence field of the contribution provided for in item I, Article 22, of Law 8,212/91, with new wording in Law 9,876/99;

– CSLL – R$519,946 thousand: it pleads the non-collection of CSLL of the reference years from 1996 to 1998, years in which some companies of the Bradesco Organization did not have employees, once item I, Article 195, of the Federal Constitution provides that this contribution is only due by employers; and

– PIS – R$267,263 thousand: moves for the compensation of amounts unduly overpaid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the exceeding amount to what would be due on the calculation basis constitutionally provided for, 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 divided by nature

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Labor claims | 1,554,544 | 1,553,143 | 1,559,990 |
| Civil lawsuits | 1,649,911 | 1,524,423 | 1,508,755 |
| **Subtotal (1)** | **3,204,455** | **3,077,566** | **3,068,745** |
| Tax and social security (2) | 7,407,905 | 7,052,932 | 6,608,847 |
| **Total** | **10,612,360** | **10,130,498** | **9,677,592** |

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

### V – Breakdown of Provisions

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | | |
| | Labor claims | Civil lawsuits | Tax and social security (1) |
| **At the beginning of the period** | **1,553,143** | **1,524,423** | **7,052,932** |
| Monetary restatement | 50,737 | 47,470 | 150,276 |
| Recordings/Reversals | 61,712 | 197,471 | 205,986 |
| Payments | (111,048) | (119,453) | (1,289) |
| **At the end of the period** | **1,554,544** | **1,649,911** | **7,407,905** |

(1) It comprises, substantially, legal liabilities.

### c) Contingent liabilities classified as possible losses

The Bradesco Organization maintains a follow-up system for all administrative and judicial proceedings in which the institution is the "plaintiff" or "defendant" and based on the opinion of the legal advisors classifies the lawsuits according to the expectation of non-success. The administrative and judicial proceedings' trends are periodically analyzed and, if necessary, these proceedings' risks are reclassified. In this context the contingent proceedings evaluated as risk of possible loss are not recognized on an accounting basis, and the main proceedings are related to leasing companies' Tax on Service of Any Nature (ISSQN), in the amount of R$28,790 thousand. In this proceeding, the demand of the referred tax by municipalities other than those where the companies are set up and to which the tax is collected in compliance with the law is discussed.

# Notes to the Consolidated Financial Statements

## 19) Subordinated Debt

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | | | | | 2009 | 2008 | |
| Instrument | Issuance | Amount of the operation | Maturity | Remuneration | March 31 | December 31 | March 31 |
| In Brazil: | | | | | | | |
| Subordinated CDB | March/2002 | 528,550 | 2012 | 100.0% of DI rate – Cetip | 1,534,326 | 1,491,106 | 1,361,160 |
| Subordinated CDB | June/2002 | 41,201 | 2012 | 100.0% of CDI rate + 0.75% p.a. | 121,767 | 118,116 | 107,209 |
| Subordinated CDB | October/2002 | 200,000 | 2012 | 102.5% of CDI rate | 538,885 | 523,332 | 476,637 |
| Subordinated CDB | October/2002 | 500,000 | 2012 | 100.0% of CDI rate + 0.87% p.a. | 1,390,505 | 1,348,412 | 1,222,784 |
| Subordinated CDB | October/2002 | 33,500 | 2012 | 101.5% of CDI rate | 89,259 | 86,707 | 79,043 |
| Subordinated CDB | October/2002 | 65,150 | 2012 | 101.0% of CDI rate | 172,328 | 167,425 | 152,696 |
| Subordinated CDB | November/2002 | 66,550 | 2012 | 101.0% of CDI rate | 175,614 | 170,618 | 155,607 |
| Subordinated CDB | November/2002 | 134,800 | 2012 | 101.5% of CDI rate | 356,644 | 346,449 | 315,825 |
| Subordinated CDB | January/2006 | 1,000,000 | 2011 | 104.0% of CDI rate | 1,491,944 | 1,448,262 | 1,317,238 |
| Subordinated CDB | February/2006 | 1,171,022 | 2011 | 104.0% of CDI rate | 1,732,708 | 1,681,976 | 1,529,808 |
| Subordinated CDB | March/2006 | 710,000 | 2011 | 104.0% of CDI rate | 1,035,823 | 1,005,496 | 914,529 |
| Subordinated CDB | June/2006 | 1,100,000 | 2011 | 103.0% of CDI rate | 1,533,313 | 1,488,845 | 1,355,385 |
| Subordinated CDB | July /2006 | 13,000 | 2011 | 102.5% of CDI rate | 18,059 | 17,537 | 15,973 |
| Subordinated CDB | July/2006 | 505,000 | 2011 | 103.0% of CDI rate | 700,528 | 680,211 | 619,237 |
| Subordinated CDB | August/2006 | 5,000 | 2011 | 102.5% of CDI rate | 6,850 | 6,652 | 6,059 |
| Subordinated CDB | May/2007 | 995,978 | 2012 | 103.0% of CDI rate | 1,242,867 | 1,206,822 | 1,098,643 |
| Subordinated CDB | October/2007 | 13,795 | 2012 | 100.0% of CDI rate + 0.344% p.a. | 16,365 | 15,891 | 14,468 |
| Subordinated CDB | October/2007 | 110,000 | 2012 | IPCA + (7.102% p.a. to 7.367% p.a.) | 132,359 | 128,311 | 116,303 |
| Subordinated CDB | November /2007 | 390,000 | 2012 | 100.0% of CDI rate + 0.344% p.a. | 459,212 | 445,894 | 405,969 |
| Subordinated CDB | November/2007 | 164,000 | 2012 | IPCA + (7.446% p.a. to 7.593% p.a.) | 197,063 | 190,772 | 172,631 |
| Subordinated CDB | December /2007 | 1,552,500 | 2012 | 100.0% of CDI rate + 0.344% p.a. | 1,812,040 | 1,758,841 | 1,599,564 |
| Subordinated CDB | December/2007 | 10,000 | 2012 | IPCA + 7.632% p.a. | 11,949 | 11,559 | 10,453 |
| Subordinated CDB | January/2008 | 30,000 | 2013 | 100.0% of CDI rate + 0.344% p.a. | 34,720 | 33,713 | 30,694 |
| Subordinated CDB | February/2008 | 85,000 | 2013 | IPCA + (7.44% p.a. and 7.897% p.a.) | 98,529 | 95,386 | 86,161 |
| Subordinated CDB | February/2008 | 200,000 | 2013 | 100.0% of CDI rate + 0.4914% p.a. | 229,584 | 222,843 | 202,663 |
| Subordinated CDB | April/2008 | 20,000 | 2013 | IPCA + 7.90% p.a. | 22,797 | 22,048 | – |
| Subordinated CDB | May/2008 | 10,000 | 2013 | IPCA + 8.20% p.a. | 11,309 | 10,927 | – |
| Subordinated CDB | July/2008 | 230,000 | 2013 | 100.0% of CDI rate + 1.0817% p.a. | 253,672 | 245,864 | – |
| Subordinated CDB | November/2008 | 1,000,000 | 2014 | 112.0% of CDI rate | 1,051,113 | 1,018,009 | – |
| Subordinated CDB | February/2009 | 2,739 | 2015 | 108.0% of CDI rate | 2,773 | – | – |
| Subordinated CDB | March/2009 | 9,100 | 2015 | 109.0% and 112.0% of CDI rate | 9,151 | – | – |
| Subordinated debentures | September/2001 | 300,000 | 2008 | 100.0% of CDI rate + 0.75% p.a. | – | – | 302,559 |
| Subordinated debentures | November/2001 | 300,000 | 2008 | 100.0% of CDI rate + 0.75% p.a. | – | – | 313,719 |
| **Subtotal in the country** | | **11,496,885** | | | **16,484,056** | **15,988,024** | **13,983,017** |

## Notes to the Consolidated Financial Statements

| | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|
| | | | | | 2009 | 2008 | |
| Instrument | Issuance | Amount of the operation | Maturity | Remuneration | March 31 | December 31 | March 31 |
| **Abroad:** | | | | | | | |
| Subordinated debt (Dollar) | December/2001 | 353,700 | 2011 | 10.25% rate p.a. | 356,390 | 350,356 | 268,978 |
| Subordinated debt (Yen) (1) | April/2002 | 315,186 | 2012 | 4.05% rate p.a. | 322,685 | 317,826 | 243,981 |
| Subordinated debt (Dollar) | October/2003 | 1,434,750 | 2013 | 8.75% rate p.a. | 1,197,203 | 1,182,936 | 903,571 |
| Subordinated debt (Euro) | April/2004 | 801,927 | 2014 | 8.00% rate p.a. | 713,454 | 735,689 | 638,986 |
| Subordinated (Dollar) (2) | June/2005 | 720,870 | – | 8.875% rate p.a. | 699,354 | 705,940 | 528,352 |
| Funding issue costs (3) | | | | | (28,210) | (32,205) | (30,092) |
| **Subtotal abroad** | | **3,626,433** | | | **3,260,876** | **3,260,542** | **2,553,776** |
| **Overall total** | | **15,123,318** | | | **19,744,932** | **19,248,566** | **16,536,793** |

(1) Including the swap to U.S. dollar cost, the rate increases to 10.15% p.a.;

(2) In June 2005, a 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, considering that: (i) a 5-year term from the issuance date has elapsed and subsequently on each date of interest maturity; and (ii) at any moment in the event of change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and in case the issuer is notified in writing by Bacen that securities may no longer be included in the consolidated capital, for capital adequacy ratio calculation purposes; and

(3) According to CVM Rule 556 and CPC 08, funding-related expenses are recorded as write-down to the respective funding and appropriated to income according to the term of the operation.

### 20) Other Liabilities

#### a) Tax and social security

| | | | R$ thousand |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Provision for tax risks (Note 18b IV) | 7,407,905 | 7,052,932 | 6,608,847 |
| Provision for deferred income tax (Note 34f) | 3,165,039 | 2,467,850 | 1,806,502 |
| Taxes and contributions on profits payable | 528,228 | 1,327,665 | 1,083,467 |
| Taxes and contributions collectible | 570,288 | 634,150 | 516,230 |
| **Total** | **11,671,460** | **11,482,597** | **10,015,046** |

#### b) Sundry

| | | | R$ thousand |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Credit card operations | 5,219,923 | 6,009,216 | 5,056,214 |
| Provision for payments due | 2,960,929 | 3,066,969 | 2,673,262 |
| Provision for contingent liabilities (civil and labor) (Note 18b IV) | 3,204,455 | 3,077,566 | 3,068,745 |
| Sundry creditors | 1,693,207 | 1,828,087 | 1,427,759 |
| Liabilities for acquisition of assets and rights | 1,036,928 | 950,738 | 161,539 |
| Liabilities for acquisition of assets – financial leasing (1) | 777,868 | 1,042,271 | – |
| Liabilities for official agreements | 314,724 | 333,867 | 288,222 |
| Other | 1,101,126 | 1,164,067 | 407,931 |
| **Total** | **16,309,160** | **17,472,781** | **13,083,672** |

(1) Refers to liabilities for acquisition of data processing systems by means of financial leasing operations (lesser);

