

BANK BRADESCO  
Form 6-K  
April 30, 2013

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

**FORM 6-K**

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

**For the month of April, 2013  
Commission File Number 1-15250**



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

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

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

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

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

Yes  No

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Press Release

## Highlights

The main figures of Bradesco in the first quarter of 2013 are presented below:

1. Adjusted Net Income<sup>(1)</sup> for the first quarter of 2013 stood at R\$2.943 billion (a 3.4% increase compared to the R\$2.845 billion recorded in the same period of the previous year), corresponding to earnings per share of R\$2.77 and Return on Average Adjusted Shareholders' Equity<sup>(2)</sup> of 19.5%.

2. Adjusted Net Income is composed of R\$2.013 billion from financial activities, representing 68.4% of the total, and R\$930 million from insurance, pension plan and capitalization bond operations, which accounted for 31.6%.

3. On March 31, 2013, Bradesco's market capitalization stood at R\$145.584 billion<sup>(3)</sup>, up 28.8% over the same period in 2012.

4. Total Assets stood at R\$894.467 billion in March 2013, a 13.3% increase over the same period in 2012. Return on Total Average Assets was 1.3%.

5. The Expanded Loan Portfolio<sup>(4)</sup> stood at R\$391.682 billion in March 2013, up 11.6% during the same period in 2012. Operations with individuals totaled R\$119.231 billion (up 8.7% from March 2012), while operations with companies totaled R\$272.451 billion (up 13.0% from March 2012).

6. Assets under Management stood at R\$1.278 trillion, varying 17.5% from March 2012.

7. Shareholders' Equity stood at R\$69.442 billion in March 2013, up 19.6% from March 2012. Capital Adequacy Ratio stood at 15.6% in March 2013, 11.0% of which fell under Tier I Capital.

(1) According to non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity; (3) Number of shares (excluding treasury shares) x closing price for common and preferred shares

8. Interest on Shareholders' Equity were paid and recorded in provision in the amount of R\$1.028 billion for the first quarter of 2013, R\$226.271 million of which was paid monthly and R\$801.431 million was recorded in provision.

9. Financial Margin stood at R\$10.509 billion, up 2.8% in comparison with the first quarter of 2012.

10. The Delinquency Ratio over 90 days stood at 4.0% on March 31, 2013 (4.1% on March 31, 2012).

11. The Efficiency Ratio<sup>(5)</sup> improved by 1.2 p.p. (from 42.7% in March 2012 to 41.5% in March 2013), and the "adjusted-to-risk" efficiency ratio stood at 52.6% (52.6% in March 2012).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$10.953 billion in the first quarter of 2013, up 16.3% over 2012. Technical Reserves stood at R\$127.367 billion, up 19.1% from March 2012.

13. Investments in infrastructure, information technology and telecommunications amounted to R\$1.078 billion in the first quarter of 2013, up 9.8% over the same period in 2012.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$7.137 billion in the quarter, of which R\$1.967 billion referred to taxes withheld and collected from third parties and R\$5.170 billion from Bradesco Organization activities, equivalent to 175.7% of Adjusted Net Income<sup>(1)</sup>.

on the last trading day of the period; (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

Report on Economic and Financial Analysis – March 2013

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## Highlights

15. Bradesco has an extensive customer service network in Brazil, comprising 8,473 Service Points, with 4,687 branches and 3,786 Service Branches - PAs. Customers can also use 1,457 PAEs – ATMs (Automatic Teller Machines) in companies, 43,598 Bradesco *Expresso* service points, 34,719 Bradesco *Dia & Noite* ATMS and 13,306 *Banco24Horas* ATMs.

16. Payroll, plus charges and benefits, totaled R\$2.623 billion. Social benefits provided to the 102,793 employees of the Bradesco Organization and their dependents amounted to R\$657.366 million, while investments in training and development programs totaled R\$12.989 million.

17. Major Awards and Acknowledgments in the period:

- Bradesco stood out as the most valuable brand in Latin America in the banking sector and ranked 16<sup>th</sup> in the overall ranking. In the insurance sector, Bradesco was ranked first, according to *The Banker / Brand Finance* magazine;
- It is among the world's most valuable brands in all sectors of the economy, ranking 66<sup>th</sup>, standing out as the best Brazilian brand in the list (consulting firm Brand Finance);
- Bradesco is Brazil's most valuable brand (*IstoÉ Dinheiro* magazine – BrandAnalytics/Millward Brown);
- Bradesco was granted the *Selo Paulista da Diversidade* (São Paulo Diversity Seal), in Full 2012 category, for the third consecutive year (Labor and Employment Relations Officer of São Paulo State Government);
- It was considered the most profitable bank among the major financial institutions in Latin

- The Bank stood out in corporate governance and transparency, according to the *Guia da Transparência Corporativa* (Corporate Transparency Guide) (*Brasil Econômico* newspaper);
- It remains among the companies composing the “Carbon Efficient Index (ICO2)” (BM&FBOVESPA and BNDES –Brazilian Development Bank); and
- Grupo Bradesco Seguros stood out in eight categories of the 10<sup>th</sup> *Segurador Brasil Award* (*Brasil Notícias* Publisher).

18. With regards to sustainability, Bradesco divides its actions into three pillars: (i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offerings; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 56-year history of extensive social and educational work, with 40 schools in Brazil. In 2013, an estimated budget of R\$460.961 will benefit 106,843 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 47 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco will also assist another 350,000 students through its distance learning programs, found at its e-learning portal “Virtual School.” These students will complete at least one of the many courses offered by the Virtual School. Furthermore, another 68,323 people will benefit from projects and actions in partnerships with CIDs - Digital Inclusion Centers, the Educa+Ação Program and Technology courses

America and the United States (Economatica); (*Educar e Aprender* – Educate and Learn).

Bradesco \_\_\_\_\_

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Press Release**Main Information**

	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	Variation %	
									1Q13	1Q13
									x	x
									4Q12	1Q12
Income Statement for the Period - R\$ million										
Book Net Income	2,919	2,893	2,862	2,833	2,793	2,726	2,815	2,785	0.9	4.5
Adjusted Net Income	2,943	2,918	2,893	2,867	2,845	2,771	2,864	2,825	0.9	3.4
Total Financial Margin	10,706	11,109	10,955	11,034	10,695	10,258	10,230	9,471	(3.6)	0.1
Gross Loan Financial Margin	7,414	7,527	7,460	7,362	7,181	7,162	6,928	6,548	(1.5)	3.2
Net Loan Financial Margin	4,305	4,317	4,157	3,955	4,087	4,501	4,149	4,111	(0.3)	5.3
Allowance for Loan Losses (ALL) Expenses	(3,109)	(3,210)	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(3.1)	0.5
Fee and Commission Income	4,599	4,675	4,438	4,281	4,118	4,086	3,876	3,751	(1.6)	11.7
Administrative and Personnel Expenses	(6,514)	(6,897)	(6,684)	(6,488)	(6,279)	(6,822)	(6,285)	(5,784)	(5.6)	3.7
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,953	13,216	10,104	11,570	9,418	11,138	9,025	9,628	(17.1)	16.3
Balance Sheet - R\$ million										
Total Assets	894,467	879,092	856,288	830,520	789,550	761,533	722,289	689,307	1.7	13.3
Securities	300,600	315,487	319,537	322,507	294,959	265,723	244,622	231,425	(4.7)	1.9
Loan Operations <sup>(1)</sup>	391,682	385,529	371,674	364,963	350,831	345,724	332,335	319,802	1.6	11.6
- Individuals	119,231	117,540	114,536	112,235	109,651	108,671	105,389	102,915	1.4	8.7
- Corporate	272,451	267,989	257,138	252,728	241,181	237,053	226,946	216,887	1.7	13.0
Allowance for Loan Losses (ALL)	(21,359)	(21,299)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	0.3	6.2
Total Deposits	205,870	211,858	212,869	217,070	213,877	217,424	224,664	213,561	(2.8)	(3.7)
Technical Reserves	127,367	124,217	117,807	111,789	106,953	103,653	97,099	93,938	2.5	19.1
Shareholders' Equity	69,442	70,047	66,047	63,920	58,060	55,582	53,742	52,843	(0.9)	19.6
Assets under Management	1,277,715	1,225,228	1,172,008	1,130,504	1,087,270	1,019,790	973,194	933,960	4.3	17.5
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)										
	2.77	2.74	2.71	2.70	2.69	2.67	2.65	2.56	1.1	3.0

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Adjusted Net Income per Share - R\$ <sup>(2)</sup> <sup>(3)</sup>	16.54	16.68	15.73	15.22	13.83	13.23	12.80	12.57	(0.8)	19.6	
Book Value per Common and Preferred Share - R\$ <sup>(3)</sup>	19.5	19.2	19.9	20.6	21.4	21.3	22.4	23.2	0.3 p.p.	(1.9)	
Annualized Return on Average Shareholders' Equity <sup>(4)</sup> <sup>(5)</sup>	1.3	1.4	1.4	1.4	1.5	1.6	1.7	1.7	(0.1) p.p.	(0.2)	
Annualized Return on Average Assets <sup>(5)</sup>	7.3	7.6	7.6	7.9	7.9	7.8	8.0	7.8	(0.3) p.p.	(0.6)	
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	16.5	16.9	19.0	18.2	19.9	21.0	16.7	17.3	(0.4) p.p.	(3.4)	
Fixed Assets Ratio - Total Consolidated	86.0	86.6	86.5	85.0	85.6	83.6	86.2	85.8	(0.6) p.p.	0.4	
Combined Ratio - Insurance <sup>(6)</sup>	41.5	41.5	42.1	42.4	42.7	43.0	42.7	42.7	-	(1.2)	
Efficiency Ratio (ER) <sup>(2)</sup>	67.7	66.5	64.4	63.2	62.9	62.2	62.7	63.5	1.2 p.p.	4.8	
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) <sup>(2)</sup>	145,584	131,908	113,102	104,869	113,021	106,971	96,682	111,770	10.4	28.8	
Market Capitalization - R\$ million <sup>(7)</sup>											
Loan Portfolio Quality % <sup>(8)</sup>											
ALL / Loan Portfolio	7.2	7.3	7.4	7.4	7.5	7.3	7.3	6.9	(0.1) p.p.	(0.3)	
Non-Performing Loans (>60 days <sup>(9)</sup> / Loan Portfolio)	4.9	5.0	5.1	5.1	5.1	4.8	4.6	4.5	(0.1) p.p.	(0.2)	
Delinquency Ratio (> 90 days <sup>(9)</sup> / Loan Portfolio)	4.0	4.1	4.1	4.2	4.1	3.9	3.8	3.7	(0.1) p.p.	(0.1)	
Coverage Ratio (> 90 days <sup>(9)</sup> )	179.4	178.2	179.0	177.4	181.7	184.4	194.0	189.3	1.2 p.p.	(2.3)	
Coverage Ratio (> 60 days <sup>(9)</sup> )	146.0	147.3	144.8	144.0	146.6	151.8	159.6	154.0	(1.3) p.p.	(0.6)	
Operating Limits %											
Capital Adequacy Ratio - Total Consolidated	15.6	16.1	16.0	17.0	15.0	15.1	14.7	14.7	(0.5) p.p.	0.6	
- Tier I	11.0	11.0	11.3	11.8	12.0	12.4	12.2	12.9	-	(1.0)	



- Tier II

4.6	5.1	4.7	5.2	3.0	2.7	2.5	1.8	(0.5) p.p.	1.6 p.p.
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Report on Economic and Financial Analysis – March 2013

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## Main Information

	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Variation % Mar13 x Dec12	Variation % Mar13 x Mar12
Structural Information -										
Units										
Service Points	69,528	68,917	67,225	65,370	62,759	59,721	55,832	53,256	0.9	10.8
- Branches	4,687	4,686	4,665	4,650	4,636	4,634	3,945	3,676	-	1.1
- PAs <sup>(10)</sup>	3,786	3,781	3,774	3,243	2,986	2,962	2,990	2,982	0.1	26.8
- PAEs <sup>(10)</sup>	1,457	1,456	1,456	1,476	1,497	1,477	1,589	1,587	0.1	(2.7)
- External Bradesco ATMs <sup>(11)</sup>	3,712	3,809	3,954	3,992	3,974	3,913	3,953	3,962	(2.5)	(6.6)
- Banco24Horas Network ATMs <sup>(11)</sup>	10,966	10,818	10,464	10,459	10,583	10,753	10,815	10,856	1.4	3.6
- Bradesco Expresso (Correspondent Banks)	43,598	43,053	41,713	40,476	38,065	34,839	31,372	29,263	1.3	14.5
- Bradesco Promotora de Vendas	1,309	1,301	1,186	1,061	1,005	1,131	1,157	919	0.6	30.2
- Branches / Subsidiaries Abroad	13	13	13	13	13	12	11	11	-	-
ATMs	48,025	47,834	47,542	47,484	47,330	46,971	45,596	45,103	0.4	1.5
- Bradesco Network	34,719	34,859	35,128	35,226	35,007	34,516	33,217	32,714	(0.4)	(0.8)
- Banco24Horas Network	13,306	12,975	12,414	12,258	12,323	12,455	12,379	12,389	2.6	8.0
Employees	102,793	103,385	104,100	104,531	105,102	104,684	101,334	98,317	(0.6)	(2.2)
Outsourced Employees and Interns	13,070	12,939	13,013	12,661	12,659	11,699	10,731	10,563	1.0	3.2
Customers - in millions										
Active Checking Account Holders <sup>(12) (13)</sup>	25.8	25.7	25.6	25.6	25.4	25.1	24.7	24.0	0.4	1.6
Savings Accounts <sup>(14)</sup>	46.6	48.6	48.3	45.2	41.3	43.4	40.6	39.7	(4.1)	12.8
Insurance Group	42.9	43.1	42.4	41.9	40.8	40.3	39.4	38.0	(0.5)	5.1
- Policyholders	37.1	37.3	36.7	36.3	35.4	35.0	34.3	33.0	(0.5)	4.8
- Pension Plan	2.3	2.3	2.3	2.2	2.2	2.2	2.1	2.1	-	4.5
Participants										
- Capitalization Bond	3.5	3.5	3.4	3.4	3.2	3.1	3.0	2.9	-	9.4
Customers										
Bradesco Financiamentos <sup>(12)</sup>	3.6	3.7	3.7	3.8	3.8	3.8	4.0	4.2	(2.7)	(5.3)

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and

mortgage-backed receivables), co-obligations in rural loan assignments and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;

- (2) In the last 12 months;
- (3) For comparison purposes, the shares were adjusted according to bonuses and stock splits;
- (4) Excluding mark-to-market effect of available-for-sale securities recorded under shareholders' equity;
- (5) Year-to-date adjusted net income;
- (6) Excludes additional reserves;
- (7) Number of shares (excluding treasury shares) multiplied by the closing price of common and preferred shares on the period's last trading day;
- (8) As defined by the Brazilian Central Bank (Bacen);
- (9) Credits overdue;
- (10) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4072/12; and PAE: ATM located in the premises of a company;
- (11) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 1,914 in March 2013; 1,964 in December 2012; 2,039 in September 2012; 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011 and 2,045 in June 2011;
- (12) Number of single customers (Corporate/ Individual Taxpayer ID (CNPJ/CPF));
- (13) Refers to 1<sup>st</sup> and 2<sup>nd</sup> holders of checking accounts; and
- (14) Number of accounts.

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Press Release

**Ratings**

**Main Ratings**

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

  

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

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

**Book Net Income vs. Adjusted Net Income**

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

	1Q13	4Q12	R\$ million 1Q12
<b>Book Net Income</b>	<b>2,919</b>	<b>2,893</b>	<b>2,793</b>
<b>Non-Recurring Events</b>	<b>24</b>	<b>25</b>	<b>52</b>
- Earnings from Extended Securities Terms	-	(166)	-
- Recording of Tax Credits - BERJ	-	(1,389)	-
- Gains from Sale of Serasa Shares	-	(793)	-
- Impairment of Assets <sup>(1)</sup>	-	1,470	-
- Full Goodwill Amortization - BERJ	-	1,156	-
- Other <sup>(2)</sup>	40	37	86
- Tax Effects	(16)	(290)	(34)
<b>Adjusted Net Income</b>	<b>2,943</b>	<b>2,918</b>	<b>2,845</b>

<b>ROAE % <sup>(3)</sup></b>	<b>19.3</b>	<b>19.7</b>	<b>21.0</b>
<b>ADJUSTED ROAE % <sup>(3)</sup></b>	<b>19.5</b>	<b>19.9</b>	<b>21.4</b>

(1) Refer mainly to the impairment of: (i) Intangible Assets – Acquisition of Rights to Provide Banking Services, amounting to R\$527 million, as a result of the expected return revaluation of said rights; and (ii) Securities – Shares, classified as Available for Sale, amounting to R\$890 million, due to the adaptation of past share value to its fair value;

(2) Basically composed of civil provisions; and

(3) Annualized.

Press Release

## Summarized Analysis of Adjusted Income

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

	R\$ million							
	<b>Adjusted Income Statement</b>							
			<b>Variation</b>				<b>Variation</b>	
	<b>1Q13</b>	<b>4Q12</b>	<b>1Q13 x 4Q12</b>		<b>1Q13</b>	<b>1Q12</b>	<b>1Q13 x 1Q12</b>	
			<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>
<b>Financial Margin</b>	<b>10,706</b>	<b>11,109</b>	<b>(403)</b>	<b>(3.6)</b>	<b>10,706</b>	<b>10,695</b>	<b>11</b>	<b>0.1</b>
- Interest	10,509	10,678	(169)	(1.6)	10,509	10,222	287	2.8
- Non-interest	197	431	(234)	(54.3)	197	473	(276)	(58.4)
ALL	(3,109)	(3,210)	101	(3.1)	(3,109)	(3,094)	(15)	0.5
<b>Gross Income from Financial Intermediation</b>	<b>7,597</b>	<b>7,899</b>	<b>(302)</b>	<b>(3.8)</b>	<b>7,597</b>	<b>7,601</b>	<b>(4)</b>	<b>(0.1)</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	1,155	955	200	20.9	1,155	877	278	31.7
Fee and Commission Income	4,599	4,675	(76)	(1.6)	4,599	4,118	481	11.7
Personnel Expenses	(3,059)	(3,142)	83	(2.6)	(3,059)	(2,878)	(181)	6.3
Other Administrative Expenses	(3,455)	(3,755)	300	(8.0)	(3,455)	(3,401)	(54)	1.6
Tax Expenses	(1,123)	(1,098)	(25)	2.3	(1,123)	(1,012)	(111)	11.0
Equity in the Earnings (Losses) of Unconsolidated Companies	3	45	(42)	(93.3)	3	40	(37)	(92.5)
Other Operating Income/ (Expenses)	(1,170)	(1,130)	(40)	3.5	(1,170)	(996)	(174)	17.5
<b>Operating Result</b>	<b>4,547</b>	<b>4,449</b>	<b>98</b>	<b>2.2</b>	<b>4,547</b>	<b>4,349</b>	<b>198</b>	<b>4.6</b>
Non-Operating Result	(38)	(29)	(9)	31.0	(38)	(18)	(20)	111.1
Income Tax / Social Contribution	(1,538)	(1,488)	(50)	3.4	(1,538)	(1,468)	(70)	4.8
Non-controlling Interest	(28)	(14)	(14)	100.0	(28)	(18)	(10)	55.6
<b>Adjusted Net Income</b>	<b>2,943</b>	<b>2,918</b>	<b>25</b>	<b>0.9</b>	<b>2,943</b>	<b>2,845</b>	<b>98</b>	<b>3.4</b>

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

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Press Release

**Summarized Analysis of Adjusted Income**

**Adjusted Net income and Profitability**

In the first quarter of 2013, Bradesco posted adjusted net income of R\$2,943 million, up 0.9%, or R\$25 million, on the previous quarter, mainly driven by: (i) lower operating expenses, thanks to continuous efforts in cost control, pointing out the actions taken by our Efficiency Committee; (ii) higher insurance operating income; (iii) lower allowance for loan loss expenses; (iv) lower financial margin, as a result of reduced interest financial margin, mainly due to the new interest rate policy for the credit card segment, and non-interest financial margin; and (v) lower fee and commission income.

In the year-over-year comparison, adjusted net income increased by R\$98 million, or 3.4%, in the first quarter of 2013, for Return on Adjusted Average Shareholders' Equity (ROAE) of 19.5%.

Shareholders' Equity stood at R\$69,442 million in March 2013, up 19.6% over the same period of 2012. This increase is partially due to the surplus value of some securities reclassified from Held to Maturity to Available for Sale for adoption of CPCs 38 and 40 by the Insurance Group. The Capital Adequacy Ratio stood at 15.6%, 11.0% of which fell under Tier I Reference Shareholders' Equity.

Total Assets came to R\$894,467 million in March 2013, up 13.3% over March 2012, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) came to 1.3%.

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**Summarized Analysis of Adjusted Income**

**Efficiency Ratio (ER)**

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations<sup>(2)</sup>, reached 52.6% in the first quarter of 2013, a 0.1 p.p. increase over the previous quarter, mainly due to the decrease of delinquency costs in the period.

The ER in the last 12 months<sup>(1)</sup> remained stable at 41.5% over the previous quarter.

Quarterly ER decreased from 42.5% in the fourth quarter of 2012 to 40.9% in the first quarter of 2013, mainly due to: (i) lower personnel expenses, chiefly as a result of more vacation requests in the quarter; and (ii) lower administrative expenses, mainly due to: (a) the seasonality in the previous quarter, which affected mainly marketing and advertising expenses; and (b) the continuous cost control in the quarter.

(1)  $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Financial Margin} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$ . Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), our ER in the first quarter of 2013 would be 44.6%; and

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

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Press Release

## **Summarized Analysis of Adjusted Income**

### **Financial Margin**

The R\$403 million decrease between the first quarter of 2013 and the fourth quarter of 2012 was mainly due to lower gains from the: (i) non-interest margin, in the amount of R\$234 million, due to lower gains from the market arbitrage; and (ii) interest margin, in the amount of R\$169 million, due to lower gains from the “Loan” margin, mainly due to the new interest rate policy for the credit card segment.

Financial margin posted a R\$11 million improvement between the first quarter of 2013 and the same period in 2012, driven by: (i) the R\$287 million increase in income from interest-earning operations due to an increase in business volume, mainly from “Loan” and “Securities/Other;” and (ii) the lower result from the non-interest margin, in the amount of R\$276 million, due to lower gains from the market arbitrage.

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## Summarized Analysis of Adjusted Income

## Interest Financial Margin – Annualized Average Rates

	R\$ million					
	Interest	1Q13 Average Balance	Average Rate	Interest	4Q12 Average Balance	Average Rate
Loans	7,414	298,495	10.3%	7,527	294,694	10.6%
Funding	949	326,424	1.2%	997	333,304	1.2%
Insurance	933	125,791	3.0%	912	121,638	3.0%
Securities/Other	1,213	303,865	1.6%	1,242	307,457	1.6%
<b>Financial Margin</b>	<b>10,509</b>	<b>-</b>	<b>7.2%</b>	<b>10,678</b>	<b>-</b>	<b>7.3%</b>

  

	Interest	1Q13 Average Balance	Average Rate	Interest	1Q12 Average Balance	Average Rate
Loans	7,414	298,495	10.3%	7,181	272,481	11.0%
Funding	949	326,424	1.2%	1,168	331,186	1.4%
Insurance	933	125,791	3.0%	851	105,811	3.3%
Securities/Other	1,213	303,865	1.6%	1,022	283,634	1.4%
<b>Financial Margin</b>	<b>10,509</b>	<b>-</b>	<b>7.2%</b>	<b>10,222</b>	<b>-</b>	<b>7.6%</b>

The annualized interest financial margin rate stood at 7.2% in the first quarter of 2013, down 0.1 p.p. on the previous quarter, mainly due to the reduction in the average “Loan” margin rate, which was impacted by the decrease in interest rates in effect, together with the change in the mix of the loan portfolio.

Press Release

**Summarized Analysis of Adjusted Income**

**Expanded Loan Portfolio<sup>(1)</sup>**

In March 2013, Bradesco's expanded loan portfolio totaled R\$391.7 billion, which was up 1.6% in the quarter, due to: (i) a 1.8% growth in Corporations; (ii) a 1.5% growth in Small and Medium-sized Entities (SMEs); and (iii) a 1.4% growth in Individuals.

In the last 12 months, the expanded loan portfolio increased 11.6%, driven by: (i) 15.6% growth in Corporations; (ii) 9.7% growth in SMEs; and (iii) 8.7% growth in Individuals.

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

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

For more information, see Chapter 2 of this Report.

**Allowance for Loan Losses**

In the first quarter of 2013, ALL expenses came to R\$3,109 million, down 3.1% from the previous quarter, even considering the 2.4% growth in the loan portfolio – as defined by Bacen in the period. This result was due to the reduction in delinquency level, despite the typical higher delinquency in the first months of the year.

In the year-over-year comparison, this expense remained practically stable, even considering the

(1) Includes the recognition of exceeding ALL in the total amount of R\$1.0 billion.

10.4% increase in loan operations – as defined by Bacen, resulting from the reduced delinquency level in the last 12 months.

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## **Summarized Analysis of Adjusted Income**

### **Delinquency Ratio > 90 days<sup>(1)</sup>**

Total delinquency ratio, which is based on transactions due over 90 days, was down 0.1 p.p. both in the quarter and in the last twelve months, maintaining an improvement in a gradual downward trend. This decrease was mainly influenced by the 0.2 p.p. improvement in the Individuals indicator.

(1) As defined by Bacen.

### **Coverage Ratios<sup>(1)</sup>**

The following graph presents the changes in coverage ratio of the Allowance for Loan Losses for loans overdue for more than 60 and 90 days. In March 2013, these ratios stood at 146.0% and 179.4%, respectively, pointing to a comfortable level of provisioning.

The ALL, totaling R\$21.4 billion in March 2013, was made up of: (i) R\$17.4 billion required by Bacen; and (ii) R\$4.0 billion in excess provisions.

(1) As defined by Bacen

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Press Release**Summarized Analysis of Adjusted Income****Income from Insurance, Pension Plans and Capitalization Bonds**

Net income for the first quarter of 2013 stood at R\$930 million (R\$964 million in the fourth quarter of 2012) for annualized Return on Adjusted Shareholders' Equity of 26.5%.

In the year-over-year comparison, net income increased by 2.8% in the first quarter of 2013.

(1) Excluding additional provisions.

	R\$ million (unless otherwise stated)								Variation %	
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q13 x 4Q12	1Q13 x 1Q12
Net Income	930	964	837	881	905	860	780	800	(3.5)	2.8
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,953	13,216	10,104	11,570	9,418	11,138	9,025	9,628	(17.1)	16.3
Technical Reserves	127,367	124,217	117,807	111,789	106,953	103,653	97,099	93,938	2.5	19.1
Financial Assets	141,535	141,540	133,738	128,526	122,147	116,774	110,502	106,202	-	15.9
Claims Ratio	69.6	70.5	70.4	71.3	71.9	68.6	71.5	72.2	(0.9) p.p.	(2.3) p.p.
Combined Ratio	86.0	86.6	86.5	85.0	85.6	83.6	86.2	85.8	(0.6) p.p.	0.4 p.p.
Policyholders / Participants and Customers (in thousands)	42,941	43,065	42,363	41,898	40,785	40,304	39,434	37,972	(0.3) p.p.	5.3



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Employees	7,510	7,554	7,545	7,478	7,574	7,608	7,571	7,594	(0.6)	(0.8)
Market Share of Insurance Written										
Premiums, Pension Plan Contributions and Capitalization Bond Income <sup>(1)</sup>	22.4	24.8	24.3	24.8	23.4	25.6	24.9	25.0	(2.4) p.p.	(1.0) p.p.

(1) The first quarter of 2013 includes the latest data released by Susep (February 2013).

Note: For comparison purposes, it excludes the effects of non-recurring events.