## 21) Insurance, Private Pension Plans and Certificated Savings Plans Operations

### a) Provisions by account

R$ thousand

| | Insurance (1) | | | Life and Private Pension Plans (2) | | | Certificated Savings Plans | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 (3) | December 31 | March 31 |
| **Current and long-term liabilities** | | | | | | | | | | | | |
| Mathematical provision for benefits to be granted | – | – | – | 47,005,121 | 45,922,203 | 42,063,748 | – | – | – | **47,005,121** | **45,922,203** | **42,063,748** |
| Mathematical provision for benefits granted | – | – | – | 4,318,588 | 4,280,106 | 3,991,512 | – | – | – | **4,318,588** | **4,280,106** | **3,991,512** |
| Mathematical provision for redemptions | – | – | – | – | – | – | 2,215,697 | 2,198,297 | 2,051,497 | **2,215,697** | **2,198,297** | **2,051,497** |
| Incurred but not reported (IBNR) provision | 1,308,571 | 1,270,570 | 1,287,052 | 556,704 | 536,319 | 450,977 | – | – | – | **1,865,275** | **1,806,889** | **1,738,029** |
| Unearned premiums provision | 1,723,691 | 1,586,929 | 1,431,190 | 69,236 | 78,484 | 48,499 | – | – | – | **1,792,927** | **1,665,413** | **1,479,689** |
| Provision for contribution insufficiency (4) | – | – | – | 2,578,399 | 2,522,156 | 2,567,455 | – | – | – | **2,578,399** | **2,522,156** | **2,567,455** |
| Provision for unsettled claims | 1,244,090 | 745,681 | 670,921 | 709,420 | 641,675 | 554,290 | – | – | – | **1,953,510** | **1,387,356** | **1,225,211** |
| Financial fluctuation provision | – | – | – | 643,297 | 648,790 | 583,859 | – | – | – | **643,297** | **648,790** | **583,859** |
| Premium insufficiency provision | – | – | 16 | 485,633 | 478,669 | 470,597 | – | – | – | **485,633** | **478,669** | **470,613** |
| Financial surplus provision | – | – | – | 324,771 | 290,885 | 374,980 | – | – | – | **324,771** | **290,885** | **374,980** |
| Provision for drawings and redemptions | – | – | – | – | – | – | 434,505 | 413,295 | 388,147 | **434,505** | **413,295** | **388,147** |
| Provision for administrative expenses | – | – | – | 143,788 | 145,207 | 110,678 | 81,733 | 83,910 | 75,518 | **225,521** | **229,117** | **186,196** |
| Provision for contingencies | – | – | – | – | – | – | 7,808 | 10,083 | 12,224 | **7,808** | **10,083** | **12,224** |
| Other provisions | 2,273,099 | 2,226,731 | 2,198,781 | 548,906 | 507,142 | 390,470 | – | – | – | **2,822,005** | **2,733,873** | **2,589,251** |
| **Total provisions** | **6,549,451** | **5,829,911** | **5,587,960** | **57,383,863** | **56,051,636** | **51,607,065** | **2,739,743** | **2,705,585** | **2,527,386** | **66,673,057** | **64,587,132** | **59,722,411** |

(1) "Other provisions" basically refer to the technical provision in the "individual health" portfolio created in order to cover the differences of future premium adjustments and those necessary to the portfolio technical balance, by adopting a constant formulation of actuarial technical note approved by ANS;

(2) Includes insurance operations for individuals and private pension plans;

(3) Pursuant to Susep Circular Letter 379/2008 of January 2009, techinical provision amounts are being presented at their gross amount and the reinsurance (PPNG, PSL and INBR) balance was reclassified to assets on March 31, 2009, in the amount of R$668,580 thousand; and

(4) The contribution insufficiency provision is calculated according to the mitigated biometric table AT-2000, improved by 1.5%, considering males separated from females, who have higher life expectancy, and actual interest rate of 4.3% p.a.

b) Technical provisions by product

R$ thousand

| | Insurance (1) | | | Life and Private Pension Plans (2) | | | Certificated Savings Plans | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 (2) | December 31 | March 31 |
| Health (1) | 3,428,997 | 3,415,915 | 3,296,313 | – | – | – | – | – | – | **3,428,997** | **3,415,915** | **3,296,313** |
| Auto/RCF | 1,755,254 | 1,739,587 | 1,638,004 | – | – | – | – | – | – | **1,755,254** | **1,739,587** | **1,638,004** |
| Dpvat | 96,833 | 77,165 | 73,643 | 189,807 | 145,135 | 134,888 | – | – | – | **286,640** | **222,300** | **208,531** |
| Life | 20,889 | 18,953 | 21,925 | 2,475,685 | 2,422,920 | 2,097,993 | – | – | – | **2,496,574** | **2,441,873** | **2,119,918** |
| Basic lines | 1,247,478 | 578,291 | 558,075 | – | – | – | – | – | – | **1,247,478** | **578,291** | **558,075** |
| Unrestricted benefits generating plan (PGBL) | – | – | – | 10,448,100 | 10,421,881 | 9,469,789 | – | – | – | **10,448,100** | **10,421,881** | **9,469,789** |
| VGBL | – | – | – | 28,751,281 | 27,627,847 | 25,161,321 | – | – | – | **28,751,281** | **27,627,847** | **25,161,321** |
| Traditional plans | – | – | – | 15,518,990 | 15,433,853 | 14,743,074 | – | – | – | **15,518,990** | **15,433,853** | **14,743,074** |
| Certificated savings plans | – | – | – | – | – | – | 2,739,743 | 2,705,585 | 2,527,386 | **2,739,743** | **2,705,585** | **2,527,386** |
| **Total technical provisions** | **6,549,451** | **5,829,911** | **5,587,960** | **57,383,863** | **56,051,636** | **51,607,065** | **2,739,743** | **2,705,585** | **2,527,386** | **66,673,057** | **64,587,132** | **59,722,411** |

(1) See Note 21a, item 1.

(2) Pursuant to Susep Circular Letter 379/2008, as of January 2009 the amounts referring to technical provisions are presented at gross amount and reinsurance balance (PPNG, PSL and INBR) were reclassified to assets on march 31,2009, in the amount of R$668,580 thousand.

c) Guarantees of technical provisions

R$ thousand

| | Insurance | | | Life and Private Pension Plans | | | Certificated Savings Plans | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 |
| Investment fund quotas (VGBL and PGBL) | – | – | – | 39,199,380 | 38,049,728 | 34,631,110 | – | – | – | **39,199,380** | **38,049,728** | **34,631,110** |
| Investment fund quotas (excluding VGBL and PGBL) | 5,059,932 | 5,281,805 | 5,285,757 | 13,173,982 | 12,926,284 | 13,029,945 | 2,459,078 | 2,492,489 | 2,224,800 | **20,692,992** | **20,700,578** | **20,540,502** |
| Government securities | 339,105 | 72,758 | 62,378 | 3,110,648 | 3,109,296 | 2,829,744 | – | – | – | **3,449,753** | **3,182,054** | **2,892,122** |
| Private securities | 163,802 | 158,571 | 456 | 946,263 | 927,903 | 476,752 | 124,054 | 116,171 | 121,746 | **1,234,119** | **1,202,645** | **598,954** |
| Shares | 2,387 | 2,368 | 2,196 | 1,028,943 | 1,113,502 | 652,384 | 226,468 | 166,725 | 250,456 | **1,257,798** | **1,282,595** | **905,036** |
| Receivables | 504,422 | 520,407 | 443,948 | – | – | – | – | – | – | **504,422** | **520,407** | **443,948** |
| Real estate | 7,213 | 7,290 | 7,521 | – | – | – | 10,173 | 10,238 | 10,434 | **17,386** | **17,528** | **17,955** |
| Deposits retained at IRB and court deposits | 7,137 | 7,032 | 75,022 | 64,462 | 65,564 | 67,863 | – | – | – | **71,599** | **72,596** | **142,885** |
| **Total guarantees of technical provisions** | **6,083,998** | **6,050,231** | **5,877,278** | **57,523,678** | **56,192,277** | **51,687,798** | **2,819,773** | **2,785,623** | **2,607,436** | **66,427,449** | **65,028,131** | **60,172,512** |

## Notes to the Consolidated Financial Statements

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

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Premiums written | 2,901,088 | 2,820,016 | 2,367,030 |
| Supplementary private pension plan contributions (including VGBL) | 2,294,015 | 2,964,174 | 2,645,049 |
| Revenues from certificated savings plans | 413,380 | 476,737 | 372,317 |
| Coinsurance premiums granted | (68,015) | (26,069) | (1,159) |
| Refunded premiums | (26,515) | (30,812) | (16,277) |
| **Net premiums written** | **5,513,953** | **6,204,046** | **5,366,960** |
| Reinsurance premiums | (68,859) | (68,878) | (81,844) |
| **Retained premiums from insurance, private pension plans and certificated savings plans (1)** | **5,445,094** | **6,135,168** | **5,285,116** |

(1) See Note 4b.

22) Minority Interest in Subsidiaries

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Andorra Holdings S.A. | 162,167 | 158,402 | 147,431 |
| Banco Bradesco BBI S.A. | 82,629 | 81,430 | – |
| Celta Holding S.A. | 55,948 | 68,879 | – |
| Banco Alvorada S.A. | 8,579 | 8,468 | 7,393 |
| Baneb Corretora de Seguros S.A. | 3,701 | 3,837 | 3,662 |
| Other minority shareholders | 23,986 | 483 | 192 |
| **Total** | **337,010** | **321,499** | **158,678** |

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.

| | 2009 | 2008 | |
|---|---|---|---|
| | March 31 | December 31 | March 31 |
| Common shares | 1,534,934,979 | 1,534,934,979 | 1,534,934,979 |
| Preferred shares | 1,534,934,821 | 1,534,934,821 | 1,534,934,821 |
| **Subtotal** | **3,069,869,800** | **3,069,869,800** | **3,069,869,800** |
| Treasury (common shares) | (146,721) | (129,021) | (1,600) |
| Treasury (preferred shares) | (34,600) | (34,600) | (1,600) |
| **Total outstanding shares** | **3,069,688,479** | **3,069,706,179** | **3,069,866,600** |

b) Breakdown of capital stock in number of shares

| | Common shares | Preferred shares | Total |
|---|---|---|---|
| **Number of outstanding shares on December 31, 2007** | **1,009,337,030** | **1,009,336,926** | **2,018,673,956** |
| Shares acquired and not cancelled | (1,600) | (1,600) | (3,200) |
| Increase through share subscription | 13,953,489 | 13,953,488 | 27,906,977 |
| Increase from 50% stock bonus | 511,644,460 | 511,644,407 | 1,023,288,867 |
| **Number of outstanding shares on March 31, 2008** | **1,534,933,379** | **1,534,933,221** | **3,069,866,600** |
| **Number of outstanding shares on September 30, 2008** | **1,534,854,779** | **1,534,900,221** | **3,069,755,000** |
| Shares acquired but not cancelled | (48,821) | – | (48,821) |
| **Number of outstanding shares on December 31, 2008** | **1,534,805,958** | **1,534,900,221** | **3,069,706,179** |
| Shares acquired and not cancelled | (17,700) | – | (17,700) |
| **Number of outstanding shares on March 31, 2009** | **1,534,788,258** | **1,534,900,221** | **3,069,688,479** |

## Notes to the Consolidated Financial Statements

The Special Shareholders' Meeting held on March 10, 2009 resolved on the reverse split of common and preferred shares in the proportion of fifty (50) to one (1), with the simultaneous split of each share, after the reverse split, in the proportion of one (1) to fifty (50), respective types respected, with maturity term of sixty-one (61) days, as from April 8, 2009 to mature on June 8, 2009, so that the shareholders, at their own and free discretion, may adjust their position of shares, by type, in multiples lots of fifty (50) shares, by means of trading at BM&FBovespa S.A., through the brokerage firm of their choice.