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## Summarized Analysis of Adjusted Income

Due to the concentration of pension plan contributions, which historically occur in the last quarter of the year, revenue did not have the same performance as that recorded in the fourth quarter of 2012.

Net income for the first quarter of 2013 was down 3.5% over the previous quarter, mainly due to: (i) the 17.1% decrease in revenue, as mentioned above; (ii) the decrease in equity income; and partially impacted by: (iii) the 0.9% decrease in claims ratio; and (iv) the decrease in the general and administrative expenses, already considering the sector's collective bargaining agreement in January 2013.

In the year-over-year comparison, issued premiums, pension plan contributions and capitalization bond income increased by 16.3%.

driven by the performance of the "Life and Pension Plan," "Capitalization Bond" and "Health" products, that posted an over two-digit growth in the period.

Net income for the first quarter of 2013 was up 2.8% over that of the previous year, due to: (i) a 16.3% increase in revenue; (ii) a 2.3 p.p. decrease in the claims ratio; and (iii) the increase in the administrative efficiency ratio, already considering the sector's collective bargaining agreement in January 2013.

Grupo Bradesco Seguros complies with the regulatory requirements, also complying with global standards (Solvency II), with a leverage of 2.4 times its Shareholders' Equity in the period.

Press Release

**Summarized Analysis of Adjusted Income**

**Fee and Commission Income**

In the first quarter of 2013, fee and commission income came to R\$4,599 million, down R\$76 million over the previous quarter, mainly due to the excellent performance of underwriting / financial advisory revenues in the fourth quarter of 2012.

In the year-over-year comparison, the increase of R\$481 million, or 11.7%, in the first quarter of 2013 was mainly due to: (i) the performance of the credit card segment, driven by the growth in revenue and transactions; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 459 thousand active accounts in the period; (iii) greater income from collections; (iv) greater income from fund management, whose volume of assets and portfolios under management increased by 26.2% in the period; (v) greater income from consortium management; and (vi) expansion and modernization of customer service channels, facilitating access and increasing the number of transactions.

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## Summarized Analysis of Adjusted Income

### Personnel Expenses

In the first quarter of 2013, the R\$83 million decrease from the previous quarter was mainly composed of the variation in structural expenses, due to the typical concentration of vacations in the first quarter of each year.

In the year-over-year comparison, the R\$181 million increase in the first quarter of 2013 was mainly due to:

- the R\$139 million increase in structural expenses, resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per collective bargaining agreements; and
- the R\$42 million increase in non-structural expenses, mainly due to greater expenses with: (i) provision for labor claims; and (ii) management and employee profit sharing.

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

Non-Structural Expenses = Employee and Management Profit Sharing + Training + Labor Provision + Costs with Termination of Employment Contracts.

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Press Release

## **Summarized Analysis of Adjusted Income**

### **Administrative Expenses**

In the first quarter of 2013, the 8.0% decrease in administrative expenses from the previous quarter was mainly due to: (i) the seasonality in the fourth quarter of 2012, which affected: (a) marketing and advertising expenses; and (b) businesses and services volume; and (ii) continuous efforts in cost control, pointing out the actions taken by our Efficiency Committee.

Despite the greater expenses with (i) the opening of 6,769 service points in the period, mainly the opening of 5,533 *Bradesco Expresso* points, for a total of 69,528 service points on March 31, 2013, and (ii) the increase in businesses and service volume in the period, the administrative expenses increased only 1.6% year over year and quarter over quarter, resulting from the Efficiency Committee efforts to control these expenses.

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

Other operating expenses, net of other operating income, totaled R\$1,170 million in the first quarter of 2013, up R\$40 million over the previous quarter, and R\$174 million in comparison with the same period in 2012.

The abovementioned increases were mainly the result of greater expenses with: (i) operating provisions, particularly those for civil contingencies; (ii) amortization of intangible assets; and (iii) sundry losses.

## **Summarized Analysis of Adjusted Income**

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

Income tax and social contribution increased 3.4% in comparison with the previous quarter and 4.8% in the year-over-year comparison, mainly due to the increase in taxable result.

### **Unrealized Gains**

Unrealized gains totaled R\$20,326 million in the first quarter of 2013, a R\$4,554 million decrease from the previous quarter. This was mainly due to the depreciation of fixed-income securities due to mark-to-market accounting.

Press Release

**Economic Scenario**

The beginning of 2013 was characterized by the significant decrease in financial rupture risks felt throughout the past year. The lower probability of occurring extreme events has a positive influence on the economic agents' expectations, contributing to the world's economic activity recovery for the coming quarters. At the same time, however, structural issues not yet definitively addressed are cause for concerns.

The euro zone remains on the spotlight. The recent difficulties to establish a new government in Italy and the banking crisis in Cyprus fueled the uncertainties about the future. In the United States, the imminent risk of recession was overcome by the partial resolution of the fiscal cliff in the beginning of the year, but the discussions on growth remain under the "budget sequestration" in a moment when the U.S. Congress is in a deep political polarization.

In China, the future performance of the real estate market is still the focus of attention to analysts, despite the calm political transition and the signs that the worst phase of the economic slowdown has passed.

In Brazil, evidence of the economic growth acceleration could be perceived in the first quarter of 2013, thanks to the domestic stimulus arising from the economic policy adopted in the last months. This evidence is even more favorable with the resumption of the productive investments, which strongly dropped in 2012.

The return to normal industrial and retail inventories should permit the resumption of manufacturing production in the coming periods, against a backdrop of strong growth in family consumption, fueled by the expansion of jobs and income. The excellent domestic agricultural and livestock prospects, especially the soybean and corn crops, are also worth emphasizing, as is their positive impact on the economies of small and medium-sized cities. The robust agricultural production tends to bring benefits in terms of balance of trade and inflation.

Brazil continues to make institutional progress, exemplified by the recent adoption of new policies addressing structural issues, such as the infrastructure concession program and production cost reduction. In the coming years, pre-salt exploration and the hosting of major sports events represent a privileged set of opportunities that are only available to a select group of nations, of which Brazil is part.

Given all these favorable prospects, it is vital to maintain the kind of healthy macroeconomic policies whose implementation over the past two decades has resulted in decreased volatility and increased growth, providing for a more equitable income distribution and unprecedented social inclusion. Regarding challenges, quality education is one of Brazil's priorities in an increasingly competitive global environment and labor shortage in several segments.

Despite the challenges faced by the domestic economy in pursue of higher sustainable growth rate, Bradesco is maintaining its positive long-term outlook for the country. With interest rates at an all-time low levels, the volume of credit is growing at rates that are both sustainable and risk-compatible, a factor that has set the national financial system apart from those in several other countries. As a result of the intense and ongoing upward social mobility of the last years, the prospects for the banking and insurance sectors remain highly favorable.

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**Main Economic Indicators**

<b>Main Indicators (%)</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>
Interbank Deposit Certificate (CDI)	1.61	1.70	1.91	2.09	2.45	2.67	3.01	2.80
Ibovespa	(7.55)	3.00	8.87	(15.74)	13.67	8.47	(16.15)	(9.01)
USD – Commercial Rate	(1.45)	0.64	0.46	10.93	(2.86)	1.15	18.79	(4.15)
General Price Index - Market (IGP-M)	0.85	0.68	3.79	2.56	0.62	0.91	0.97	0.70
Extended Consumer Price Index (IPCA) –								
Brazilian Institute of Geography and Statistics (IBGE)	1.94	1.99	1.42	1.08	1.22	1.46	1.06	1.40
Federal Government Long-Term Interest Rate (TJLP)	1.24	1.36	1.36	1.48	1.48	1.48	1.48	1.48
Reference Interest Rate (TR)	-	-	0.03	0.07	0.19	0.22	0.43	0.31
Savings Account (Old Rule) <sup>(1)</sup>	1.51	1.51	1.53	1.58	1.70	1.73	1.95	1.82
Savings Account (New Rule) <sup>(1)</sup>	1.25	1.26	1.40	-	-	-	-	-
Business Days (number)	60	62	64	62	63	62	65	62
Indicators (Closing Rate)	<b>Mar13</b>	<b>Dec12</b>	<b>Sept12</b>	<b>Jun12</b>	<b>Mar12</b>	<b>Dec11</b>	<b>Sept11</b>	<b>Jun11</b>
USD – Commercial Selling Rate - (R\$)	2.0138	2.0435	2.0306	2.0213	1.8221	1.8758	1.8544	1.5611
Euro - (R\$)	2.5853	2.6954	2.6109	2.5606	2.4300	2.4342	2.4938	2.2667
Country Risk (points)	189	142	166	208	177	223	275	148
Basic Selic Rate Copom (% p.a.)	7.25	7.25	7.50	8.50	9.75	11.00	12.00	12.25
BM&F Fixed Rate (% p.a.)	7.92	7.14	7.48	7.57	8.96	10.04	10.39	12.65

(1) Regarding the new savings account remuneration rule, it was defined that: (i) the existing deposits up to May 3, 2012 will continue to remunerate at TR + interest of 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are:

(a) if the Selic rate is higher than 8.5% p.a., the TR + interest of 6.17% p.a. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

**Projections through 2015**

<b>%</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
USD - Commercial Rate (year-end) - R\$	2.02	2.08	2.14

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Extended Consumer Price Index (IPCA)	5.40	5.20	5.00
General Price Index - Market (IGP-M)	5.00	5.00	4.50
Selic (year-end)	8.25	8.25	8.25
Gross Domestic Product (GDP)	3.00	4.00	3.50

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Press Release

## Guidance

### Bradesco's Outlook for 2013

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

<b>Loan Portfolio</b> <sup>(1)</sup>	<b>13 to 17%</b>
Individuals	13 to 17%
Companies	13 to 17%
<b>Financial Margin</b> <sup>(2)</sup>	<b>7 to 11%</b>
<b>Fee and Commission Income</b>	<b>9 to 13%</b>
<b>Operating Expenses</b> <sup>(3)</sup>	<b>4 to 8%</b>
<b>Insurance Premiums</b>	<b>12 to 15%</b>

(1) Expanded Loan Portfolio;

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

(3) Administrative and Personnel Expenses.

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**Book Income vs. Managerial Income vs. Adjusted Income Statement****Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement  
First Quarter of 2013**

	R\$ million										
	Book	Reclassifications						1Q13	Managerial	Non-recurring	Adjusted
	Income	(1)	(2)	(3)	(4)	(5)	(6)	Fiscal	Income	Events <sup>(8)</sup>	Income
	Statement							Hedge	Statement		Statement
								(7)			
<b>Financial Margin</b>	<b>11,928</b>	<b>(299)</b>	<b>16</b>	<b>(41)</b>	<b>(644)</b>	<b>-</b>	<b>-</b>	<b>(254)</b>	<b>10,706</b>	<b>-</b>	<b>10,706</b>
ALL	(3,475)	-	-	-	410	(44)	-	-	(3,109)	-	(3,109)
<b>Gross Income from Financial Intermediation</b>	<b>8,453</b>	<b>(299)</b>	<b>16</b>	<b>(41)</b>	<b>(234)</b>	<b>(44)</b>	<b>-</b>	<b>(254)</b>	<b>7,597</b>	<b>-</b>	<b>7,597</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	1,155	-	-	-	-	-	-	-	1,155	-	1,155
Fee and Commission Income	4,508	-	-	-	-	-	91	-	4,599	-	4,599
Personnel Expenses	(3,059)	-	-	-	-	-	-	-	(3,059)	-	(3,059)
Other Administrative Expenses	(3,368)	-	-	-	-	-	(87)	-	(3,455)	-	(3,455)
Tax Expenses	(1,140)	-	-	-	(11)	-	-	28	(1,123)	-	(1,123)
Equity in the Earnings (Losses) of Unconsolidated Companies	3	-	-	-	-	-	-	-	3	-	3
Other Operating Income/Expenses	(1,799)	299	(16)	41	245	24	(4)	-	(1,210)	40	(1,170)
<b>Operating Result</b>	<b>4,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(20)</b>	<b>-</b>	<b>-</b>	<b>(226)</b>	<b>4,507</b>	<b>40</b>	<b>4,547</b>
Non-Operating Result	(58)	-	-	-	-	20	-	-	(38)	-	(38)
Income Tax / Social Contribution and Non-controlling Interest	(1,776)	-	-	-	-	-	-	226	(1,550)	(16)	(1,566)
<b>Net Income</b>	<b>2,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,919</b>	<b>24</b>	<b>2,943</b>

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

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## Book Income vs. Managerial Income vs. Adjusted Income Statement

## Fourth Quarter of 2012

		Reclassifications						4Q12	Managerial	Non-recurring	Adjusted
	Book	(1)	(2)	(3)	(4)	(5)	(6)	Fiscal	Income	Events <sup>(8)</sup>	Income
	Income							Hedge	Statement		Statement
	Statement							(7)			
<b>Financial Margin</b>	<b>11,769</b>	<b>(282)</b>	<b>25</b>	<b>(63)</b>	<b>(817)</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>10,757</b>	<b>352</b>	<b>11,109</b>
ALL	(3,432)	-	-	-	313	(92)	-	-	(3,210)	-	(3,210)
<b>Gross Income from Financial Intermediation</b>	<b>8,337</b>	<b>(282)</b>	<b>25</b>	<b>(63)</b>	<b>(504)</b>	<b>(92)</b>	<b>-</b>	<b>125</b>	<b>7,546</b>	<b>352</b>	<b>7,899</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	1,056	-	-	-	-	-	-	-	1,056	(101)	955
Fee and Commission Income	4,569	-	-	-	-	-	107	-	4,675	-	4,675
Personnel Expenses	(3,142)	-	-	-	-	-	-	-	(3,142)	-	(3,142)
Other Administrative Expenses	(3,658)	-	-	-	-	(131)	-	-	(3,789)	34	(3,755)
Tax Expenses	(1,093)	-	-	-	(11)	-	-	(14)	(1,118)	21	(1,098)
Equity in the Earnings (Losses) of Unconsolidated Companies	45	-	-	-	-	-	-	-	45	-	45
Other Operating Income/Expenses	(4,240)	282	(25)	63	515	39	24	-	(3,342)	2,211	(1,130)
<b>Operating Result</b>	<b>1,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(53)</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>1,932</b>	<b>2,517</b>	<b>4,449</b>
Non-Operating Result	711	-	-	-	-	53	-	-	764	(793)	(29)
Income Tax / Social Contribution and Non-controlling Interest	309	-	-	-	-	-	-	(111)	198	(1,699)	(1,502)
<b>Net Income</b>	<b>2,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,893</b>	<b>25</b>	<b>2,918</b>

R\$ million

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

Press Release

**Book Income vs. Managerial Income vs. Adjusted Income Statement****First Quarter of 2012**

	R\$ million										
	Book Income Statement	Reclassifications						1Q12 Fiscal Hedge Income Statement	Managerial Income Statement	Non-recurring Events <sup>(8)</sup>	Adjusted Income Statement
		(1)	(2)	(3)	(4)	(5)	(6)	(7)			
<b>Financial Margin</b>	<b>11,773</b>	<b>(186)</b>	<b>59</b>	<b>(70)</b>	<b>(515)</b>	<b>29</b>		<b>(395)</b>	<b>10,695</b>		<b>10,695</b>
ALL	(3,298)	-	-	-	265	(61)	-	-	(3,094)	-	(3,094)
<b>Gross Income from Financial Intermediation</b>	<b>8,475</b>	<b>(186)</b>	<b>59</b>	<b>(70)</b>	<b>(250)</b>	<b>(32)</b>		<b>(395)</b>	<b>7,601</b>		<b>7,601</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(9)</sup>	877	-	-	-	-	-	-	-	877	-	877
Fee and Commission Income	3,995	-	-	-	-	-	122	-	4,117	-	4,118
Personnel Expenses	(2,878)	-	-	-	-	-	-	-	(2,878)	-	(2,878)
Other Administrative Expenses	(3,290)	-	-	-	-	-	(110)	-	(3,400)	-	(3,401)
Tax Expenses	(1,122)	-	-	-	68	-	-	43	(1,011)	-	(1,012)
Equity in the Earnings (Losses) of Unconsolidated Companies	40	-	-	-	-	-	-	-	40	-	40
Other Operating Income/Expenses	(1,488)	186	(59)	70	182	38	(12)	-	(1,083)	86	(996)
<b>Operating Result</b>	<b>4,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>(352)</b>	<b>4,263</b>	<b>86</b>	<b>4,349</b>
Non-Operating Result	(12)	-	-	-	-	(6)	-	-	(18)	-	(18)
Income Tax / Social Contribution	(1,804)	-	-	-	-	-	-	352	(1,452)	(34)	(1,486)



and Non-controlling Interest											
<b>Net Income</b>	<b>2,793</b>	-	-	-	-	-	-	-	<b>2,793</b>	<b>52</b>	<b>2,845</b>

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

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Economic and Financial Analysis

## Consolidated Statement of Financial Position and Adjusted Income Statement

### Statement of Financial Position

									R\$ million
	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	
<b>Assets</b>									
<b>Current and Long-Term Assets</b>	<b>879,192</b>	<b>864,279</b>	<b>840,295</b>	<b>815,063</b>	<b>773,896</b>	<b>746,090</b>	<b>710,238</b>	<b>677,571</b>	
Cash and Cash Equivalents	11,347	12,077	12,944	13,997	25,069	22,574	10,018	7,715	
Interbank Investments	171,333	151,813	126,772	92,858	84,690	82,303	85,963	86,147	
Securities and Derivative Financial Instruments	300,600	315,487	319,537	322,507	294,959	265,723	244,622	231,425	
Interbank and Interdepartmental Accounts	52,769	49,762	56,276	62,510	61,576	72,906	71,951	67,033	
Loan and Leasing Operations	276,022	267,940	262,748	258,242	250,201	248,719	241,812	231,862	
Allowance for Loan Losses (ALL)	(21,359)	(21,299)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	
Other Receivables and Assets	88,480	88,499	82,933	85,631	77,518	73,405	74,963	70,754	
<b>Permanent Assets</b>	<b>15,275</b>	<b>14,813</b>	<b>15,993</b>	<b>15,457</b>	<b>15,654</b>	<b>15,443</b>	<b>12,051</b>	<b>11,736</b>	
Investments	1,867	1,865	1,907	1,889	2,076	2,052	1,721	1,699	
Premises and Leased Assets	4,550	4,678	4,500	4,523	4,551	4,413	3,812	3,658	
Intangible Assets	8,858	8,270	9,586	9,045	9,027	8,978	6,518	6,379	
<b>Total</b>	<b>894,467</b>	<b>879,092</b>	<b>856,288</b>	<b>830,520</b>	<b>789,550</b>	<b>761,533</b>	<b>722,289</b>	<b>689,307</b>	
<b>Liabilities</b>									
<b>Current and Long-Term Liabilities</b>	<b>823,788</b>	<b>807,799</b>	<b>789,036</b>	<b>765,398</b>	<b>730,214</b>	<b>704,664</b>	<b>667,312</b>	<b>635,360</b>	
Deposits	205,870	211,858	212,869	217,070	213,877	217,424	224,664	213,561	
Federal Funds Purchased and Securities Sold under									
Agreements to Repurchase	281,045	255,591	245,538	225,974	213,930	197,448	171,458	164,204	
Funds from Issuance of Securities	47,832	51,359	53,810	51,158	48,482	41,522	32,879	29,044	
Interbank and Interdepartmental Accounts	3,815	5,667	3,649	3,618	3,231	4,614	2,974	3,037	
Borrowing and Onlending	46,209	44,187	45,399	47,895	47,112	53,247	49,057	45,207	
Derivative Financial Instruments	2,590	4,001	4,148	3,568	2,703	735	1,724	1,221	
Reserves for Insurance, Pension Plans and Capitalization Bonds	127,367	124,217	117,807	111,789	106,953	103,653	97,099	93,938	
Other Liabilities	109,060	110,919	105,816	104,326	93,926	86,021	87,457	85,148	
<b>Deferred Income</b>	<b>632</b>	<b>658</b>	<b>619</b>	<b>615</b>	<b>646</b>	<b>672</b>	<b>622</b>	<b>505</b>	
<b>Non-controlling Interest in Subsidiaries</b>	<b>605</b>	<b>588</b>	<b>586</b>	<b>587</b>	<b>630</b>	<b>615</b>	<b>613</b>	<b>599</b>	

<b>Shareholders' Equity</b>	<b>69,442</b>	<b>70,047</b>	<b>66,047</b>	<b>63,920</b>	<b>58,060</b>	<b>55,582</b>	<b>53,742</b>	<b>52,843</b>
<b>Total</b>	<b>894,467</b>	<b>879,092</b>	<b>856,288</b>	<b>830,520</b>	<b>789,550</b>	<b>761,533</b>	<b>722,289</b>	<b>689,307</b>

Report on Economic and Financial Analysis – March 2013

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Economic and Financial Analysis**Consolidated Statement of Financial Position and Adjusted Income Statement****Adjusted Income Statement**

								R\$ million
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11
<b>Financial Margin</b>	<b>10,706</b>	<b>11,109</b>	<b>10,955</b>	<b>11,034</b>	<b>10,695</b>	<b>10,258</b>	<b>10,230</b>	<b>9,471</b>
- Interest	10,509	10,678	10,603	10,518	10,222	9,985	9,669	9,167
- Non-interest	197	431	352	516	473	273	561	304
ALL	(3,109)	(3,210)	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)
<b>Gross Income from Financial Intermediation</b>	<b>7,597</b>	<b>7,899</b>	<b>7,652</b>	<b>7,627</b>	<b>7,601</b>	<b>7,597</b>	<b>7,451</b>	<b>7,034</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	1,155	955	1,029	953	877	933	864	788
Fee and Commission Income	4,599	4,675	4,438	4,281	4,118	4,086	3,876	3,751
Personnel Expenses	(3,059)	(3,142)	(3,119)	(3,047)	(2,878)	(3,140)	(2,880)	(2,605)
Other Administrative Expenses	(3,455)	(3,755)	(3,565)	(3,441)	(3,401)	(3,682)	(3,405)	(3,179)
Tax Expenses	(1,123)	(1,098)	(1,038)	(991)	(1,012)	(1,005)	(866)	(913)
Equity in the Earnings (Losses) of Unconsolidated Companies	3	45	45	19	40	53	41	16
Other Operating Income/ (Expenses)	(1,170)	(1,130)	(1,054)	(1,035)	(996)	(808)	(907)	(764)
<b>Operating Result</b>	<b>4,547</b>	<b>4,449</b>	<b>4,388</b>	<b>4,366</b>	<b>4,349</b>	<b>4,034</b>	<b>4,174</b>	<b>4,128</b>
Non-Operating Result	(38)	(29)	(20)	(22)	(18)	4	10	(7)
Income Tax and Social Contribution	(1,538)	(1,488)	(1,455)	(1,461)	(1,468)	(1,241)	(1,304)	(1,271)
Non-controlling Interest	(28)	(14)	(20)	(16)	(18)	(26)	(16)	(25)
<b>Adjusted Net Income</b>	<b>2,943</b>	<b>2,918</b>	<b>2,893</b>	<b>2,867</b>	<b>2,845</b>	<b>2,771</b>	<b>2,864</b>	<b>2,825</b>

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

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



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

	R\$ million				
	Financial Margin			Variation	
	1Q13	4Q12	1Q12	Quarter	12M
Interest - due to volume				91	861
Interest - due to spread				(260)	(574)
- Financial Margin - Interest	10,509	10,678	10,222	(169)	287
- Financial Margin - Non-Interest	197	431	473	(234)	(276)
<b>Financial Margin</b>	<b>10,706</b>	<b>11,109</b>	<b>10,695</b>	<b>(403)</b>	<b>11</b>
<b>Average Margin Rate <sup>(1)</sup></b>	<b>7.3%</b>	<b>7.6%</b>	<b>7.9%</b>		

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

The first quarter of 2013 had a financial margin of R\$10,706 million, down 3.6%, or R\$403 million, when compared to the fourth quarter of 2012. This variation was due to: (i) lower non-interest margin, totaling R\$234 million, mainly due to lower gains from market arbitrage; and (ii) an R\$169 million decrease in interest margin, due to lower results from “Loan” margin, arising from the new interest rate policy for the credit card segment.

Year over year, financial margin for the first quarter of 2013 grew by R\$11 million, as a result of: (i) a R\$287 million increase in interest margin, of which: (a) R\$861 million corresponds to the increase in volume of operations, led by “Securities/Other;” partially minimized by: (b) R\$574 million in spread; and partially offset by: (ii) a R\$276 million decrease in non-interest financial margin, due to lower gains from market arbitrage.

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

	R\$ million			
	Interest Financial Margin Breakdown			Variation
	1Q13	4Q12	1Q12	

				<b>Quarter</b>	<b>12M</b>
Loans	7,414	7,527	7,181	(113)	233
Funding	949	997	1,168	(48)	(219)
Insurance	933	912	851	21	82
Securities/Other	1,213	1,242	1,022	(29)	191
<b>Interest Financial Margin</b>	<b>10,509</b>	<b>10,678</b>	<b>10,222</b>	<b>(169)</b>	<b>287</b>

In the first quarter of 2013, interest financial margin stood at R\$10,509 million, down R\$169 million over the R\$10,678 million in the fourth quarter of 2012. The business lines that most contributed to this result were: (i) Loan; and (ii) Funding.

Between the first quarter of 2013 and the same period in 2012, interest financial margin increased 2.8%, or R\$287 million. The business lines that most contributed to this increase were: (i) Loan; (ii) Insurance; and (ii) Securities/Other.

— Report on Economic and Financial Analysis – March 2013

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Economic and Financial Analysis**Financial Margin - Interest****Interest Financial Margin - Rates**

The annualized interest financial margin rate stood at 7.2% in the first quarter of 2013, posting a slight 0.1 p.p. decrease in relation to the previous quarter, mainly due to the decrease in the average "Loan" margin rate, which was impacted by lower interest rates, combined with the change in the loan portfolio mix.

**Interest Financial Margin - Annualized Average Rates**

	R\$ million					
	Interest	1Q13 Average Balance	Average Rate	Interest	4Q12 Average Balance	Average Rate
Loans	7,414	298,495	10.3%	7,527	294,694	10.6%
Funding	949	326,424	1.2%	997	333,304	1.2%
Insurance	933	125,791	3.0%	912	121,638	3.0%
Securities/Other	1,213	303,865	1.6%	1,242	307,457	1.6%
<b>Interest Financial Margin</b>	<b>10,509</b>	<b>-</b>	<b>7.2%</b>	<b>10,678</b>	<b>-</b>	<b>7.3%</b>

	Interest	1Q13 Average Balance	Average Rate	Interest	1Q12 Average Balance	Average Rate
Loans	7,414	298,495	10.3%	7,181	272,481	11.0%
Funding	949	326,424	1.2%	1,168	331,186	1.4%
Insurance	933	125,791	3.0%	851	105,811	3.3%
Securities/Other	1,213	303,865	1.6%	1,022	283,634	1.4%
<b>Interest Financial Margin</b>	<b>10,509</b>	<b>-</b>	<b>7.2%</b>	<b>10,222</b>	<b>-</b>	<b>7.6%</b>



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

	Financial Margin - Loan				R\$ million	
	1Q13	4Q12	1Q12	Variation Quarter	12M	
Interest - due to volume				94		646
Interest - due to spread				(207)		(413)
<b>Interest Financial Margin</b>	<b>7,414</b>	<b>7,527</b>	<b>7,181</b>	<b>(113)</b>		<b>233</b>
Income	12,462	12,361	12,645	101		(183)
Expenses	(5,048)	(4,834)	(5,464)	(214)		416

In the first quarter of 2013, financial margin with loan operations reached R\$7,414 million, down 1.5% or R\$113 million over the fourth quarter of 2012. The variation is the result of: (i) the decrease in average spread, in the amount of R\$207 million, impacted by the new interest rate policy for the credit card segment; and partially offset by: (ii) the increase in average business volume, in the amount of R\$94 million.