Simultaneously to the transaction on the Brazilian Market, complying with the same maturities, the same procedure will be adopted on the International Market, for securities traded in New York – USA and Madrid – Spain.

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

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

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

Interest on shareholders' equity is calculated based on the shareholders' equity accounts and limited to the variation in the Federal Government (TJLP), subject to the existence of profits, computed prior to the deduction thereof, or of retained earnings and revenue reserves in amounts that are equivalent to, or exceed 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, which is estimated, net of Withholding Income Tax, in the calculation of mandatory dividends of the year provided for in the Company's Bylaws.

At the Board of Directors Meeting held on December 5, 2008, the board members approved the proposal of the Board of Executive Officers related to the payment of supplementary interest on shareholders' equity to shareholders related to 2008, in the amount of R$0.571482431 (net of tax R$0.485760066) per common share and R$0.628630674 (R$0.534336073 net of taxes) per preferred shares, the payment of which was made on March 9, 2009.

At a Board of Directors' Meeting held on January 20, 2009, the board members approved the proposal of the Board of Executive Officers to increase by 10% the amount of monthly dividends, paid in advance to shareholders, according to the Monthly Compensation System, from R$0.012017500 to R$0.013219250, related to common shares, and from R$0.013219250 to R$0.014541175, related to preferred shares, effective since the dividends related to February 2009 paid on March 2, 2009, benefiting shareholders registered in the Company's records on February 2, 2009.

The calculation of interest on shareholders' equity related to 1Q09 is shown as follows:

| | R$ thousand | % (1) |
|---|---|---|
| Net income for the period | 1,723,012 | |
| (-) Legal reserve | (86,151) | |
| **Adjusted calculation basis** | **1,636,861** | |
| Supplementary interest on shareholders' equity (gross) provisioned (payable) | 523,150 | |
| Withholding income tax on interest on shareholders' equity | (78,473) | |
| **Interest on shareholders' equity (net)** | **444,677** | |
| Monthly dividends paid | 123,931 | |
| **Interest on shareholders' equity (net) and dividends for March 31, 2009** | **568,608** | **34.74** |
| **Interest on shareholders' equity (net) for March 31, 2008** | **629,170** | **31.50** |

(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) (1) | | Gross paid/ provisioned amount | Withholding Income Tax (IRRF) (15%) | Net paid/ provisioned amount |
|---|---|---|---|---|---|
| | Common shares | Preferred shares | | | |
| | | | | | R$ thousand |
| Monthly dividends | 0.038456 | 0.042302 | 123,931 | – | 123,931 |
| Supplementary interest on shareholders' equity provisioned | 0.162309 | 0.178540 | 523,150 | 78,473 | 444,677 |
| **Total for 1Q09** | **0.200765** | **0.220842** | **647,081** | **78,473** | **568,608** |

### d) Treasury shares

Up to March 31, 2009, 146,721 common shares and 34,600 preferred shares were acquired and held in treasury, in the amount of R$5,180 thousand. The minimum, weighted average and maximum cost per share is, respectively, R$16.49278, R$28.56446 and R$38.33945. These shares' market value on March 31, 2009 was R$19.22 per common share and R$23.10 per preferred share.

# Notes to the Consolidated Financial Statements

## 24) Fee and Commission Income

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Card income | 822,931 | 865,344 | 677,267 |
| Checking account | 547,721 | 553,966 | 577,800 |
| Loan operations | 380,858 | 322,207 | 498,981 |
| Asset management | 368,940 | 385,801 | 384,642 |
| Collections | 236,264 | 254,178 | 225,548 |
| Interbank fee | 86,483 | 94,766 | 83,063 |
| Custody and brokerage services | 89,431 | 101,106 | 71,707 |
| Consortium management | 80,194 | 84,052 | 71,642 |
| Tax payments | 63,248 | 60,422 | 59,527 |
| Other | 160,499 | 95,882 | 153,352 |
| **Total** | **2,836,569** | **2,817,724** | **2,803,529** |

## 25) Personnel Expenses

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Compensation | 892,466 | 927,768 | 807,587 |
| Benefits | 351,882 | 391,102 | 351,222 |
| Social charges | 319,233 | 342,775 | 297,770 |
| Employee profit sharing | 119,813 | 113,372 | 156,984 |
| Provision for labor claims | 80,521 | 85,010 | 112,365 |
| Training | 12,241 | 29,743 | 10,625 |
| **Total** | **1,776,156** | **1,889,770** | **1,736,553** |

## 26) Other Administrative Expenses

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Third-party services | 565,933 | 627,216 | 445,856 |
| Communication | 282,629 | 282,532 | 259,669 |
| Advertising and publicity | 109,226 | 211,315 | 122,372 |
| Depreciation and amortization | 157,309 | 151,584 | 137,721 |
| Depreciation of financial leasing Law 11,638/07 (1) | 96,555 | 305,261 | – |
| Transportation | 139,837 | 150,343 | 133,216 |
| Financial system services | 162,798 | 168,418 | 144,679 |
| Rentals | 128,208 | 130,296 | 107,258 |
| Data processing | 151,650 | 123,924 | 97,515 |
| Asset maintenance and conservation | 90,054 | 107,208 | 89,096 |
| Asset leasing | 108,056 | 101,657 | 74,261 |
| Asset leasing Law 11,638/07 (1) | (106,316) | (346,358) | – |
| Supplies | 51,246 | 60,150 | 45,503 |
| Security and surveillance | 60,260 | 57,197 | 50,684 |
| Water, electricity and gas | 50,395 | 47,600 | 47,140 |
| Travels | 15,101 | 22,364 | 18,981 |
| Other | 63,907 | 49,376 | 41,043 |
| **Total** | **2,126,848** | **2,250,083** | **1,814,994** |

(1) Adjustment due to adoption of Law 11,638/07 and CPC 08.

# Notes to the Consolidated Financial Statements

## 27) Tax Expenses

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Contribution for Social Security Financing (Cofins) contribution | 392,045 | 150,892 | 399,956 |
| Tax on Services (ISS) | 79,536 | 79,578 | 87,629 |
| Social Integration Program (PIS) contribution | 74,351 | 35,367 | 70,333 |
| Municipal Real State Tax (IPTU) expenses | 13,218 | 5,616 | 14,010 |
| Others | 36,168 | 33,684 | 39,395 |
| **Total** | **595,318** | **305,137** | **611,323** |

## 28) Other Operating Income

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Other interest income | 207,597 | 231,699 | 119,337 |
| Reversal of other operating provisions | 50,739 | 108,984 | 79,393 |
| Income on sale of goods | 6,534 | 15,645 | 27,007 |
| Revenues from recovery of charges and expenses | 16,544 | 12,573 | 15,480 |
| Others | 190,461 | 151,714 | 88,565 |
| **Total** | **471,875** | **520,615** | **329,782** |

## 29) Other Operating Expenses

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Other interest expenses | 559,480 | 572,596 | 467,520 |
| Sundry losses expenses | 254,649 | 264,098 | 180,506 |
| Cost of goods sold and services rendered | 208,298 | 187,208 | 194,166 |
| Interest expenses with leasing obligations Law 11,638/07 (1) | 31,025 | 127,719 | – |
| Intangible assets amortization – banking rights acquisition | 133,444 | 124,091 | – |
| Expenses with other operating provisions | 246,435 | 180,400 | 239,438 |
| Goodwill amortization | 24,577 | 24,577 | – |
| Impairment expenses | – | 1,481 | – |
| Others | 277,573 | 244,845 | 312,798 |
| **Total** | **1,735,481** | **1,727,015** | **1,394,428** |

(1) Adjustment due to adoption of Law 11,638/07 and CPC 08.

## 30) Non-Operating Income

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| Result on sale and write-off of assets and investments | (14,007) | 5,846 | 407,317 |
| Recording of non-operating provisions | (34,476) | (11,326) | (15,937) |
| Others | 8,504 | (36) | 10,853 |
| **Total** | **(39,979)** | **(5,516)** | **402,233** |

# Notes to the Consolidated Financial Statements

## 31) Transactions with Related Parties (Direct and Indirect)

a) Transactions with parent companies, subsidiaries, jointly-controlled companies and key management personnel are represented as follows:

R$ thousand

| | 2009 | 2008 | | 2009 | 2008 | |
|---|---|---|---|---|---|---|
| | March 31 | December 31 | March 31 | 1st Quarter | 4th Quarter | 1st Quarter |
| | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) | Revenues (expenses) | Revenues (expenses) | Revenues (expenses) |
| **Interest on shareholders' equity and dividends:** | **2,504,130** | **1,303,107** | **2,633,904** | **–** | **–** | **–** |
| Cidade de Deus Companhia Comercial de Participações (1) | (9,789) | (368,603) | (7,461) | – | – | – |
| Fundação Bradesco (1) | (3,524) | (318,214) | (13,754) | – | – | – |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (2) | 2,806 | 1,188 | 93,295 | – | – | – |
| Banco Alvorada S.A. (2) | 351,662 | 118,966 | 170,038 | – | – | – |
| Banco Finasa BMC S.A. (2) | 5,019 | 1,019 | – | – | – | – |
| Banco Boavista Interatlântico S.A. (2) | 1,323 | 477 | 100,647 | – | – | – |
| Tempo e Serviços Ltda. (2) | 397,248 | 380,539 | 292,036 | – | – | – |
| Bradesco Administradora de Consórcios Ltda. (2) | 1,688 | 786 | 50,000 | – | – | – |
| Bradesco Leasing S.A. Arrendamento Mercantil (2) | 110,751 | 30,483 | 112,855 | – | – | – |
| Elba Holdings Ltda. (2) | 568,007 | 640,032 | 570,483 | – | – | – |
| Bradseg Participações Ltda (2) | 971,867 | 786,744 | 1,005,992 | – | – | – |
| Mississipi Empreendimentos e Participações Ltda. (2) | 11,707 | 11,707 | – | – | – | – |
| Serel Participações em Imóveis S.A. (2) | 27,396 | 17,150 | 177 | – | – | – |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | 67,969 | 833 | 259,596 | – | – | – |
| **Demand deposit:** | **(1,248,363)** | **(1,240,626)** | **(79,161)** | **–** | **–** | **–** |
| Fundação Bradesco (1) | (674) | (8) | (711) | – | – | – |
| Elo Participações e Investimentos S.A. (1) | (8) | (6) | (1) | – | – | – |
| Nova Cidade de Deus Participações S.A. (1) | (2) | (88) | (1) | – | – | – |
| Cidade de Deus Companhia Comercial de Participações (1) | (6) | (13,025) | (1) | – | – | – |
| Bradesco Vida e Previdência S.A. (2) | (47,452) | (892) | (39,247) | – | – | – |
| Atlântica Cia. de Seguros (2) | – | (48) | (17) | – | – | – |
| Banco Bradesco Argentina S.A. (2) | (5,005) | (5,102) | – | – | – | – |
| Bradesco Auto/RE Cia. de Seguros (2) | (249,366) | (26) | (10) | | | |
| Bradesco Argentina de Seguros S.A. (2) | (2,010) | (2,208) | (719) | – | – | – |
| Banco Bankpar S.A. (2) | (5,713) | (5,329) | (6,938) | – | – | – |
| Banco Bradesco Luxembourg S.A. (2) | (47) | (20,595) | (8) | – | – | – |
| BMC Previdência Privada S.A. (2) | – | (2,259) | – | – | – | – |
| Elba Holdings Ltda. (2) | (9) | (1,406) | (1) | – | – | – |
| Bradseg Participações Ltda. (2) | (6) | (249,626) | (2) | – | – | – |
| Leader S/A Administradora de Cartões (2) | (5,166) | (2,351) | – | – | – | – |
| STVD Holdings S.A. (2) | (899,952) | (900,926) | (1) | – | – | – |
| Key management personnel (4) | (17,175) | (16,560) | (18,794) | – | – | – |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | (15,772) | (20,171) | (12,710) | – | – | – |
| **Time deposits:** | **(304,867)** | **(201,861)** | **(699,992)** | **(6,438)** | **(13,133)** | **(42,377)** |
| Cidade de Deus Companhia Comercial de Participações (1) | (19,769) | (45,911) | (11,502) | (8) | – | (795) |
| Bradesco Argentina de Seguros S.A. (2) | – | (6,115) | – | – | – | – |
| Bradesco Auto RE Cia. de Seguros (2) | (13,376) | (14,038) | (10,299) | – | – | – |
| Bradesco Securities Inc. (2) | (9,074) | (4,605) | (7,135) | – | – | – |
| Bradesplan Participações Ltda. (2) | – | – | – | – | – | (6,374) |
| Celta Holdings S.A. (2) | (19,051) | (19,058) | (15,430) | (594) | (1,589) | (389) |
| Cia. Securitizadora de Créditos Financeiros Rubi (2) | – | – | – | – | – | (6,025) |
| Elba Holdings Ltda. (2) | – | – | – | – | – | (948) |
| Ezibras Imóveis e Representações Ltda. (2) | – | – | – | – | – | (4,221) |
| Miramar Holdings S.A. (2) | – | – | – | – | – | (2,238) |
| STVD Holdings (2) | – | – | (521,777) | – | – | (15,330) |
| Visa Vale – Cia. Brasileira de Soluções e Serviços (3) | (73,783) | (8,428) | – | (1,813) | (30) | – |
| Key management personnel (4) | (142,599) | (91,530) | (123,524) | (4,012) | (10,788) | (3,717) |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | (27,215) | (12,176) | (10,325) | (11) | (726) | (2,340) |