Year over year, the financial margin for the first quarter of 2013 grew 3.2%, or R\$233 million, resulting from: (i) a R\$646 million increase in the volume of operations; and offset by (ii) the decrease in average spread, amounting to R\$413 million, mainly affected by: (a) the drop in interest rates used; and (b) the change in the loan portfolio mix.

Economic and Financial Analysis

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**Loan Financial Margin - Interest**

**Loan Financial Margin - Net Margin**

The graph above presents a summary of loan activity. The Gross Margin line refers to interest income from loans, net of opportunity cost (a specific rate by type of operation and term).

The ALL curve shows delinquency costs, which are represented by Allowance for Loan Losses (ALL) expenses, plus discounts granted in transactions net of loan recoveries, arising from the sale of foreclosed assets, among other.

In the first quarter of 2013, the net margin curve, which refers to loan interest income net of ALL, remained virtually stable over the previous quarter. In the year-over-year comparison, the curve was up 5.3%, mainly impacted by: (i) the reduction in delinquency costs; and (ii) the increase in business volume.

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**Loan Financial Margin - Interest****Expanded Loan Portfolio <sup>(1)</sup>**

The expanded loan portfolio amounted to R\$391.7 billion in March 2013, up 1.6% in the quarter and 11.6% over the last twelve months, mainly led by Corporations, which grew by 1.8% and 15.6%, respectively.

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

For further information, refer to page 42 herein.

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

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

Individuals	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
CDC / Vehicle Leasing	30,112	31,099	32,585	(3.2)	(7.6)
Payroll-Deductible Loans <sup>(1)</sup>	22,448	20,757	18,398	8.1	22.0
Credit Card	20,263	20,921	17,903	(3.1)	13.2
Personal Loans	15,408	15,041	13,771	2.4	11.9
Real Estate Financing <sup>(2)</sup>	10,642	10,060	7,994	5.8	33.1
Rural Loans	6,806	6,927	6,599	(1.7)	3.1
BNDES/Finame Onlending	6,187	5,775	5,494	7.1	12.6
Overdraft Facilities	3,424	2,989	3,217	14.6	6.4
Sureties and Guarantees	580	683	598	(15.1)	(3.0)
Other <sup>(3)</sup>	3,360	3,289	3,091	2.2	8.7
<b>Total</b>	<b>119,231</b>	<b>117,540</b>	<b>109,651</b>	<b>1.4</b>	<b>8.7</b>

Including:

(1) Loan assignment (FIDC): R\$145 million in March 2013, R\$202 million in December 2012 and R\$420 million in March 2012;

(2) Loan assignment (CRI): R\$141 million in March 2013, R\$149 million in December 2012 and R\$198 million in March 2012; and

(3) Loan assignment (FIDC) for the acquisition of assets: R\$1 million in March 2013, R\$1 million in December 2012 and R\$2 million in March 2012; and rural loan assignment: R\$102 million in March 2013, R\$101 million in December 2012 and R\$112 million in March 2012.

Operations bearing credit risks for Individuals grew by 1.4% in the quarter and 8.7% in the last 12 months, a result of better performance in: (i) real estate financing; and (ii) payroll-deductible loans.

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

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

<b>Corporate</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Mar13</b>	<b>Dec12</b>	<b>Mar12</b>	<b>Quarter</b>	<b>12M</b>
Working Capital	44,992	44,811	41,551	0.4	8.3
BNDES/Finame Onlending	31,639	29,929	29,812	5.7	6.1
Operations Abroad	24,542	25,243	21,670	(2.8)	13.3
Export Financing	14,841	12,023	10,479	23.4	41.6
Credit Card	13,558	13,942	13,916	(2.8)	(2.6)
Real Estate Financing - Corporate Plan <sup>(1)</sup>	13,305	12,674	10,068	5.0	32.1
Overdraft Account	10,558	9,793	10,631	7.8	(0.7)
Vehicles - CDC	7,281	7,088	5,965	2.7	22.0
Leasing	5,836	6,190	7,008	(5.7)	(16.7)
Rural Loans	4,842	4,653	4,358	4.1	11.1
Sureties and Guarantees <sup>(2)</sup>	59,148	59,228	50,334	(0.1)	17.5
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	30,833	30,874	25,403	(0.1)	21.4
Other <sup>(4)</sup>	11,076	11,542	9,983	(4.0)	10.9
<b>Total</b>	<b>272,451</b>	<b>267,989</b>	<b>241,181</b>	<b>1.7</b>	<b>13.0</b>
Including:					

(1) Loan assignment (CRI): R\$226 million in March 2013, R\$230 million in December 2012 and R\$280 million in March 2012;

(2) A total of 91.2% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R\$1,401 million in March 2013, R\$1,629 million in December 2012 and R\$1,556 million in March 2012.

Operations bearing credit risk for corporate customers grew by 1.7% in the quarter and 13.0% in the last 12 months. The main highlights in the quarter were: (i) export financing and (ii) overdraft account. In the last 12 months, the growth was led by: (i) export financing; and (ii) real estate financing – corporate plan.

**Expanded Loan Portfolio - Consumer Financing**

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

Consumer financing totaled R\$88.6 billion, up 0.4% in the quarter and 6.7% in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing) (R\$30.1 billion); and (ii) payroll-deductible loans (R\$22.5 billion), which together totaled R\$52.6 billion, accounting for 59.3% of the consumer financing balance. Given their guarantees and characteristics, these products provide a rather lower level of credit risk to this group of operations.

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Economic and Financial Analysis**Loan Financial Margin - Interest****Breakdown of the Vehicle Portfolio**

	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
<b>CDC Portfolio</b>	<b>35,943</b>	<b>36,336</b>	<b>35,040</b>	<b>(1.1)</b>	<b>2.6</b>
Individuals	28,662	29,248	29,075	(2.0)	(1.4)
Corporate	7,281	7,088	5,965	2.7	22.1
<b>Leasing Portfolio</b>	<b>4,078</b>	<b>4,774</b>	<b>7,222</b>	<b>(14.6)</b>	<b>(43.5)</b>
Individuals	1,450	1,851	3,510	(21.7)	(58.7)
Corporate	2,628	2,923	3,712	(10.1)	(29.2)
<b>Finame Portfolio</b>	<b>10,690</b>	<b>10,417</b>	<b>9,970</b>	<b>2.6</b>	<b>7.2</b>
Individuals	888	938	931	(5.3)	(4.6)
Corporate	9,802	9,479	9,039	3.4	8.4
<b>Total</b>	<b>50,711</b>	<b>51,527</b>	<b>52,232</b>	<b>(1.6)</b>	<b>(2.9)</b>
Individuals	31,000	32,037	33,516	(3.2)	(7.5)
Corporate	19,711	19,490	18,716	1.1	5.3

Vehicle financing operations (individual and corporate customers) totaled R\$50.7 billion in March 2013, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 70.9% corresponds to CDC, 21.1% to Finame and 8.0% to Leasing. Individuals represented 61.1% of the portfolio, while corporate customers accounted for the remaining 38.9%.

**Expanded Loan Portfolio Concentration - by Sector**

The share of each economic sector composing the loan portfolio had a slight variation. Industry had the greatest growth, both in the quarter and in the last twelve-month period.

Activity Sector	R\$ million					
	Mar13	%	Dec12	%	Mar12	%
<b>Public Sector</b>	<b>619</b>	<b>0.2</b>	<b>1,179</b>	<b>0.3</b>	<b>1,844</b>	<b>0.5</b>
<b>Private Sector</b>	<b>391,063</b>	<b>99.8</b>	<b>384,350</b>	<b>99.7</b>	<b>348,987</b>	<b>99.5</b>
<b>Corporate</b>	<b>271,832</b>	<b>69.4</b>	<b>266,810</b>	<b>69.2</b>	<b>239,336</b>	<b>68.2</b>
Industry	88,745	22.7	83,880	21.8	75,436	21.5
Commerce	57,928	14.8	57,531	14.9	54,144	15.4

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Financial Intermediaries	7,483	1.9	7,138	1.9	4,871	1.4
Services	113,773	29.0	114,383	29.7	101,243	28.9
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	3,903	1.0	3,879	1.0	3,642	1.0
<b>Individuals</b>	<b>119,231</b>	<b>30.4</b>	<b>117,540</b>	<b>30.5</b>	<b>109,651</b>	<b>31.3</b>
<b>Total</b>	<b>391,682</b>	<b>100.0</b>	<b>385,529</b>	<b>100.0</b>	<b>350,831</b>	<b>100.0</b>

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**Loan Financial Margin - Interest**

**Changes in the Expanded Loan Portfolio**

Of the R\$40.9 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$30.5 billion, or 74.5%, representing 7.8% of the portfolio in March 2013.

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













Economic and Financial Analysis**Loan Financial Margin - Interest****Changes in the Expanded Loan Portfolio - By Rating**

The chart below shows that new borrowers and remaining debtors as of March 2012 (customers that remained in the loan portfolio for at least 12 months) presented a good level of credit quality (AA-C ratings), demonstrating the adequacy and consistency of the loan assignment policy and processes, as well as the quality of guarantees and the credit rating instruments used by Bradesco.

**Changes in the Extended Loan Portfolio by Rating from March 2012 to 2013**

Rating	Total Loan as of March 2013		New Customers from April 2012 to March 2013		Remaining Debtors as of March 2012	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	366,329	93.5	29,145	95.7	337,184	93.3
D	7,807	2.0	377	1.2	7,429	2.1
E - H	17,546	4.5	930	3.1	16,617	4.6
<b>Total</b>	<b>391,682</b>	<b>100.0</b>	<b>30,452</b>	<b>100.0</b>	<b>361,230</b>	<b>100.0</b>

**Expanded Loan Portfolio - By Customer Profile**

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

Customer Profile	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
Corporations	155,409	152,728	134,451	1.8	15.6
SMEs	117,043	115,261	106,730	1.5	9.7
Individuals	119,231	117,540	109,651	1.4	8.7
<b>Total Loan Operations</b>	<b>391,682</b>	<b>385,529</b>	<b>350,831</b>	<b>1.6</b>	<b>11.6</b>

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

AA-C rated loans remained stable in comparison with the previous quarter and slightly increased in the year-over-year comparison.

Customer Profile	Mar13	By Rating	
		Dec12	Mar12

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	<b>AA-C</b>	<b>D</b>	<b>E-H</b>	<b>AA-C</b>	<b>D</b>	<b>E-H</b>	<b>AA-C</b>	<b>D</b>	<b>E-H</b>
Corporations	98.5	1.0	0.5	98.7	0.9	0.4	98.5	1.0	0.5
SMEs	91.3	3.1	5.6	91.3	3.1	5.6	91.6	2.8	5.6
Individuals	89.2	2.2	8.6	88.9	2.3	8.8	89.0	2.3	8.7
<b>Total</b>	<b>93.5</b>	<b>2.0</b>	<b>4.5</b>	<b>93.5</b>	<b>2.0</b>	<b>4.5</b>	<b>93.3</b>	<b>2.1</b>	<b>4.6</b>

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

Below is the quarterly and yearly growth in the loan portfolio by business segment, which was led by the Prime and Retail segments.

Business Segments	R\$ million				Variation %			
	Mar13	%	Dec12	%	Mar12	%	Quarter	12M
Retail	112,034	28.6	108,631	28.2	96,914	27.6	3.1	15.6
Corporate <sup>(1)</sup>	160,232	40.9	158,474	41.1	143,751	41.0	1.1	11.5
Middle Market	50,200	12.8	49,271	12.8	44,686	12.7	1.9	12.3
Prime	16,170	4.1	15,603	4.0	12,935	3.7	3.6	25.0
Other / Non-account holders <sup>(2)</sup>	53,046	13.6	53,551	13.9	52,546	15.0	(0.9)	1.0
<b>Total</b>	<b>391,682</b>	<b>100.0</b>	<b>385,529</b>	<b>100.0</b>	<b>350,831</b>	<b>100.0</b>	<b>1.6</b>	<b>11.6</b>

(1) Including loans taken out with co-obligation. In the table on page 40, Loan Portfolio - by Customer Profile, these amounts are allocated to individuals; and

(2) Mostly, non-account holders using vehicle financing, credit cards and payroll-deductible loans.

**Expanded Loan Portfolio - By Currency**

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$14.9 billion in March 2013 (US\$15.1 billion in December 2012 and US\$13.4 billion in March 2012), a 1.3% decrease in the quarter and 11.2% increase in the last 12 months, in dollars. In reais, these same foreign currency operations totaled R\$29.9 billion in March 2013 (R\$30.9 billion in December 2012 and R\$24.4 billion in March 2012), a 3.2% decrease in the quarter and 22.5% growth in the last 12 months.

In March 2013, total loan operations, in reais, stood at R\$361.7 billion (R\$354.6 billion in December 2012 and R\$326.4 billion in March 2012), up 2.0% on the previous quarter and 10.8% over the last 12 months.



Economic and Financial Analysis**Loan Financial Margin - Interest****Expanded Loan Portfolio - by Debtor**

Credit exposure level among the 100 largest debtors was slightly higher from that in the previous year and the last quarter. The quality of the 100 largest debtors, rated as AA to A, improved in the quarter and in the last 12 months.

**Loan Portfolio<sup>(1)</sup> - By Type**

All operations bearing credit risk stood at R\$413.3 billion, up 1.0% in the quarter and 11.4% in the last 12 months.

	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
Loans and Discounted Securities	144,724	141,861	130,587	2.0	10.8
Financing	106,780	101,361	93,491	5.3	14.2
Rural and Agribusiness Financing	17,238	16,683	15,609	3.3	10.4
Leasing Operations	7,280	8,035	10,514	(9.4)	(30.8)
Advances on Exchange Contracts	6,023	6,348	6,671	(5.1)	(9.7)
Other Loans	15,838	16,672	12,876	(5.0)	23.0
<b>Subtotal Loan Operations <sup>(2)</sup></b>	<b>297,883</b>	<b>290,960</b>	<b>269,749</b>	<b>2.4</b>	<b>10.4</b>
Sureties and Guarantees Granted (Memorandum Accounts)	59,728	59,911	50,932	(0.3)	17.3
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	30,833	30,874	25,403	(0.1)	21.4
Letters of Credit (Memorandum Accounts)	1,401	1,629	1,556	(14.0)	(10.0)
Advances from Credit Card Receivables	1,206	1,454	2,161	(17.1)	(44.2)
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	512	582	899	(12.0)	(43.0)
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	119	119	131	0.4	(8.8)
<b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b>	<b>391,682</b>	<b>385,529</b>	<b>350,831</b>	<b>1.6</b>	<b>11.6</b>
Other Operations Bearing Credit Risk <sup>(4)</sup>	21,590	23,851	20,142	(9.5)	7.2
<b>Total Operations bearing Credit Risk</b>	<b>413,273</b>	<b>409,380</b>	<b>370,974</b>	<b>1.0</b>	<b>11.4</b>

(1) In addition to the Expanded Portfolio, it includes other operations bearing credit risk;

(2) As defined by Bacen;

(3) Including debenture and promissory note operations; and

(4) Including CDI operations, international treasury, swaps, forward currency contracts and investments in FIDC and CRI.

Economic and Financial Analysis

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**Loan Financial Margin - Interest**

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

**Loan Portfolio<sup>(1)</sup> - By Flow of Maturities**

The maturities of performing loans were slightly longer in March 2013, mainly due to the higher volume of BNDES onlending and real estate financing. Note that, due to their guarantees and characteristics, these operations are exposed to lower risk, in addition to providing favorable conditions to gain customer loyalty.

(1) As defined by Bacen.

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Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Loan Portfolio<sup>(1)</sup> - Delinquency over 90 days**

Total delinquency ratio over 90 days had a slight reduction in the quarter and in the last 12 months, maintaining an improvement in a gradual downward trend, mainly due to the 0.2 p.p. decrease in Individuals.

As shown in the graph below, the total delinquency ratio for operations overdue from 61 to 90 days remained stable in the quarter and had a slight decrease over the last 12 months.

(1) As defined by Bacen.

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

#### **Allowance for Loan Losses (ALL) x Delinquency x Losses<sup>(1)</sup>**

The ALL of R\$21.4 billion, representing 7.2% of the total portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing loans) and the excess provision (internal criteria).

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

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period, i.e., for an existing provision of 7.5% of the portfolio<sup>(1)</sup>, in March 2012, the effective gross loss in the subsequent twelve-month period was 4.8%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 56%, as shown in the graph below.



(1) As defined by Bacen.

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**Loan Financial Margin - Interest**

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In March 2012, for an existing provision of 7.5% of the portfolio<sup>(1)</sup>, the net loss in the subsequent twelve-month period was 3.6%, meaning that the existing provision exceeded over twice the loss in the subsequent 12 months.

(1) As defined by Bacen.

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**Loan Financial Margin - Interest**

**Allowance for Loan Losses<sup>(1)</sup>**

The Non-performing Loan ratio (operations overdue for over 60 days) posted a slight decrease in the quarter-over-quarter comparison. Coverage ratios for the allowance for loans overdue from 60 to 90 days stood at very comfortable levels.

(1) As defined by Bacen; and

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

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Economic and Financial Analysis**Loan Financial Margin - Interest****Loan Portfolio<sup>(1)</sup> - Portfolio Indicators**

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

	R\$ million (except %)		
	Mar13	Dec12	Mar12
<b>Total Loan Operations <sup>(1)</sup></b>	<b>297,883</b>	<b>290,960</b>	<b>269,749</b>
- Individuals	118,263	116,404	108,321
- Corporate	179,620	174,556	161,427
<b>Existing Provision</b>	<b>21,359</b>	<b>21,299</b>	<b>20,117</b>
- Specific	11,268	11,182	10,576
- Generic	6,080	6,106	5,530
- Excess	4,010	4,010	4,012
Specific Provision / Existing Provision (%)	52.8	52.5	52.6
Existing Provision / Loan Operations (%)	7.2	7.3	7.5
AA - C Rated Loan Operations / Loan Operations (%)	91.6	91.5	91.5
D Rated Operations under Risk Management / Loan Operations (%)	2.6	2.5	2.5
E - H Rated Loan Operations / Loan Operations (%)	5.9	6.0	6.0
D Rated Loan Operations	7,608	7,427	6,807
Existing Provision for D Rated Loan Operations	2,079	2,039	1,871
D Rated Provision / Loan Operations (%)	27.3	27.5	27.5
D - H Rated Non-Performing Loans	16,616	16,414	15,400
Existing Provision/D - H Rated Non-Performing Loans (%)	128.5	129.8	130.6
E - H Rated Loan Operations	17,456	17,382	16,188
Existing Provision for E - H Rated Loan Operations	15,305	15,296	14,305
E - H Rated Provision / Loan Operations (%)	87.7	88.0	88.4
E - H Rated Non-Performing Loans	13,436	13,404	12,572
Existing Provision/E - H Rated Non-Performing Loan (%)	159.0	158.9	160.0
Non-Performing Loans <sup>(2)</sup>	14,628	14,455	13,718
Non-Performing Loans <sup>(2)</sup> / Loan Operations (%)	4.9	5.0	5.1
Existing Provision / Non-Performing Loans <sup>(2)</sup> (%)	146.0	147.3	146.6
Loan Operations Overdue for over 90 days	11,904	11,955	11,070
Loan Operations Overdue for over 90 days / Loan Operations (%)	4.0	4.1	4.1
Existing Provision/Operations Overdue for over 90 days (%)	179.4	178.2	181.7

(1) As defined by Bacen; and

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

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

	<b>Financial Margin - Funding</b>				<b>R\$ million</b>
	<b>1Q13</b>	<b>4Q12</b>	<b>1Q12</b>	<b>Variation</b>	
				<b>Quarter</b>	<b>12M</b>
Interest - due to volume				(20)	(14)
Interest - due to spread				(28)	(205)
<b>Interest Financial Margin</b>	<b>949</b>	<b>997</b>	<b>1,168</b>	<b>(48)</b>	<b>(219)</b>

Quarter over quarter, interest funding financial margin decreased 4.8%, or R\$48 million, as a result of: (i) the lower volume of funds raised that negatively affected this margin by R\$20 million; and (ii) the R\$28 million decrease in average spread, due to the interest rate decrease in the period (Selic).

In the first quarter of 2013, interest funding financial margin was R\$949 million against the R\$1,168 million in the same period of 2012, down by 18.8% or R\$219 million, mainly driven by: (i) the lower average volume of funds raised, totaling R\$14 million; and (ii) the R\$205 million decrease in average spread, due to the interest rate decrease in the period (Selic).

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Economic and Financial Analysis

## Funding Financial Margin - Interest

### Loans vs. Funding

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

This is a result of: (i) the outstanding position of its service points; (ii) the extensive diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

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

Bradesco depends little on interbank deposits and foreign lines of credit, given its capacity to effectively obtain funding from customers.

Funding vs. Investments	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
Demand Deposits	35,714	38,412	31,955	(7.0)	11.8
Sundry Floating	4,541	3,428	6,948	32.5	(34.6)
Savings Deposits	70,163	69,042	59,924	1.6	17.1
Time Deposits + Debentures <sup>(1)</sup>	157,708	163,832	176,927	(3.7)	(10.9)
Financial Bills	25,417	28,221	32,405	(9.9)	(21.6)
Other	22,929	23,799	18,283	(3.7)	25.4
<b>Customer Funds</b>	<b>316,472</b>	<b>326,733</b>	<b>326,442</b>	<b>(3.1)</b>	<b>(3.1)</b>
(-) Reserve Requirements/Available Funds <sup>(2)</sup>	(56,500)	(58,291)	(79,159)	(3.1)	(28.6)
<b>Customer Funds Net of Compulsory Deposits</b>	<b>259,972</b>	<b>268,442</b>	<b>247,283</b>	<b>(3.2)</b>	<b>5.1</b>
Onlending	34,922	32,744	32,490	6.7	7.5
Foreign Lines of Credit	8,716	11,161	11,423	(21.9)	(23.7)
Funding Abroad	42,936	51,411	42,648	(16.5)	0.7
<b>Total Funding (A)</b>	<b>346,546</b>	<b>363,759</b>	<b>333,844</b>	<b>(4.7)</b>	<b>3.8</b>
<b>Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) <sup>(3)</sup></b>	<b>341,640</b>	<b>335,917</b>	<b>308,251</b>	<b>1.7</b>	<b>10.8</b>
<b>B/A (%)</b>	<b>98.6</b>	<b>92.3</b>	<b>92.3</b>	<b>6.3</b>	<b>6.3</b>

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

(2) Excluding government securities tied to savings accounts; and

(3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to CDI to rebate from reserve requirements and debentures.

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Economic and Financial Analysis**Funding Financial Margin - Interest****Main Funding Sources**

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Mar13	Dec12	Mar12	Quarter	12M
Demand Deposits	35,714	38,412	31,955	(7.0)	11.8
Savings Deposits	70,163	69,042	59,924	1.6	17.1
Time Deposits	99,505	104,022	121,485	(4.3)	(18.1)
Debentures <sup>(1)</sup>	58,203	59,810	55,442	(2.7)	5.0
Borrowing and Onlending	46,209	44,186	47,112	4.6	(1.9)
Funds from Issuance of Securities <sup>(2)</sup>	47,833	51,359	48,482	(6.9)	(1.3)
Subordinated Debts	35,057	34,852	30,122	0.6	16.4
<b>Total</b>	<b>392,684</b>	<b>401,683</b>	<b>394,522</b>	<b>(2.2)</b>	<b>(0.5)</b>

(1) Considering only debentures used to back purchase and sale commitments; and

(2) Including: Financial Bills, on March 31, 2013, amounting to R\$25,417 million (R\$28,221 million on December 31, 2012 and R\$32,405 million on March 31, 2012).

**Demand Deposits**

The R\$2,698 million, or 7.0%, decrease in the first quarter of 2013, when compared to the previous quarter, was basically driven by: (i) the use of funds by our customers to pay one-time expenses at the beginning of the year (e.g., IPVA and IPTU taxes), as well as: (ii) the seasonality in the fourth quarter, which contributed to greater amount of funds, with the payment of the Christmas bonus in the period.

The R\$3,759 million, or 11.8%, increase in comparison with the first quarter of 2012 was mainly due to the improved funding and the increased account holder base.

(1) Additional installment is not included.



## Savings Deposits

Savings deposits increased 1.6% in the quarter-over-quarter comparison and 17.1% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

5.3 million new savings accounts over the last 12 months.

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

Bradesco is always increasing its savings accounts base and posted net growth of

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Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Time Deposits**

In the first quarter of 2013, time deposits totaled R\$99,505 million, decreasing by 4.3% quarter over quarter and 18.1% on the same period of the previous year.

Such performance is basically due to the new business opportunities offered to customers.

**Debentures**

On March 31, 2013, Bradesco's debentures amounted to R\$58,203 million, a 2.7% decrease in the quarter-over-quarter comparison and a 5.0% increase over the last 12 months.

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

**Borrowing and Onlending**

The quarter-over-quarter R\$2,023 million increase, or 4.6%, was mainly due to the R\$1,978 million increase in the volume of funds raised through loans and onlending in Brazil, especially through Finame and BNDES operations.

million increase in volume of funds raised through loans and onlending in Brazil, especially through Finame and BNDES operations.

Year over year, the balance fell R\$903 million in the first quarter of 2013, mainly due to: (i) the R\$3,227 million decrease in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$11,441 million in March 2012 to R\$8,214 million in March 2013, mainly due to: (a) the settlement of operations; partially offset by: (b) the exchange

gain of 10.5% in the period; and partially offset  
by: (ii) the R\$2,324

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## Funding Financial Margin - Interest

### Funds for the Issuance of Securities

Funds from issuance of securities totaled R\$47,833 million, a 6.9% or R\$3,526 million decrease in the quarter, mainly due to: (i) the decreased inventory of Financial Bills, from R\$28,221 million in December 2012 to R\$25,417 million in March 2013, mainly due to the redemptions and maturities of these securities; and (ii) the lower volume of securities issued abroad, in the amount of R\$968 million.

amount of R\$3,739 million, a result of new issuances carried out in the period and exchange gains of 10.5%; (iii) the higher volume of Mortgage Bonds, in the amount of R\$1,582 million; and (iv) the higher volume of Letters of Credit for Agribusiness, in the amount of R\$1,565 million.

Between the first quarter of 2012 and 2013, there was a reduction of R\$649 million, mainly driven by: (i) the decreased inventory of Financial Bills, amounting to R\$6,988 million, mainly due to the redemptions and maturities of these securities; partially offset by: (ii) the increase in volume of securities issued abroad, in the

### Subordinated Debt

Subordinated Debt totaled R\$35,057 million in March 2013 (R\$8,597 million abroad and R\$26,460 million in Brazil). In the last 12 months, Bradesco issued R\$8,948 million in Brazil.

Additionally, note that, in the first quarter of 2013, Bacen authorized the use of Subordinated Financial Bills amounting to R\$1,234 million (R\$2,206 million in the fourth quarter of 2012) to compose Tier II of the Capital Adequacy Ratio, of which only R\$27,009 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.



Economic and Financial Analysis**Securities/Other Financial Margin - Interest****Securities/Other Financial Margin - Breakdown**

	R\$ million				
	<b>Financial Margin - Securities/Other</b>				
	<b>1Q13</b>	<b>4Q12</b>	<b>1Q12</b>	<b>Variation Quarter</b>	<b>12M</b>
Interest - due to volume				(14)	81
Interest - due to spread				(15)	110
<b>Interest Financial Margin</b>	<b>1,213</b>	<b>1,242</b>	<b>1,022</b>	<b>(29)</b>	<b>191</b>
Income	5,863	6,862	8,599	(999)	(2,736)
Expenses	(4,650)	(5,620)	(7,577)	970	2,927

Quarter over quarter, interest financial margin from Securities/Other was down by R\$29 million, mainly due to: (i) the decrease in average spread of operations, amounting to R\$15 million; and (ii) decrease in volume of operations, amounting to R\$14 million.