## Notes to the Consolidated Financial Statements

R$ thousand

| | 2009 | 2008 | | 2009 | 2008 | |
|---|---|---|---|---|---|---|
| | March 31 | December 31 | March 31 | 1st Quarter | 4th Quarter | 1st Quarter |
| | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) | Revenues (expenses) | Revenues (expenses) | Revenues (expenses) |
| **Deposits abroad in foreign currency:** | **273** | **21** | **12** | **–** | **–** | **–** |
| Banco Bradesco Luxembourg S.A. (2) | 14 | 6 | 7 | – | – | – |
| Banco Bradesco Argentina S.A. (2) | 259 | 15 | 5 | – | – | – |
| **Foreign currency investments:** | **362** | **1,352** | **56,812** | **347** | **448** | **540** |
| Banco Bradesco Luxembourg S.A. (2) | 362 | 1,352 | 56,812 | 347 | 448 | 540 |
| **Funding/investments in interbank deposits (a):** | | | | | | |
| **Funding:** | **(71,076,344)** | **(73,519,153)** | **(53,541,169)** | **(2,038,735)** | **(2,267,952)** | **(1,279,185)** |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (2) | (3,500,157) | (3,461,815) | (3,163,199) | (100,343) | (111,128) | (80,166) |
| Banco Alvorada S.A. (2) | (308,880) | (22,076) | (4,369,135) | (3,492) | (125,064) | (116,019) |
| Banco Bankpar S.A. (2) | (1,249,554) | (1,540,876) | (1,971,201) | (42,909) | (63,077) | (8,781) |
| Banco Finasa BMC S.A. (2) | (28,325,811) | (31,810,937) | (7,457,222) | (814,389) | (773,291) | (113,668) |
| Banco Boavista Interatlântico S.A. (2) | (430,336) | (502,269) | (643,854) | (14,236) | (18,633) | (17,014) |
| Banco Bradesco BBI S.A. (2) | (5,241,515) | (5,193,395) | (1,745,662) | (152,080) | (166,993) | (22,564) |
| Banco Bradesco Cartões S.A. (2) | (534,496) | (394,291) | (12,995) | (357) | (391) | (321) |
| Bradesco Leasing S.A. Arrendamento Mercantil (2) | (31,063,507) | (30,174,738) | (33,761,877) | (888,769) | (987,495) | (910,954) |
| Cidade Capital Markets Ltd. (2) | (85,680) | (86,270) | (63,654) | (105) | (537) | (486) |
| Zogbi Leasing S.A. Arrendamento Mercantil (2) | (267,225) | (265,529) | (246,563) | (7,697) | (8,524) | (6,514) |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | (69,183) | (66,957) | (105,807) | (14,358) | (12,819) | (2,698) |
| **Investments:** | **38,473,574** | **40,190,515** | **29,723,171** | **1,133,099** | **1,178,910** | **909,971** |
| Banco Finasa BMC S.A. (2) | 34,488,179 | 36,791,459 | 28,860,565 | 1,034,919 | 1,142,601 | 892,448 |
| Banco Alvorada S.A. (2) | 2,673,552 | 2,621,110 | – | 75,428 | 9,097 | 4 |
| Banco BankPar S.A. (2) | 689,426 | 685,357 | 804,606 | 20,474 | 24,512 | 16,043 |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | 622,417 | 92,589 | 58,000 | 2,278 | 2,700 | 1,476 |
| **Funding/investments on the open market (b):** | | | | | | |
| **Funding:** | **(12,989,993)** | **(12,594,355)** | **(7,414,520)** | **(387,755)** | **(399,447)** | **(85,963)** |
| Ágora CTVM S.A.(2) | (411,709) | (383,048) | – | (11,224) | (4,048) | – |
| Alvorada Administradora de Cartões Ltda. (2) | (166,773) | (161,960) | – | (4,814) | (5,352) | – |
| Alvorada Serviços e Negócios Ltda. (2) | (593,087) | (330,389) | – | (12,098) | (10,658) | – |
| Banco Finasa BMC S.A. (2) | (155,177) | (98,408) | (38,199) | (3,017) | (5,485) | (1,026) |
| Banco Bradesco Cartões S.A. (2) | (35,393) | (97,504) | (166) | – | – | – |
| Tempo e Serviços Ltda. (2) | (511,980) | (528,081) | (129,917) | (15,257) | (16,418) | (3,218) |
| Banco Bradesco BBI S.A. (2) | (75,303) | (26,639) | (395,410) | (1,740) | (12,739) | (1,401) |
| Bradesco Leasing S.A. Arrendamento Mercantil (2) | (8,824,342) | (8,635,342) | (3,183,690) | (256,267) | (219,636) | (6,258) |
| Bradesco S.A. – CTVM (2) | (171,100) | (180,592) | (144,000) | (5,687) | (6,170) | (1,941) |
| Bradesplan Participações Ltda. (2) | (189,183) | (203,857) | (651,674) | (5,586) | (8,767) | (10,115) |
| Cia. Securitizadora de Créditos Financeiros Rubi (2) | (613,168) | (595,896) | (980,673) | (17,272) | (19,832) | (18,631) |
| Miramar Holdings S.A. (2) | (191,916) | (190,759) | (174,135) | (5,450) | (6,124) | (2,750) |
| STVD Holdings S.A. (2) | – | – | (270,646) | (14,159) | (436) | (6,960) |
| Cia. Brasileira de Meios de Pagamento – Visanet (3) | (37,670) | (234,009) | (196,209) | (3,598) | (5,189) | (4,287) |
| Key Management personnel (4) | (811,296) | (730,677) | (538,189) | (22,668) | (62,220) | (11,959) |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | (201,896) | (197,194) | (711,612) | (8,918) | (16,373) | (17,417) |
| **Investments:** | **45,561** | **48,801** | **48,038** | **1,114** | **1,590** | **1,917** |
| Banco Alvorada S.A. (2) | 45,561 | 48,801 | 48,038 | 1,114 | 1,585 | 1,207 |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | – | – | – | – | 5 | 710 |
| **Derivative financial instruments (Swap) (c):** | **(19,977)** | **(27,803)** | **285** | **(1,784)** | **(7,271)** | **22** |
| Banco Bankpar S.A. (2) | (14,033) | (1,767) | – | – | – | – |
| Tempo e Serviços Ltda. (2) | (10,439) | (17,546) | – | – | – | – |
| STVD Holdings S.A. (2) | (566) | (11,458) | – | 818 | (11,458) | – |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | 5,061 | 2,968 | 285 | (2,602) | 4,187 | 22 |
| **Loans and onlending abroad (d):** | **(391,994)** | **(847,943)** | **(230,641)** | **(3,603)** | **(8,259)** | **(2,927)** |
| Banco Bradesco Luxembourg S.A. (2) | (391,994) | (847,943) | (161,770) | (3,408) | (7,233) | (2,275) |
| BMC – Grand Cayman (2) | – | – | (68,305) | (195) | (1,026) | (652) |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | – | – | (566) | – | – | – |

## Notes to the Consolidated Financial Statements

R$ thousand

| | 2009 | 2008 | | 2009 | 2008 | |
|---|---|---|---|---|---|---|
| | March 31 | December 31 | March 31 | 1st Quarter | 4th Quarter | 1st Quarter |
| | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) | Revenues (expenses) | Revenues (expenses) | Revenues (expenses) |
| **Services rendered (e):** | **(22,613)** | **(29,935)** | **(18,025)** | **(87,135)** | **(91,905)** | **(73,321)** |
| Scopus Tecnologia S.A. (2) | (17,289) | (20,721) | (14,570) | (58,895) | (62,074) | (53,764) |
| C.P.M. Braxis S.A. (3) | (5,324) | (9,214) | (3,455) | (1,277) | (6,856) | (5,697) |
| Fidelity Processadora e Serviços S.A. (3) | – | – | – | (28,869) | (26,063) | (15,716) |
| Cia. Brasileira de Meios de Pagamento – Visanet (3) | – | – | – | (320) | (250) | (468) |
| Câmara Interbancária de Pagamentos – CIP (3) | – | – | – | – | (304) | (252) |
| Visa Vale – Cia. Brasileira de Soluções e Serviços (3) | – | – | – | 3,763 | 3,553 | 2,476 |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | – | – | – | (1,537) | 89 | 100 |
| **Rental of branches:** | – | – | – | **(49,239)** | **(46,733)** | **(41,410)** |
| Fundação Bradesco (1) | – | – | – | (114) | (435) | (102) |
| Alvorada Cartões, Crédito, Fin. e Investimento S.A. (2) | – | – | – | (1,259) | (1,240) | (1,258) |
| Banco Alvorada S.A. (2) | – | – | – | – | – | (32) |
| Bradesco Seguros S.A. (2) | – | – | – | 40 | 61 | (2,019) |
| Bradesco Vida e Previdência S.A. (2) | – | – | – | (5,434) | (1,456) | 262 |
| Mississippi Empreendimentos e Participações Ltda. (2) | – | – | – | (9,023) | (9,023) | (8,104) |
| Niagara Participações e Empreendimentos Ltda. (2) | – | – | – | (7,079) | (7,079) | (5,743) |
| Paineira Empreendimentos e Participações Ltda. (2) | – | – | – | (6,787) | (6,716) | (6,093) |
| Reno Empreendimentos e Participações Ltda. (2) | – | – | – | (4,032) | (3,997) | (3,445) |
| Tamisa Empreendimentos e Participações Ltda. (2) | – | – | – | (5,448) | (5,448) | (4,670) |
| Veneza Empreendimentos e Participações S.A. (2) | – | – | – | (5,160) | (5,160) | (4,831) |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | – | – | – | (4,943) | (6,240) | (5,375) |
| **Securities**: | **42,160,302** | **41,020,159** | **36,435,191** | **1,189,424** | **1,320,957** | **879,257** |
| Bradesco Leasing S.A. Arrendamento Mercantil (2) | 42,160,302 | 40,970,877 | 36,427,283 | 1,189,424 | 1,318,228 | 878,751 |
| Cibrasec – Companhia Brasileira de Securitização (3) | – | 49,282 | 7,908 | – | 2,729 | 506 |
| **Interbank onlending:** | **–** | **–** | **–** | **(32)** | **(32)** | **(50)** |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | – | – | – | (32) | (32) | (50) |
| **Securitization operations (f):** | **(168,810)** | **(190,379)** | **(186,314)** | **–** | **–** | **–** |
| Cia. Brasileira de Meios de Pagamento – Visanet (3) | (168,810) | (190,379) | (186,314) | – | – | – |
| **Subordinated debts:** | **(130,021)** | **(105,737)** | **(873,927)** | **(3,310)** | **(8,844)** | **(22,076)** |
| Cidade de Deus Companhia Comercial de Participações (1) | (31,062) | (19,797) | (369,240) | (697) | (773) | (9,253) |
| Fundação Bradesco (1) | (98,959) | (85,940) | (504,687) | (2,613) | (8,071) | (12,823) |
| **Amounts receivable/payable:** | **(98,287)** | **9,425** | **7,374** | **–** | **–** | **–** |
| Banco Finasa BMC S.A. (2) | (100,620) | – | – | – | – | – |
| Embaúba Holdings Ltda. (2) | 5,419 | 5,419 | 5,419 | – | – | – |
| Visa Vale – Cia. Brasileira de Soluções Serviços (3) | 3,590 | 3,458 | 2,436 | – | – | – |
| C.P.M Braxis S.A. (3) | – | 413 | (381) | – | – | – |
| Other parent companies, subsidiaries and jointly-controlled companies (3) | (6,676) | 135 | (100) | – | – | – |