Year over year, interest financial margin from "Securities/Other" stood at R\$1,213 million, versus R\$1,022 million recorded in the same period in 2012, up R\$191 million or 18.7%. This result was due to: (i) an increase in the volume of operations which affected the result in R\$81 million; and (ii) a R\$110 million increase in the average spread.

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

	R\$ million				
	<b>Financial Margin - Insurance</b>				
	<b>1Q13</b>	<b>4Q12</b>	<b>1Q12</b>	<b>Variation Quarter</b>	<b>12M</b>
Interest - due to volume				31	148
Interest - due to spread				(10)	(66)
<b>Interest Financial Margin</b>	<b>933</b>	<b>912</b>	<b>851</b>	<b>21</b>	<b>82</b>
Income	2,055	2,329	3,075	(274)	(1,020)
Expenses	(1,122)	(1,417)	(2,224)	295	1,102

In the quarter-over-quarter comparison, interest financial margin from insurance operations increased R\$21 million, or 2.3%, due to: (i) the higher volume of operations, totaling R\$31 million; and offset by: (ii) the R\$10 million decrease in average spread.

In the year-over-year comparison, interest financial margin from insurance operations was up 9.6%, or R\$82 million, due to: (i) the higher volume of operations, in the amount of R\$148 million; and offset by (ii)

the R\$66 million decrease in average spread.

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

	R\$ million				
	Non-Interest Financial Margin			Variation	
	1Q13	4Q12	1Q12	Quarter	12M
Funding	(73)	(73)	(73)	-	-
Insurance	75	102	163	(27)	(88)
Securities/Other	195	402	383	(207)	(188)
<b>Total</b>	<b>197</b>	<b>431</b>	<b>473</b>	<b>(234)</b>	<b>(276)</b>

The non-interest financial margin in the first quarter of 2013 stood at R\$197 million, down R\$234 million over the previous quarter. Year over year, non-interest margin decreased R\$276 million. The variations in non-interest financial margin were a result of:

- “Insurance,” which is represented by gains/loss from equity securities. The variations in the periods are associated with market conditions, which enabled greater/lower gain opportunity; and
- “Securities/Other,” which had a decrease of R\$207 million and R\$188 million quarter over quarter and year over year, respectively, due to lower gains from market arbitrage.

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Economic and Financial Analysis**Insurance, Pension Plans and Capitalization Bonds**

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

**Consolidated Statement of Financial Position**

	Mar13	Dec12	R\$ million Mar12
<b>Assets</b>			
<b>Current and Long-Term Assets</b>	<b>151,335</b>	<b>150,710</b>	<b>129,800</b>
Securities	141,535	141,540	122,147
Insurance Premiums Receivable <sup>(1)</sup>	2,464	1,979	1,759
Other Loans	7,336	7,191	5,894
<b>Permanent Assets</b>	<b>3,777</b>	<b>3,661</b>	<b>3,235</b>
<b>Total</b>	<b>155,112</b>	<b>154,371</b>	<b>133,035</b>
<b>Liabilities</b>			
<b>Current and Long-Term Liabilities</b>	<b>136,025</b>	<b>133,935</b>	<b>114,752</b>
Tax, Civil and Labor Contingencies	2,746	2,523	2,134
Payables on Insurance, Pension Plan and Capitalization Bond Operations	369	367	318
Other Liabilities	5,543	6,828	5,347
Insurance Technical Reserves <sup>(1)</sup>	11,217	10,397	8,429
Life and Pension Plan Technical Reserves	110,527	108,371	93,861
Capitalization Bond Technical Reserves	5,623	5,449	4,663
<b>Non-controlling Interest</b>	<b>663</b>	<b>637</b>	<b>663</b>
<b>Shareholders' Equity</b>	<b>18,424</b>	<b>19,799</b>	<b>17,620</b>
<b>Total</b>	<b>155,112</b>	<b>154,371</b>	<b>133,035</b>

(1) In the first quarter of 2013, in compliance with ANS Normative Resolution 314, of November 23, 2012, Bradesco Saúde reclassified R\$597.3 million, corresponding to the early recording of premiums, which was deducted from premiums receivable, to "Technical Reserves – Unearned Premium Reserve," under liabilities.

**Consolidated Income Statement <sup>(2)</sup>**

	1Q13	4Q12	R\$ million 1Q12
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,953	13,216	9,418
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond	6,212	6,126	5,212
Financial Result from the Operation	979	991	973
Sundry Operating Income	135	232	256
Retained Claims	(3,547)	(3,472)	(3,080)
Capitalization Bond Draws and Redemptions	(872)	(982)	(709)

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Selling Expenses	(636)	(636)	(546)
General and Administrative Expenses	(475)	(584)	(473)
Other Operating Income/Expenses	(191)	(142)	(100)
Tax Expenses	(147)	(136)	(115)
<b>Operating Result</b>	<b>1,458</b>	<b>1,397</b>	<b>1,418</b>
Equity Result	101	162	96
Non-Operating Result	(13)	(12)	(9)
<b>Income before Taxes and Profit Sharing</b>	<b>1,546</b>	<b>1,547</b>	<b>1,505</b>
Income Tax and Contributions	(570)	(547)	(561)
Profit Sharing	(16)	(17)	(20)
Non-controlling Interest	(30)	(19)	(19)
<b>Net Income</b>	<b>930</b>	<b>964</b>	<b>905</b>

(2) For comparison purposes, non-recurring events are not considered.

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Economic and Financial Analysis

## Insurance, Pension Plans and Capitalization Bonds

### Income Distribution of Grupo Bradesco Seguros

	R\$ million							
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11
Life and Pension Plans	542	570	493	494	493	535	486	470
Health	167	167	133	148	151	181	132	200
Capitalization Bonds	131	103	86	91	104	87	86	79
Basic Lines and Other	90	124	125	148	157	57	76	51
<b>Total</b>	<b>930</b>	<b>964</b>	<b>837</b>	<b>881</b>	<b>905</b>	<b>860</b>	<b>780</b>	<b>800</b>

### Performance Ratios

	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	%
Claims Ratio <sup>(1)</sup>	69.6	70.5	70.4	71.3	71.9	68.6	71.5	72.2	
Expense Ratio <sup>(2)</sup>	11.0	11.6	11.3	11.1	11.1	11.1	10.5	10.8	
Administrative Expenses Ratio <sup>(3)</sup>	4.3	4.2	5.0	4.3	5.0	4.5	5.8	5.4	
Combined Ratio <sup>(4) (5)</sup>	86.0	86.6	86.5	85.0	85.6	83.6	86.2	85.8	

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

Note: For comparison purposes, the non-recurring events' effects are not considered.

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

In the quarter-over-quarter and year-over-year comparisons, total revenue did not have the same performance, due to the concentration of pension plan contributions, which are historically paid in the last quarter of every year.

In the first quarter of 2013, written premiums, pension plan contributions and capitalization bond income increased by 16.3% in comparison with the same period of the previous year. Leading growth in the year were the "Life and Pension Plan," "Capitalization Bond" and "Health" products, which had more than a two-digit growth.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

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

Report on Economic and Financial Analysis – March 2013

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Economic and Financial Analysis

**Insurance, Pension Plan and Capitalization Bonds**

**Retained Claims by Insurance Line**

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Economic and Financial Analysis

**Insurance, Pension Plan and Capitalization Bonds**

**Insurance Expense Ratio by Insurance Line**

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**Insurance, Pension Plans and Capitalization Bonds**

**Efficiency Ratio**

General and Administrative Expenses/Revenue

The improved administrative efficiency ratio when compared to the first quarter of 2012 was due to: (i) the benefits from cost rationalization; and (ii) the 16.3% increase in revenue in the period.

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Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Insurance Technical Reserves**

Report on Economic and Financial Analysis – March 2013

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

	R\$ million (unless otherwise specified)						
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Net Income	542	570	493	494	493	535	493
Premium and Contribution Income <sup>(1)</sup>	5,698	8,053	5,002	6,737	5,009	6,886	4,700
- Income from Pension Plans and VGBL	4,677	6,976	3,988	5,816	4,090	5,926	3,800
- Income from Life/Personal Accidents Insurance Premiums	1,021	1,077	1,014	921	919	960	900
Technical Reserves	110,527	108,371	102,425	98,199	93,861	91,008	84,700
Investment Portfolio	118,380	117,418	110,182	106,102	100,366	96,047	91,800
Claims Ratio	35.1	37.4	34.6	43.5	41.3	38.3	44.0
Expense Ratio	23.4	23.3	21.2	19.2	21.3	19.1	18.0
Combined Ratio	70.0	68.1	60.8	68.4	70.8	66.1	71.0
Participants / Policyholders (in thousands)	25,722	25,837	25,295	25,257	24,534	24,582	24,000
Premium and Contribution Income Market Share (%) <sup>(2)</sup>	24.1	29.6	28.8	29.9	27.5	33.1	31.0
Life/AP Market Share - Insurance Premiums (%) <sup>(2)</sup>	17.0	18.0	17.8	17.4	17.3	17.6	16.0

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

(2) 1Q13 includes the latest data released by Susep (February 2013).

Note: For comparison purposes, the non-recurring events are not considered.

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência leads the segment with a 24.1% market share in terms of pension plan and VGBL income in the period.

Segment's revenue, which are historically concentrated in the last quarter of the year, did not have the same performance seen in the fourth quarter of 2012. The reduction was directly reflected in income from operations, which was partially offset by the 2.3 p.p. decrease in Life product claims ratio.

Net income for the first quarter of 2013 was 9.9% higher than the result posted in the same period of the previous year, mainly as a result of: (i) the 13.8% increase in revenue; (ii) the 6.2 p.p. decrease in "Life" product claims ratio; (iii) the increase in the financial result; and (iv) the improved administrative efficiency ratio.

Bradesco

Economic and Financial Analysis

**Bradesco Vida e Previdência**

Bradesco Vida e Previdência's technical reserves stood at R\$110.5 billion in March 2013, made up of R\$105.0 billion from Pension Plans and VGBL and R\$5.5 billion from Life, Personal Accidents and Other Lines, up 17.8% over March 2012.

The Pension Plan and VGBL Investment Portfolio totaled R\$113.8 billion in February 2013, equal to 33.1% of all market funds (source: Fenaprevi).

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

In March 2013, the number of Bradesco Vida e Previdência customers grew by 4.8% compared to March 2012, reaching a total of 2.3 million pension plan and VGBL plan participants and 23.4 million

personal accident participants. This impressive growth was fueled by the strength of the Bradesco brand and the improvement of selling and management policies.

## Economic and Financial Analysis

## Bradesco Saúde and Mediservice

	R\$ million (unless otherwise stated)							
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11
Net Income	167	167	133	148	151	181	132	200
Net Written Premiums	2,787	2,727	2,498	2,338	2,251	2,170	2,114	2,016
Technical Reserves	6,308	5,582	5,466	4,128	4,072	3,984	3,942	3,848
Claims Ratio	84.7	85.3	86.9	86.1	86.4	83.4	87.3	87.7
Expense Ratio	5.2	5.1	5.0	4.9	4.8	4.7	4.4	4.3
Combined Ratio	96.2	98.5	99.9	96.9	97.9	96.1	98.9	99.6
Policyholders (in thousands)	3,985	3,964	3,873	3,707	3,627	3,458	3,384	3,244
Written Premiums Market Share (%) <sup>(1)</sup>	48.1	45.3	46.8	46.9	46.7	47.9	47.5	47.4

(1) 1Q13 considers the latest data released by ANS (February 2013).

Note: For comparison purposes, the non-recurring events are not considered.

Revenue grew 2.2% quarter over quarter. Net income for the first quarter of 2013 is in line with the previous quarter, mainly due to: (i) the 0.6 p.p. decrease in claims ratio; and partially offset by: (ii) the increase in general and administrative expenses.

Net income for the quarter was up 10.6% over the same period of the previous year, due to: (i) the 23.8% increase in revenue; (ii) the 1.7 p.p. decrease in claims ratio; (iii) the improved financial and equity result; and (iv) the steady administrative efficiency ratio.

In March 2013, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 63 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans.

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

Bradesco

Economic and Financial Analysis**Bradesco Saúde and Mediservice****Number of Policyholders at Bradesco Saúde and Mediservice**

Together, the two companies have over 3.9 million customers. The high share of corporate policies in the overall portfolio (95.2% in March 2013) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

**Bradesco Capitalização**

	<b>R\$ million (unless otherwise stated)</b>							
	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>
Net Income	131	103	86	91	104	87	86	79
Capitalization Bond Income	983	1,089	1,013	937	795	798	849	751
Technical Reserves	5,623	5,449	5,165	4,886	4,663	4,571	4,329	4,096
Customers (in thousands)	3,462	3,459	3,426	3,358	3,228	3,097	3,024	2,888
Premium Income Market Share (%) <sup>(1)</sup>	22.6	23.1	22.8	22.2	21.2	21.6	21.4	21.3

(1) 1Q13 considers the latest data released by Susep (February 2013).

Net income for the first quarter of 2013 grew 27.2% when comparing to the fourth quarter of 2012, mainly due to: (i) the increase in financial result; and (ii) the decrease in general and administrative expenses.

Net income for the first quarter of 2013 was up 26.0% when compared to the same period of the previous year, as a result of: (i) the 23.6% increase in capitalization bond income; and (ii) improved financial result.

## Bradesco Capitalização

Bradesco Capitalização ended the first quarter of 2013 leading the capitalization bond companies ranking, due to its policy of transparency and of adjusting its products based on potential consumer demand (source: Susep).

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

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

Bradesco Capitalização S.A. was the first capitalization bond company in Brazil to receive the ISO 9001 of Quality Management, certification which is held to date. Since 2009, it was certified by Fundação Vanzolini with the ISO 9001 Version 2008 for Management of Bradesco Capitalization Bonds. This attests to the quality of internal processes and confirms the principle targeting good products, services and continuous growth.

The portfolio is composed of 22.0 million active bonds, of which: 37.3% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, up 9.1% over March 2012; and 62.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 5.2% over March 2012. Given that the purpose of this type of capitalization bond is to add value to the associated company product or even encourage the performance of its customers, bonds have reduced maturity and grace terms and lower sale price.