(1) Parent companies;
(2) Subsidiaries and affiliated companies;
(3) Jointly-controlled companies; and
(4) Key management personnel.

a) Short-term interbank investments – interbank deposits of affiliated companies, with rates corresponding to CDI – interbank deposit certificate;
b) Repurchases and/or resale to be settled, purchase and sale agreements operations backed by government securities, with rates corresponding to overnight rates;
c) Differences receivable and payable from swap operations;
d) Loans abroad raised in foreign currency for export financing, with charges corresponding to the exchange variation and international market interest rates;
e) Basically agreements executed with Scopus Tecnologia Ltda. for maintenance of IT equipment and with CPM Braxis S.A. for maintenance services of data processing systems; and
f) Securitization operations of the future flow of receivables from credit card bills of clients residing abroad.

## Notes to the Consolidated Financial Statements

### b) Compensation of key management personnel

Yearly, the Annual Shareholders' Meeting sets out:

- The annual global amount of management compensation, apportioned at the Board of Directors Meetings to 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 allocated to employees and management of Bradesco Organization.

For 2009, the maximum amount of R$284,850 thousand was determined for the management compensation (charges and bonuses) and R$128,900 thousand to finance defined contribution supplementary private pension plans.

Short-term benefits to the Management

| | March 31, 2009 – R$ thousand |
|---|---|
| Income | 34,723 |
| Bonuses | 11,954 |
| INSS contribution | 10,473 |
| **Total** | **57,150** |

Post-employment benefits

| | March 31, 2009 – R$ thousand |
|---|---|
| Defined contribution supplementary private pension plans | 13,430 |
| **Total** | **13,430** |

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

Other information

I)According to the prevailing 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 respective spouses and immediate family members;

b) Individuals or corporations that hold interest in their capital, with over 10%;

c) Corporations holding over 10% of interest, the financial institution itself, any officers or administrators of the institution, as well as their spouses and respective immediate family members;

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

II) Shareholding

Members of the Board of Directors and Board of Executive Officers, jointly, have the following shareholding at Bradesco on March 31, 2009:

| | |
|---|---|
| • Common shares | 0.74% |
| • Preferred shares | 1.11% |
| • Total shares | 0.93% |

## 32) Financial Instruments

### a) Risk management process

Bradesco approaches on an integrated basis the management of all risks inherent to its activities, supported by its Internal Controls and Compliance structure. This multidisciplinary vision enables the improvement of risk management standards and avoids the existence of gaps which may jeopardize its correct identification and measurement.

Credit risk management

Credit risk is the possibility that a counterparty of a loan or financial operation may not wish or may suffer some change in its ability to comply with its contractual liabilities, which may generate losses for the Organization.

Aiming at mitigation of credit risk, Bradesco continuously works in the follow-up of credit activities processes, in improvements, examination and preparation of inventories of loan assignment and recovery standards, in the monitoring of concentrations and identification of new components offering credit risks.

## Notes to the Consolidated Financial Statements

### Market risk management

Market risk is related to the possibility of loss from fluctuating rates caused by unhedged terms, currencies and indices of the Institution's asset and liability portfolios.

At Bradesco, market risks are managed by means of methodologies and standards adherent and compatible with the national and international market reality, enabling us to make the Organization's strategic decisions with high agility and level of reliance.

We present below the balance sheet by currency:

R$ thousand

| | 2009 | | | 2008 | |
|---|---|---|---|---|---|
| | March 31 | | | December 31 | March 31 |
| | Balance | Domestic | Foreign (1) (2) | Foreign (1) (2) | |
| Assets | | | | | |
| **Current and long-term assets** | **474,123,853** | **421,244,615** | **52,879,238** | **49,031,020** | **34,460,787** |
| Funds available | 7,533,368 | 5,009,902 | 2,523,466 | 3,474,421 | 543,837 |
| Interbank investments | 93,342,014 | 89,028,523 | 4,313,491 | 5,717,083 | 1,550,363 |
| Securities and derivative financial instruments | 130,816,205 | 121,253,582 | 9,562,623 | 7,874,279 | 8,343,349 |
| Interbank and interdepartmental accounts | 15,690,623 | 15,380,601 | 310,022 | 45,348 | 11,479 |
| Loan and leasing operations | 150,044,580 | 136,253,654 | 13,790,926 | 13,828,806 | 12,142,914 |
| Other receivables and assets | 76,697,063 | 54,318,353 | 22,378,710 | 18,091,083 | 11,868,845 |
| **Permanent assets** | **8,017,091** | **8,008,286** | **8,805** | **9,263** | **5,334** |
| Investments | 1,095,181 | 1,095,181 | – | – | – |
| Premises and equipment and leased assets | 3,286,127 | 3,277,454 | 8,673 | 9,126 | 5,221 |
| Intangible assets | 3,635,783 | 3,635,651 | 132 | 137 | 113 |
| **Total** | **482,140,944** | **429,252,901** | **52,888,043** | **49,040,283** | **34,466,121** |
| | | | | | |
| Liabilities | | | | | |
| **Current and long-term liabilities** | **446,224,647** | **399,825,702** | **46,398,945** | **41,423,826** | **24,196,147** |
| Deposits | 169,103,134 | 160,591,893 | 8,511,241 | 6,084,709 | 3,492,439 |
| Federal funds purchased and securities sold under agreements to repurchase | 91,659,201 | 91,649,871 | 9,330 | 54,024 | 751,780 |
| Funds from issuance of securities | 9,279,720 | 3,783,404 | 5,496,316 | 5,250,583 | 3,786,428 |
| Interbank and interdepartmental accounts | 2,286,965 | 746,706 | 1,540,259 | 1,364,078 | 1,215,557 |
| Borrowing and onlending | 30,420,199 | 17,339,217 | 13,080,982 | 14,592,427 | 9,649,974 |
| Derivative financial instruments | 2,293,887 | 1,612,683 | 681,204 | 1,117,147 | 283,736 |
| Technical provision from insurance, private pension plans and certificated savings plans | 66,673,057 | 66,670,000 | 3,057 | 3,187 | 5,605 |
| Other liabilities: | | | | | |
| – Subordinated debt | 19,744,932 | 16,484,056 | 3,260,876 | 3,292,748 | 2,583,868 |
| – Other | 54,763,552 | 40,947,872 | 13,815,680 | 9,664,923 | 2,426,760 |
| **Deferred income** | **272,930** | **272,930** | **–** | **–** | **–** |
| **Minority interest in subsidiaries** | **337,010** | **337,010** | **–** | **–** | **–** |
| **Shareholders' equity** | **35,306,357** | **35,306,357** | **–** | **–** | **–** |
| **Total** | **482,140,944** | **435,741,999** | **46,398,945** | **41,423,826** | **24,196,147** |
| **Net position of assets and liabilities** | | | **6,489,098** | **7,616,457** | **10,269,974** |
| Net position of derivatives (2) | | | (14,614,146) | (16,552,003) | (15,168,146) |
| Other net memorandum accounts (3) | | | 38,858 | 913,517 | (121,318) |
| **Net exchange position (liability)** | | | **(8,086,190)** | **(8,022,029)** | **(5,019,490)** |

(1) Amounts expressed and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled in the currency of the last day of the month; and

(3) Other commitments recorded in memorandum accounts.

In its market risk management process, Bradesco Organization uses methods that comply with the best international practices, and risk limits are defined in specific Committees and validated by Senior Management. Compliance is monitored on a daily basis by the market risk area. The methodology used to determine trading portfolio risk is parametric VaR, which has a reliability level of 99%, and one-day perspective. Correlations and fluctuations are calculated based on statistical methods in which recent returns have more importance. The fluctuations and correlations used by the models are calculated on statistical bases that are used on forward-looking processes, in accordance with economic studies. The methodology applied and current statistical models are daily assessed using backtesting techniques.

## Notes to the Consolidated Financial Statements

We present the VaR in the chart below

| Risk factors | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Prefixed | 16,282 | 76,236 | 14,364 |
| Internal exchange coupon | 7,338 | 13,991 | 466 |
| Foreign currency | 10,159 | 23,070 | 2,089 |
| IGP-M | 54 | 18 | 96 |
| IPCA | 66,173 | 267,651 | 29,523 |
| Variable income | 12,021 | 4,499 | 2,823 |
| Sovereign/Eurobonds and treasuries | 88,015 | 170,532 | 50,946 |
| Other | 57 | 61 | 3,793 |
| Correlation/diversification effect | (70,887) | (112,617) | (46,365) |
| **VaR (Value at Risk)** | **129,212** | **443,441** | **57,735** |

### Sensitivity analysis

As a good risk management governance practice, Banco Bradesco maintains a continued risk management process, 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 the financial institutions have risk limits and controls and leverage regulated by Bacen.

Market risk limits are proposed by specific committees, assessed by the Market and Liquidity Risk Management Executive Committee and validated by the Integrated Risk Management and Capital Allocation Committee, observing the limits laid down by the Board of Directors, according to the characteristics of operations, which are divided into the following portfolios:

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

The following table presents the financial exposure sensitivity analysis (Trading and Banking Portfolios) pursuant to CVM Rule 475 of December 17, 2008 and does not reflect how these market risk exposures are managed in the Organization's daily operations, according to information provided in this note.

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

1. part of loan operations held in the Banking Portfolio is funded by demand deposits and/or savings deposits, which furnishes a natural hedge for eventual interest rate fluctuations.
2. for the Banking Portfolio, interest rates fluctuations do not mandatorily have a material impact over the Organization's results, since the intention is to hold the loan operations until their maturity.
3. derivative operations of the Banking Portfolio are used to hedge clients' operations or to hedge investments abroad, considering the tax effect on foreign exchange rate fluctuation.

| | | On March 31 – R$ thousand | | |
|---|---|---|---|---|
| Trading and Banking Portfolios | | Scenarios | | |
| Risk factors | Definition | 1 | 2 | 3 |
| Interest rates in Reais | Exposures subject to fixed interest rates variation in Reais | (707) | (325,996) | (599,359) |
| Price indexes | Exposures subject to the variation of price index coupons | (5,553) | (721,657) | (1,372,304) |
| Domestic exchange coupon | Exposures subject to the variation of foreign currency coupon rate | (87) | (6,519) | (12,746) |
| Foreign currency | Exposures subject to exchange variation | (2,242) | (56,060) | (112,120) |
| Equities | Exposures subject to stocks price variation | (8,465) | (211,619) | (423,237) |
| Sovereign/Eurobonds and treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (2,201) | (99,481) | (195,916) |
| Other | Exposures not classified into previous definitions | – | (37) | (74) |
| **Total not correlated (1)** | | **(19,255)** | **(1,421,369)** | **(2,715,756)** |
| **Total correlated (1)** | | **(13,511)** | **(1,270,512)** | **(2,334,820)** |

(1) Amounts net of tax effects

## Notes to the Consolidated Financial Statements

Operations with derivatives of the Banking portfolio refer, mainly, to future market operations for cash flow hedges of CDI-related funding in the amount of R$20,475,182 thousand (Note 8g), and are structured for the purpose of offsetting interest rate fluctuations; hedge of investments abroad, which totaled R$9,323,886 thousand (R$9,094,833 thousand on December 31, 2008 and R$8,940,925 thousand on March 31, 2008) (Note 13a), are structured for the purpose of offsetting exchange rate fluctuations, also considering tax effects.

Additionally, we present below the sensitivity analysis of the Trading Portfolio, which represent exposures that might cause material impacts on the Organization's results. It is worth mentioning that results show the impacts for each scenario in a static portfolio position on March 31, 2009. The market dynamism makes this position to change continuously and does not mandatorily reflect current position. In addition, as mentioned before, we maintain a continued management process of market risks, which continuously seeks, through market dynamics, ways of mitigating/minimizing related risks, according to the strategy determined by senior management, i.e., in case of signs of deterioration signs in a certain position, proactive measures are taken to minimize potential negative impacts, aiming at maximizing the risk/return ratio for the Organization.

| | | On March 31 – R$ thousand | | |
|---|---|---|---|---|
| Trading Portfolio | | Scenarios | | |
| Risk factors | Definition | 1 | 2 | 3 |
| Interest rates in R$ | Exposures subject to fixed interest rates variation and coupon in Reais | (211) | (59,933) | (118,738) |
| Price indexes | Exposures subject to the variation of price index coupons | (2,332) | (179,502) | (348,891) |
| Exchange coupon | Exposures subject to the variation of foreign currency coupon rate | (32) | (2,800) | (5,548) |
| Foreign currency | Exposures subject to exchange variation | (2,242) | (56,060) | (112,120) |
| Equities | Exposures subject to stocks price variation | (1,008) | (25,190) | (50,380) |
| Sovereign/Eurobonds and treasuries | Exposures subject to the interest rate variation of securities traded on the international market | (1,682) | (69,583) | (138,319) |
| Other | Exposures not classified into previous definitions | – | (28) | (57) |
| Total not correlated (1) | | (7,507) | (393,096) | (774,053) |
| **Total correlated (1)** | | **(5,048)** | **(243,689)** | **(478,943)** |

(1) Amounts net of tax effects

The sensitivity analysis was carried out based on the scenarios below, always considering that these impacts would materially affect our positions:

Scenario 1: based on market information (BM&FBovespa, Andima, etc), 1 base point shocks were applied for interest rates and 1% variation for prices. For instance, the exchange rate of Reais/Dollar of R$2.33 and 1-year fixed interest rates of 9.81% p.a.

Scenario 2: 25% shocks were determined based on the market on March 31, 2009. For instance, the exchange rate of Reais/Dollar stood at R$2.88 and 1-year fixed interest rates of 12.25% p.a., with fluctuations of other risk factors representing a 25% shock on the respective curves or prices.

Scenario 3: 50% shocks were determined based on the market on March 31, 2009. For instance: the exchange rate of Reais/Dollar stood at R$3.46 and 1-year fixed interest rates of 14.70% p.a., with fluctuations of other risk factors representing 50% shock on the respective curves or prices.

### Liquidity Risk

Liquidity risk management is designed to control the different unhedged settlement terms of the Institution's rights and obligations, as well as the liquidity of the financial instruments used to manage the financial positions.

The knowledge and monitoring of this risk are crucial, especially to enable the Organization to settle transactions in a timely and secure manner.

At Bradesco, liquidity risk management involves a series of controls, mainly the establishment of technical limits, with an ongoing assessment of the positions assumed and financial instruments used.

We present the Balance Sheet by maturity in the chart below:

R$ thousand

| | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Not stated maturity | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current and long-term assets** | **270,726,537** | **61,842,737** | **30,617,907** | **110,936,672** | **–** | **474,123,853** |
| Funds available | 7,533,368 | – | – | – | – | **7,533,368** |
| Interbank investments | 77,618,587 | 14,074,221 | 826,173 | 823,033 | – | **93,342,014** |
| Securities and derivative financial instruments (1) | 102,536,126 | 3,947,712 | 2,958,080 | 21,374,287 | – | **130,816,205** |
| Interbank and interdepartmental accounts | 15,223,825 | 1,057 | 1,287 | 464,454 | – | **15,690,623** |
| Loan and leasing operations | 20,590,417 | 39,050,309 | 23,714,099 | 66,689,755 | – | **150,044,580** |
| Other receivables and assets | 47,224,214 | 4,769,438 | 3,118,268 | 21,585,143 | – | **76,697,063** |
| **Permanent assets** | **124,521** | **609,359** | **706,041** | **5,131,513** | **1,445,657** | **8,017,091** |
| Investments | – | – | – | – | 1,095,181 | **1,095,181** |
| Premises and equipment and leased assets | 46,790 | 233,955 | 280,746 | 2,374,160 | 350,476 | **3,286,127** |
| Intangible assets | 77,731 | 375,404 | 425,295 | 2,757,353 | – | **3,635,783** |
| **Total on March 31, 2009** | **270,851,058** | **62,452,096** | **31,323,948** | **116,068,185** | **1,445,657** | **482,140,944** |
| **Total on December 31, 2008** | **251,683,627** | **52,258,067** | **41,822,570** | **107,188,414** | **1,460,365** | **454,413,043** |
| **Total on March 31, 2008** | **202,235,717** | **45,099,463** | **28,958,141** | **78,016,339** | **1,160,673** | **355,470,333** |
| | | | | | | |
| **Liabilities** | | | | | | |
| **Current and long-term liabilities** | **217,591,445** | **28,842,997** | **24,470,216** | **174,625,429** | **694,560** | **446,224,647** |
| Deposits (2) | 69,993,927 | 12,428,981 | 7,416,963 | 79,263,263 | – | **169,103,134** |
| Federal funds purchased and securities sold under agreements to repurchase | 56,199,464 | 4,438,796 | 2,476,767 | 28,544,174 | – | **91,659,201** |
| Funds from issuance of securities | 168,147 | 1,494,374 | 1,343,380 | 6,273,819 | – | **9,279,720** |
| Interbank and interdepartmental accounts | 2,286,965 | – | – | – | – | **2,286,965** |
| Borrowing and onlending | 2,317,413 | 7,154,286 | 9,505,392 | 11,443,108 | – | **30,420,199** |
| Derivative financial instruments | 1,802,868 | 201,329 | 71,741 | 217,949 | – | **2,293,887** |
| Technical provisions for insurance, private pension plans and certificated savings plans (2) | 46,586,281 | 1,663,694 | 769,907 | 17,653,175 | – | **66,673,057** |
| Other liabilities: | | | | | | |
| – Subordinated debts | 71,134 | – | – | 18,979,238 | 694,560 | **19,744,932** |
| – Other | 38,165,246 | 1,461,537 | 2,886,066 | 12,250,703 | – | **54,763,552** |
| **Deferred income** | **272,930** | **–** | **–** | **–** | **–** | **272,930** |
| **Minority interest in subsidiaries** | **–** | **–** | **–** | **–** | **337,010** | **337,010** |
| **Shareholders' equity** | **–** | **–** | **–** | **–** | **35,306,357** | **35,306,357** |
| **Total on March 31, 2009** | **217,864,375** | **28,842,997** | **24,470,216** | **174,625,429** | **36,337,927** | **482,140,944** |
| **Total on December 31, 2008** | **200,022,806** | **23,944,909** | **24,780,135** | **170,381,210** | **35,283,983** | **454,413,043** |
| **Total on March 31, 2008** | **166,691,669** | **22,808,160** | **21,224,615** | **111,149,742** | **33,596,147** | **355,470,333** |
| **Accumulated net assets on March 31, 2009** | **52,986,683** | **86,595,782** | **93,449,514** | **34,892,270** | **–** | **–** |
| **Accumulated net assets on December 31, 2008** | **51,660,821** | **79,973,979** | **97,016,414** | **33,823,618** | **–** | **–** |
| **Accumulated net assets on March 31, 2008** | **35,544,048** | **57,835,351** | **65,568,877** | **32,435,474** | **–** | **–** |

(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 certificated savings plans 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 in the chart below:

| Calculation basis – Capital Adequacy Ratio (Basel) | R$ thousand | | | | | |
|---|---|---|---|---|---|---|
| | Basel II (1) | | | | Basel I | |
| | 2009 | | | | 2008 | |
| | March 31 | | December 31 | | March 31 | |
| | Financial | Economic–financial (2) | Financial | Economic–financial (2) | Financial | Economic–financial (2) |
| **Shareholders' equity** | **35,306,357** | **35,306,357** | **34,256,544** | **34,256,544** | **32,909,117** | **32,909,117** |
| Decrease in tax credits – Bacen Resolution 3,059 | (143,180) | (143,180) | (143,180) | (143,180) | (101,538) | (101,538) |
| Decrease in deferred assets – Bacen Resolution 3,444 | (235,266) | (361,733) | (248,382) | (381,036) | (267,463) | (354,274) |
| Decrease in gains/losses of adjustments to market value in Available for Sale (DPV) and derivatives – Bacen Resolution 3,444 | 2,373,130 | 2,373,130 | 2,347,339 | 2,347,339 | 233,091 | 233,091 |
| Additional provision to the minimum required by Bacen Resolution 2,682 (3) | 1,688,078 | 1,689,372 | 1,618,940 | 1,620,570 | – | – |
| Minority interest/other | 417,046 | 337,011 | 413,505 | 321,499 | 178,523 | 158,678 |
| **Reference shareholders' equity – Tier I** | **39,406,165** | **39,200,957** | **38,244,766** | **38,021,736** | **32,951,730** | **32,845,074** |
| Gains/losses sum of adjustments to market value in DPV and derivatives – Bacen Resolution 3,444 | (2,373,130) | (2,373,130) | (2,347,339) | (2,347,339) | (233,091) | (233,091) |
| Subordinated debt | 10,941,584 | 10,941,584 | 11,893,438 | 11,893,438 | 11,357,059 | 11,269,424 |
| **Reference shareholders' equity – Tier II** | **8,568,454** | **8,568,454** | **9,546,099** | **9,546,099** | **11,123,968** | **11,036,333** |
| **Total reference shareholders' equity (Tier I + Tier II)** | **47,974,619** | **47,769,411** | **47,790,865** | **47,567,835** | **44,075,698** | **43,881,407** |
| Deduction of instruments for funding – Bacen Resolution 3,444 | (52,785) | (313,837) | (53,792) | (304,779) | (42,307) | (473,107) |
| **Reference shareholders' equity (a)** | **47,921,834** | **47,455,574** | **47,737,073** | **47,263,056** | **44,033,391** | **43,408,300** |
| **Capital allocation (by risk)** | | | | | | |
| – Credit risk | 30,491,748 | 30,726,169 | 29,960,389 | 30,358,384 | – | – |
| – Market risk | 731,594 | 1,257,089 | 777,137 | 1,675,869 | – | – |
| – Operational risk | 570,527 | 570,527 | 283,377 | 283,377 | – | – |
| **Required reference shareholders' equity (b)** | **31,793,869** | **32,553,785** | **31,020,903** | **32,317,630** | **–** | **–** |
| **Margin (a – b)** | **16,127,965** | **14,901,789** | **16,716,170** | **14,945,426** | **–** | **–** |
| **Risk-weighted assets (2) (c)** | **289,035,178** | **295,943,503** | **282,008,207** | **293,796,635** | **283,207,093** | **311,837,641** |
| **Capital adequacy ratio (a/c)** | **16.58%** | **16.04%** | **16.93%** | **16.09%** | **15.55%** | **13.92%** |

(1) Article 4 of Circular Letter 3,389 of Bacen includes the option based on the exclusion prerogative of the short position in foreign currency for purposes of ascertaining the Capital Adequacy Ratio, also computing tax effects, carried out with the purpose of providing hedge for interest in investments abroad. Bradesco chose this prerogative on September 29, 2008.

(2) As of July 1, 2008, with the New Basel Capital Accord (Basel II), risk-weighted assets are determined based on required reference shareholders' equity divided by 11%, which is the minimum capital required by Bacen.

(3) As of December 2008, Bacen, through Resolution 3,674, allowed financial institutions and other institutions authorized to operate by Bacen, which record an additional provision to the minimum percentages required by Resolution 2,682 of December 21, 1999, to fully add the respective amount to Tier I of reference shareholders' equity (PR), for the purposes of determining the Reference Shareholders' Equity (PR) referred to in Resolution 3,444 of February 28, 2007.

Pursuant to the New Basel Capital Accord (Basel II), the Brazilian Central Bank published Resolutions 3,380 and 3,464, concerning the structures for operating and market risks management, respectively. It also published Circular Letters 3,360, 3,361 to 3,366, 3,368, 3,383, 3,388 and 3,389, which define the necessary methodologies of portions of capital for credit, market and operating risks, respectively, as well as Resolutions 3,444, amending rules for the determination of reference shareholders' equity, and 3,490, regarding the determination of required reference shareholders' equity to be applied as of July 1, 2008.

## Notes to the Consolidated Financial Statements

b) Market value

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

R$ thousand

| Portfolios | Unrealized income (loss) without tax effects | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | Market value | In the result | | | In shareholders' equity | | |
| | 2009 | | 2009 | 2008 | | 2009 | 2008 | |
| | March 31 | | 1st Quarter | 4th Quarter | 1st Quarter | March 31 | December 31 | March 31 |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 130,816,205 | 132,984,411 | 1,034,975 | 463,931 | 3,539,755 | 2,168,206 | 1,550,399 | 1,428,075 |
| – Adjustment of available-for-sale securities (Note 8 c II) | – | – | (1,133,231) | (1,086,468) | 2,111,680 | – | – | – |
| – Adjustment of held-to-maturity securities (Note 8d item 7) | – | – | 2,168,206 | 1,550,399 | 1,428,075 | 2,168,206 | 1,550,399 | 1,428,075 |
| Loan and leasing operations (1) (Notes 3g and 10) | 174,121,407 | 174,246,313 | 124,906 | 46,865 | 8,015 | 124,906 | 46,865 | 8,015 |
| Investments (2) (3) (Notes 3j and 13) | 1,095,181 | 1,163,340 | 68,159 | 110,161 | 735,165 | 68,159 | 110,161 | 735,165 |
| Treasury shares (Note 23d) | 5,180 | 3,619 | – | – | – | (1,561) | (1,502) | (9) |
| Time deposits (Notes 3n and 16a) | 105,423,543 | 105,171,367 | 252,176 | 289,337 | 8,939 | 252,176 | 289,337 | 8,939 |
| Funds from issuance of securities (Note 16c) | 9,279,720 | 9,262,327 | 17,393 | 1,474 | 18,066 | 17,393 | 1,474 | 18,066 |
| Borrowing and onlending (Notes 17a and 17b) | 30,420,199 | 30,378,702 | 41,497 | 33,265 | 91,633 | 41,497 | 33,265 | 91,633 |
| Subordinated debts (Note 19) | 19,744,932 | 19,991,239 | (246,307) | (340,469) | (261,534) | (246,307) | (340,469) | (261,534) |
| **Unrealized income without tax effects** | – | – | **1,292,799** | **604,564** | **4,140,039** | **2,424,469** | **1,689,530** | **2,028,350** |

(1) It includes advances on foreign exchange contracts, leasing operations and other receivables with loan assignment features;

(2) It refers to shares of publicly-held companies not considering the increment in investments in affiliated companies; and

(3) It includes the increase of the interest in BM&F S.A. in the amount of R$66,258 thousand (December 31, 2008 – R$108,351 thousand and March 31, 2008 - Bovespa Holding – R$430,790 thousand and BM&F - R$301,328 thousand).

Determination of market value of financial instruments:

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price practiced 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;
- Prefixed 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.

## *Notes to the Consolidated Financial Statements*

### 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 pension plan of the variable contribution type 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). Securities Dealer (DTVM) is responsible for the financial management of FIE funds.

The 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 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 guaranteeing 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 the 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)

The funds guaranteeing 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 in its facilities abroad provide their employees and directors with a private pension plan with variable contribution, which enables us to accumulate financial resources during the participant's professional career, by means of contributions paid by himself/herself 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 1Q09 amounted to R$51,214 thousand (4Q08 – R$89,427 thousand and 1Q08 – R$77,942 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$364,123 thousand in 1Q09 (4Q08 – R$420,845 thousand and 1Q08 – R$361,847 thousand).

## Notes to the Consolidated Financial Statements

### 34) Income Tax and Social Contribution

#### a) Statement of calculation of income tax and social contribution charges

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| **Income before income tax and social contribution** | **2,412,611** | **567,179** | **2,900,772** |
| **Total charge of income tax and social contribution at rates of 25% and 15%, respectively (1)** | **(965,044)** | **(226,872)** | **(986,262)** |
| **Effect of additions and exclusions on tax calculation:** | | | |
| Equity in the earnings of affiliated companies | 2,227 | 18,772 | 10,937 |
| Exchange (loss) gain | (48,582) | 936,876 | (26,357) |
| Non-deductible expenses, net of non-taxable income | (29,607) | (7,714) | (20,673) |
| Interest on shareholders' equity (paid and payable) | 209,260 | 201,756 | 158,596 |
| Effect of the difference of the social contribution rate (2) | 120,879 | 48,329 | – |
| Other amounts | 26,810 | 83,263 | 69,063 |
| **Income tax and social contribution for the period** | **(684,057)** | **1,054,410** | **(794,696)** |

(1) As of May 1, 2008, the social contribution rate for companies of the financial and insurance sectors was increased to 15%, according to Provisional Measure 413, of January 3, 2008 (converted into Law 11,727 of June 23, 2008), remaining at 9% for other companies (Note 3h); and

(2) It refers to the equation of the effective rate of social contribution in relation to the rate (40%) shown.

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

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | 1st Quarter | 4th Quarter | 1st Quarter |
| **Current taxes:** | | | |
| **Income tax and social contribution payable** | **(1,608,704)** | **(1,133,085)** | **(1,379,068)** |
| **Deferred taxes:** | | | |
| Amount recorded/realized for the period on temporary additions | 657,807 | 2,023,105 | 593,141 |
| **Use of opening balances of:** | | | |
| Negative basis of social contribution | (35,896) | (20,352) | (12,389) |
| Tax loss | (100,496) | (59,475) | (35,472) |
| **Recording/utilization in the period on:** | | | |
| Negative basis of social contribution | 12,764 | 158,190 | 525 |
| Tax loss | 390,468 | 86,027 | 38,567 |
| **Total deferred taxes** | **924,647** | **2,187,495** | **584,372** |
| **Income tax and social contribution for the period** | **(684,057)** | **1,054,410** | **(794,696)** |

## Notes to the Consolidated Financial Statements

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

R$ thousand

| | Balance on December 31, 2008 | Amount Recorded (3) | Amount Realized | Balance on March 31, 2009 | Balance on March 31, 2008 |
|---|---|---|---|---|---|
| Allowance for loan losses | 5,912,533 | 1,133,059 | 1,134,673 | 5,910,919 | 3,825,888 |
| Provision for civil contingencies | 566,103 | 80,830 | 33,592 | 613,341 | 509,124 |
| Provision for tax contingencies | 1,682,533 | 155,524 | 4,855 | 1,833,202 | 1,449,350 |
| Labor provisions | 566,410 | 42,744 | 39,282 | 569,872 | 527,451 |
| Provision for devaluation on securities and investments | 164,280 | 2,624 | 17,784 | 149,120 | 131,624 |
| Provision for depreciation on foreclosed assets | 85,364 | 32,875 | 21,263 | 96,976 | 75,825 |
| Adjustment to market value of trading securities | 6,743 | 10,800 | 2,686 | 14,857 | 2,339 |
| Amortized goodwill | 1,152,368 | 65,291 | 56,790 | 1,160,869 | 906,130 |
| Provision for interest on shareholders' equity (1) | – | 178,634 | – | 178,634 | 119,633 |
| Adjustment to Law 11,638/07 | 81,149 | 6,382 | – | 87,531 | – |
| Others | 1,268,597 | 386,233 | 126,264 | 1,528,566 | 299,301 |
| **Total tax credits over temporary differences** | **11,486,080** | **2,094,996** | **1,437,189** | **12,143,887** | **7,846,665** |
| Tax losses and negative basis of social contribution of the country and abroad | 1,368,580 | 403,232 | 136,392 | 1,635,420 | 998,701 |
| **Subtotal** | **12,854,660** | **2,498,228** | **1,573,581** | **13,779,307** | **8,845,366** |
| Adjustment to market value of available-for-trading securities | 434,395 | 223,472 | 95,710 | 562,157 | – |
| Social contribution – Provisional Measure 2,158-35 of August 24, 2001 (2) | 414,238 | – | 7,692 | 406,546 | 456,233 |
| **Total tax credits (Note 11b)** | **13,703,293** | **2,721,700** | **1,676,983** | **14,748,010** | **9,301,599** |
| **Deferred tax liabilities (Note 34f)** | **2,467,850** | **1,202,565** | **505,376** | **3,165,039** | **1,806,502** |
| **Tax credits net of deferred tax liabilities** | **11,235,443** | **1,519,135** | **1,171,607** | **11,582,971** | **7,495,097** |
| **– Percentage of net tax credits over total reference shareholders' equity (Note 32a)** | **23.8%** | | | **24.4%** | **17.3%** |
| **– Percentage of net tax credits over total assets** | **2.5%** | | | **2.4%** | **2.1%** |

(1) Tax credit on interest on shareholders' equity is recorded up to the fiscal limit allowed;

(2) Until the end of the year it is estimated the realization of the amount of R$82,625 thousand, which will be accounted for upon its effective use (item d); and

(3) It includes tax credit related to the increase in the social contribution rate for companies in the financial and insurance sectors, established by Provisional Measure 413 of January 3, 2008 (converted into Law 11,727 of June 23, 2008), equivalent to the amount of R$102,737 thousand (Note 3h).

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

R$ thousand

| | Temporary differences | | Tax loss and negative basis | | Total |
|---|---|---|---|---|---|
| | Income tax | Social contribution | Income tax | Social contribution | |
| 2009 | 1,144,968 | 543,685 | 567,951 | 106,236 | **2,362,840** |
| 2010 | 2,430,494 | 1,145,159 | 227,953 | 99,171 | **3,902,777** |
| 2011 | 2,165,410 | 957,250 | 224,579 | 112,124 | **3,459,363** |
| 2012 | 1,088,075 | 494,888 | 185,872 | 44,171 | **1,813,006** |
| 2013 | 1,461,455 | 656,122 | 44,144 | 23,218 | **2,184,939** |
| 2014 (1st Quarter) | 40,385 | 15,996 | 1 | – | **56,382** |
| **Total** | **8,330,787** | **3,813,100** | **1,250,500** | **384,920** | **13,779,307** |

R$ thousand

| | Social contribution tax credit - Provisional Measure 2,158-35 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 and 2015 | Total |
| **Total** | 82,625 | 10,396 | 115,604 | 38,170 | 16,572 | 143,179 | **406,546** |

## Notes to the Consolidated Financial Statements

Projected realization of tax credits is estimated 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$12,960,602 thousand (December 31, 2008 – R$11,879,228 thousand and March 31, 2008 – R$8,609,839 thousand), of which R$11,069,727 thousand (December 31, 2008 – R$10,269,897 thousand and March 31, 2008 – R$7,536,491 thousand) includes temporary differences, R$1,535,560 thousand (December 31, 2008 – R$1,256,550 thousand and March 31, 2008 – R$680,107 thousand) includes tax losses and negative basis of social contribution and R$355,315 thousand (December 31, 2008 – R$352,781 thousand and March 31, 2008 – R$393,241 thousand) comprises tax credit over social contribution – Provisional Measure 2,158-35.

### e) Unrecorded tax credits

The amount of R$75,238 thousand (December 31, 2008 – R$70,155 thousand and March 31, 2008 – R$65,755 thousand) was not recorded as tax credit, and will be recorded when it presents effective prospects of realization 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 law approved by congressmen) filed by the National Confederation of the Financial System (Consif) against Provisional Measure 413 of January 3, 2008 (converted into Law 11,727 of June 23, 2008, 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. Tax credit balance related to Social Contribution rate increase not recorded amounts to R$925,951 thousand (note 3h).

### f) Deferred tax liabilities

| | R$ thousand | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | March 31 | December 31 | March 31 |
| Adjustment to market value of derivative financial instruments | 586,031 | 485,716 | 719,365 |
| Excess depreciation | 1,892,706 | 1,324,688 | 693,544 |
| Operations in future liquidity market | 1,768 | 1,807 | 55,994 |
| Others | 684,534 | 655,639 | 337,599 |
| **Total** | **3,165,039** | **2,467,850** | **1,806,502** |

The deferred tax liabilities of companies of the financial and insurance sectors were established considering the increase of the social contribution rate, determined by Provisional Measure 413 of January 3, 2008 (converted into Law 11,727 of June 23, 2008) (note 3h).

## *Notes to the Consolidated Financial Statements*

### 35) Other Information

a) The Bradesco Organization manages investment funds and portfolios whose net equity on March 31, 2009 to R$200,975,384 thousand (December 31, 2008 amounts to R$187,150,053 thousand and March 31, 2008 – R$183,821,652 thousand).

b) During 4Q08, Bacen amended reserve requirements rules, aiming at improving liquidity in Brazil's financial system, due to the shortage of foreign funds. Main amendments are outlined below:

| Description | Previous Rule | Current Rule |
|---|---|---|
| Decrease in Bacen additional compulsory deposit requirement collected from demand deposits, savings deposits and time deposits | Bacen collects the amount in excess of R$100 million | Bacen collects the amount in excess of R$1 billion |
| Decrease in the rate to calculate Bacen additional compulsory deposit requirement collected from demand and time deposits | 8% | Demand deposits – 5%<br>Time deposits – 5% (4% as of January 5, 2009) |
| Decrease in the rate of Bacen compulsory deposit requirement collected from demand deposits | 45% | 42% |
| Decrease in the amount subject to collections over time deposits | Bacen collects the amount that exceeds R$300 million | Bacen collects the amount that exceeds R$2 billion |
| Compliance with Bacen compulsory deposit requirement collected from time deposits | 100% in government securities, not deducting acquired credits | 30% in government securities (40% as of January 5, 2009) 70% in cash, not remunerated (60% as of January 5, 2009) may be replaced by credits acquired up to June 30, 2009 from financial institutions, basically derived from (i) loan operations; (ii) receivables from leasing operations; (iii) advances and other issuance credits or liability of non-financial individuals and corporations, (iv) interbank deposits with guaranteed assets provided for by laws; (v) fixed income securities issued by non-financial entities, composing the institution's portfolio or 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$7 billion in August 2008. |
| Compulsory deposit requirement over interbank deposits raised from leasing companies | Collection rate of 25%, 100% pegged by government securities | As of January 5, 2009 it includes the compulsory deposit requirement collected from time deposits, the collection rate is 15%, maintaining the characteristics of requirement compliance mentioned above. |

# *Management Bodies*

Cidade de Deus, Osasco, SP, April 30, 2009

## 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 Officers**
*Luiz Carlos Trabuco Cappi

**Executive Vice-Presidents**
Laércio Albino Cezar
Arnaldo Alves Vieira
Sérgio Socha
Julio de Siqueira Carvalho de Araujo
Milton Almicar Silva Vargas
José Luiz Acar Pedro
Norberto Pinto Barbedo

**Managing Directors**
Armando Trivelato Filho
José Alcides Munhoz
José Guilherme Lembi de Faria
Luiz Pasteur Vasconcellos Machado
Milton Matsumoto
Odair Afonso Rebelato
Aurélio Conrado Boni
Domingos Figueiredo de Abreu
Paulo Eduardo D'Avila Isola
Ademir Cossiello
Sérgio Alexandre Figueiredo Clemente

**Departmental Directors**
Adineu Santesso
Airton Celso Exel Andreolli
Alexandre da Silva Glüher
Alfredo Antônio Lima de Menezes
Altair Antônio de Souza
Antônio Carlos Del Cielo
Antonio Celso Marzagão Barbuto
Candido Leonelli
Cassiano Ricardo Scarpelli
Clayton Camacho
Douglas Tevis Francisco
Fábio Mentone
Fernando Barbaresco
Fernando Roncolato Pinho
Jair Delgado Scalco
Jean Philippe Leroy
José Luiz Rodrigues Bueno
José Maria Soares Nunes
Josué Augusto Pancini
Laércio Carlos de Araújo Filho
Luiz Alves dos Santos
Luiz Carlos Angelotti
Luiz Carlos Brandão Cavalcanti Júnior
Luiz Fernando Peres
Marcelo de Araújo Noronha
Marcos Bader
Mario Helio de Souza Ramos
Marlene Moran Millan
Mauro Roberto Vasconcellos Gouvêa
Moacir Nachbar Junior
Nilton Pelegrino Nogueira
Nobuo Yamazaki
Octavio Manoel Rodrigues de Barros
Ricardo Dias
Robert John van Dijk
Roberto Sobral Hollander
Walkíria Schirrmeister Marquetti

**Directors**
Aurélio Guido Pagani
Cláudio Fernando Manzato
Fernando Antônio Tenório
Márcia Lopes Gonçalves Gil
Marcos Daré
Osmar Roncolato Pinho
Paulo de Tarso Monzani

**Compensation Committee**
Lázaro de Mello Brandão – Coordinator
Antônio Bornia
Mário da Silveira Teixeira Júnior
Márcio Artur Laurelli Cypriano
*Luiz Carlos Trabuco Cappi

**Audit Committee**
Mário da Silveira Teixeira Júnior – Coordinator
Paulo Roberto Simões da Cunha
Yves Louis Jacques Lejeune
Hélio Machado dos Reis

**Compliance and Internal Controls Committee**
Mário da Silveira Teixeira Júnior – Coordinator
Carlos Alberto Rodrigues Guilherme
Milton Almicar Silva Vargas
Domingos Figueiredo de Abreu
Clayton Camacho
Nilton Pelegrino Nogueira
Roberto Sobral Hollander

**Executive Disclosure Committee (Non-Statutory)**
Milton Almicar Silva Vargas – Coordinator
Julio de Siqueira Carvalho de Araujo
José Luiz Acar Pedro
José Guilherme Lembi de Faria
Domingos Figueiredo de Abreu
Denise Pauli Pavarina de Moura
Jean Philippe Leroy
Luiz Carlos Angelotti
Antonio José da Barbara

**Ethical Conduct Committee**
Domingos Figueiredo de Abreu – Coordinator
Carlos Alberto Rodrigues Guilherme
Arnaldo Alves Vieira
Milton Almicar Silva Vargas
José Luiz Acar Pedro
Milton Matsumoto
Clayton Camacho
Nilton Pelegrino Nogueira
Roberto Sobral Hollander

**Integrated Risk Management and Capital Allocation Committee**
*Luiz Carlos Trabuco Cappi – Coordinator
Laércio Albino Cezar
Arnaldo Alves Vieira
Sérgio Socha
Julio de Siqueira Carvalho de Araujo
Milton Almicar Silva Vargas
José Luiz Acar Pedro
Norberto Pinto Barbedo
Domingos Figueiredo de Abreu
Roberto Sobral Hollander

**Fiscal Council**

**Sitting Members**
Ricardo Abecassis Espírito Santo Silva – Coordinator
Domingos Aparecido Maia
Nelson Lopes de Oliveira

**Deputy Members**
João Batistela Biazon
*Jorge Tadeu Pinto de Figueiredo
Renaud Roberto Teixeira

**Ombudsman Department**
Cleuza de Lourdes Lopes Curpievsky – Ombudswoman

**General Accounting Department**
Moacir Nachbar Junior
Accountant-CRC 1SP198208/O-5

*Process pending approval by the Brazilian Central Bank

## *Independent Auditors' Report on Limited Review*

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, 2009, December 31 and March 31, 2008 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 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.

São Paulo, April 30, 2009

PRICEWATERHOUSECOOPERS

Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Contador
CRC 1SP172940/O-6

## *Fiscal Council's Report*

Banco Bradesco S.A.

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 2009, and in view of the unqualified report of PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, examined based on the current corporate law, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, SP, April 30, 2009

Ricardo Abecassis Espírito Santo Silva
Domingos Aparecido Maia
Nelson Lopes de Oliveira

For further information, please contact:

Board of Executive Officers

Milton Almicar Silva Vargas
Executive Vice-President and Executive IRO

Domingos Figueiredo de Abreu
Managing Director

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