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Economic and Financial Analysis
**Bradesco Auto/RE**

	R\$ million (unless otherwise stated)							
	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11
Net Income	28	10	42	26	49	33	50	44
Net Written Premiums	1,039	1,014	1,239	1,208	967	983	1,042	1,061
Technical Reserves	4,643	4,577	4,508	4,345	4,148	3,920	3,853	3,828
Claims Ratio	58.5	63.7	63.9	64.2	64.7	65.9	61.3	61.0
Expense Ratio	17.7	17.8	18.7	18.8	18.4	18.2	17.4	17.6
Combined Ratio	105.6	109.6	105.8	104.1	107.4	108.2	104.1	97.9
Policyholders (in thousands)	3,798	3,871	3,968	3,826	3,801	3,694	3,632	3,567
Premium Income Market Share (%) <sup>(1)</sup>	8.9	10.0	10.5	10.5	9.8	10.1	10.4	10.5

(1) 1Q13 considers the latest data released by Susep (February 2013).

Net income for the first quarter of 2013 was up by R\$18 million from the previous quarter, due to: (i) lower operating expenses, which was affected by tax contingencies in the fourth quarter of 2012; (ii) the 5.2 p.p. decrease in claims ratio; (iii) the improved financial result; and partially offset by: (iv) lower equity result.

Net income for the first quarter of 2013 was 42.9% lower than that posted in the same period in 2012, mainly due to: (i) lower financial result; partially offset by (ii) the 6.2 p.p. decrease in claims ratio; and (iii) higher financial result.

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

In Aviation and Maritime Hull insurance, the increased exchange with Corporate and Middle Market segments has been drawn on extensively, taking full advantage of the stronger sales of new

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

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

For better service, Bradesco Auto/RE currently has 23 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services,

aircraft and those of the maritime segment.

reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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**Bradesco Auto/RE**

**Number of Policyholders at Auto/RE**

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to maintenance of customer base, which comprises around 3.8 million customers.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with a 16.0% growth in premiums from January to March 2013, totaling more than 2 million insured homes.

Bradesco

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

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

<b>Fee and Commission Income</b>	<b>1Q13</b>	<b>4Q12</b>	<b>1Q12</b>	<b>R\$ million</b>	
				<b>Variation</b>	
				<b>Quarter</b>	<b>12M</b>
Card Income	1,667	1,652	1,389	15	278
Checking Account	833	866	748	(33)	85
Fund Management	550	550	526	-	24
Loan Operations	517	517	501	-	16
Collection	344	340	313	4	31
Consortium Management	167	161	144	6	23
Custody and Brokerage Services	124	124	117	-	7
Underwriting / Financial Advisory					
Services	121	198	109	(77)	12
Payments	79	81	78	(2)	1
Other	196	184	193	12	3
<b>Total</b>	<b>4,599</b>	<b>4,675</b>	<b>4,118</b>	<b>(76)</b>	<b>481</b>

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

## **Fee and Commission Income**

### **Card Income**

In spite of the seasonal effect of the fourth quarter of 2012, characterized by intense economic activity, card income remained practically stable in the period, totaling R\$1,667 million in the first quarter of 2013.

Year over year, card service revenue was up 20.0%, or R\$278 million, in the first quarter of 2013, mainly due to an increase in revenue from purchases and services, resulting from the increase in card revenue and number of transactions.

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Economic and Financial Analysis

**Fee and Commission Income**

**Checking Account**

In the first quarter of 2013, fee and commission income from checking accounts decreased 3.8% in comparison with the previous quarter, mainly due to lower volume of services in the quarter when compared to the previous quarter.

Year over year, income grew by R\$85 million, or 11.4%, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 459 thousand active current account holders (398 thousand individual customers and 61 thousand corporate customers); and (ii) the expansion of the customer service portfolio.

**Loan Operations**

In the first quarter of 2013, income from loan operations remained stable in comparison with the previous quarter.

Year over year, the 3.2% increase was mainly the result of: (i) greater income from collateral, up 21.4%, mainly deriving from the 17.3% growth in the volume of Sureties and Guarantees; and (ii) an increase in volume of other operations in the period.

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**Fee and Commission Income****Fund Management**

In the first quarter of 2013, income from fund management remained stable in comparison with the previous quarter.

Year over year, the R\$24 million or 4.6% increase was mainly due to: (i) increases in funds and portfolios, which grew by 26.2%; partially offset by (ii) the 12.7% decrease in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

The highlight was the investments in third-party funds, which grew by 41.1% in the period, followed by the 23.6% increase in fixed-rate funds and the 16.5% increase in equity funds.

<b>Shareholders' Equity</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Mar13</b>	<b>Dec12</b>	<b>Mar12</b>	<b>Quarter</b>	<b>12M</b>
Investment Funds	425,976	397,933	346,241	7.0	23.0
Managed Portfolios	33,324	33,875	18,169	(1.6)	83.4
Third-Party Fund Quotas	10,625	10,024	7,856	6.0	35.2
<b>Total</b>	<b>469,925</b>	<b>441,832</b>	<b>372,266</b>	<b>6.4</b>	<b>26.2</b>

<b>Distribution</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Mar13</b>	<b>Dec12</b>	<b>Mar12</b>	<b>Quarter</b>	<b>12M</b>
Investment Funds – Fixed Income	392,652	369,287	317,626	6.3	23.6
Investment Funds – Equities	33,324	28,646	28,615	16.3	16.5
Investment Funds – Third-Party Funds	9,404	8,782	6,665	7.1	41.1
<b>Total - Investment Funds</b>	<b>435,380</b>	<b>406,715</b>	<b>352,906</b>	<b>7.0</b>	<b>23.4</b>

Managed Portfolios - Fixed Income	23,693	24,573	10,183	(3.6)	132.7
Managed Portfolios – Equities	9,631	9,302	7,986	3.5	20.6
Managed Portfolios - Third-Party Funds	1,221	1,242	1,191	(1.7)	2.5

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<b>Total - Managed Funds</b>	<b>34,545</b>	<b>35,117</b>	<b>19,360</b>	<b>(1.6)</b>	<b>78.4</b>
<small>x</small>					
Total Fixed Income	416,345	393,860	327,809	5.7	27.0
Total Equities	42,955	37,948	36,601	13.2	17.4
Total Third-Party Funds	10,625	10,024	7,856	6.0	35.2
<b>Overall Total</b>	<b>469,925</b>	<b>441,832</b>	<b>372,266</b>	<b>6.4</b>	<b>26.2</b>

Bradesco \_\_\_\_\_

Economic and Financial Analysis

**Fee and Commission Income**

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

In the first quarter of 2013, income from payments and collection slightly increased in comparison with the previous quarter, mainly due to new businesses and increase in the number of processed documents.

Year over year, the 8.2% or R\$32 million increase was mainly due to the greater volume of processed documents, up from 463 million in March 31, 2012 to 511 million in March 31, 2013.

**Consortium Management**

In the first quarter of 2013, income from consortium management increased by 3.7% over the previous quarter, mainly due to the segment expansion. On March 31, 2013, Bradesco had 780 thousand active quotas (736 thousand active quotas on December 31, 2012), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors).

Year over year, there was a 16.0% increase, resulting from: (i) the growth in the volume of bids; (ii) the increase in average ticket; and (iii) the increase in sales of new quotas, from 643 thousand active quotas on March 31, 2012 to 780 thousand active quotas on March 31, 2013, an increase of 137 thousand net quotas.

Bradesco's purpose is to offer the most complete portfolio of products and services to its customers. Therefore, the Organization provides consortium plans for all income groups, covering the different

To sell the consortium plans, Bradesco has the strength and expertise of several managers, who operate together with customers.

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

market demands, in real estate, automobile or truck/tractor/machinery/equipment segments.

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## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the first quarter of 2013, total custody and brokerage service income remained stable in relation to the previous quarter.

Year over year, the 6.0% increase in income reflected the increase in custody services, with an R\$101 billion gain in assets under custody.

### **Underwriting / Financial Advisory Services**

The R\$77 million decrease in the quarter-over-quarter comparison mainly refers to the excellent performance of the capital market operations in the fourth quarter of 2012. Furthermore, changes in this income are often the result of capital markets' volatile performance.

Year over year, there was an increase of R\$12 million, mainly as a result of a greater business volume in the quarter.

Economic and Financial Analysis**Personnel and Administrative Expenses**

<b>Personnel and Administrative Expenses</b>	<b>1Q13</b>	<b>4Q12</b>	<b>1Q12</b>	<b>R\$ million</b>	
				<b>Variation</b>	<b>Quarter 12M</b>
<b>Personnel Expenses</b>					
<b>Structural</b>	<b>2,490</b>	<b>2,569</b>	<b>2,351</b>	<b>(79)</b>	<b>139</b>
Payroll/Social Charges	1,840	1,917	1,769	(77)	71
Benefits	650	652	582	(2)	68
<b>Non-Structural</b>	<b>569</b>	<b>573</b>	<b>527</b>	<b>(4)</b>	<b>42</b>
Management and Employee Profit Sharing	336	342	324	(6)	12
Provision for Labor Claims	164	152	143	12	21
Training	12	32	22	(20)	(10)
Termination Costs	57	47	38	10	19
<b>Total</b>	<b>3,059</b>	<b>3,142</b>	<b>2,878</b>	<b>(83)</b>	<b>181</b>
<b>Administrative Expenses</b>					
Outsourced Services	828	846	832	(18)	(4)
Communication	393	421	410	(28)	(17)
Depreciation and Amortization	319	316	301	3	18
Data Processing	293	308	262	(15)	31
Rental	212	211	183	1	29
Transportation	199	225	212	(26)	(13)
Financial System Services	179	168	163	11	16
Advertising and Marketing	161	276	153	(115)	8
Asset Maintenance	153	169	146	(16)	7
Security and Surveillance	116	111	100	5	16
Leased Assets	77	78	100	(1)	(23)
Materials	69	78	92	(9)	(23)
Water, Electricity and Gas	65	66	65	(1)	-
Trips	27	38	33	(11)	(6)
Other	365	443	349	(78)	16
<b>Total</b>	<b>3,455</b>	<b>3,755</b>	<b>3,401</b>	<b>(300)</b>	<b>54</b>
<b>Total Personnel and Administrative Expenses</b>	<b>6,514</b>	<b>6,897</b>	<b>6,279</b>	<b>(383)</b>	<b>235</b>
<b>Employees</b>	<b>102,793</b>	<b>103,385</b>	<b>105,102</b>	<b>(592)</b>	<b>(2,309)</b>
<b>Service Points</b>	<b>69,528</b>	<b>68,917</b>	<b>62,759</b>	<b>611</b>	<b>6,769</b>

In the first quarter of 2013, total personnel and administrative expenses came to R\$6,514 million, down 5.6% in comparison with the previous quarter.

## **Personnel Expenses**

In the first quarter of 2013, personnel expenses came to R\$3,059 million, a 2.6% or R\$83 million decrease from the previous quarter, mainly driven by the variation in “structural” expenses, which was due to the greater concentration of holidays in the first quarter of every year, which totaled R\$71 million.

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**Personnel and Administrative Expenses**

**Personnel Expenses**

Year over year, the R\$181 million increase in the first quarter of 2013 was mainly due to: (i) the structural expenses totaling R\$139 million, related to the increase in expenses with payroll, social charges and benefits, impacted by the raise in salary levels, as determined by collective bargaining agreements; and (ii) non-structural expenses totaling R\$42 million, which was mainly a result of higher expenses with: (a) provision for labor claims, amounting to R\$21 million;

and (b) employee and management profit sharing amounting to R\$12 million.

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**Personnel and Administrative Expenses**

**Administrative Expenses**

In the first quarter of 2013, administrative expenses came to R\$3,455 million, down 8.0%, or R\$300 million, from the previous quarter, mainly due to: (i) seasonality in the fourth quarter of 2012, which affected: (a) marketing and advertising expenses, totaling R\$115 million; and (b) business and service volume; and (ii) continuous efforts in cost control, pointing out the actions taken by our Efficiency Committee.

Despite the greater expenses with (i) the opening of 6,769 service points in the period, mainly the opening of 5,533 *Bradesco Espresso* points, for a total of 69,528 service points on March 31, 2013 and (ii) the increase in businesses and service volume in the period, administrative expenses increased only by 1.6% year over year, thanks to the Efficiency Committee efforts to control these expenses. Note that, in the last 12 months, the inflation rates Extended Consumer Price Index (IPCA) and General Market Price Index (IGP-M) stood at 6.6% and 8.1% respectively.

### **Operating Coverage Ratio <sup>(1)</sup>**

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

It is worth noting that 67.7% is the best rate over the last 17 quarters.

### **Tax Expenses**

The R\$25 million increase in tax expenses in comparison with the previous quarter was mainly driven by the prepayment of higher Municipal Real Estate Tax (IPTU).

Year over year, these expenses increased R\$111 million in the first quarter of 2013, mainly due to higher PIS/COFINS/ISS expenses, reflecting the higher taxable income, especially fee and commission income.

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

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

In the quarter-over-quarter and year-over-year comparisons, the reduction in the first quarter of 2013 was mainly due to lower results from the unconsolidated company IRB - Brasil Resseguros.

**Operating Income**

Operating income in the first quarter of 2013 was R\$4,547 million, up R\$98 million from the previous quarter. This result was mainly impacted by: (i) the R\$383 million decrease in administrative and personnel expenses; (ii) the R\$200 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds; (iii) lower allowance for loan loss expenses, in the amount of R\$101 million; partially offset by: (iv) lower financial margin, amounting to R\$403 million; (v) decrease in fee and commission income, amounting to R\$76 million; and (vi) the reduction in equity in the earnings (losses) of unconsolidated companies, totaling R\$42 million.

Year over year, the R\$198 million or 4.6% increase is basically a result of: (i) the R\$481 million increase in fee and commission income; (ii) the R\$278 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds, partially offset by: (iii) a R\$235 million increase in administrative and personnel expenses; (iv) a R\$174 million increase in other operating expenses (net of other income); and (v) a R\$111 million increase in tax expenses.



### **Non-Operating Income**

In the first quarter of 2013, non-operating income posted a loss of R\$38 million, R\$9 million more than the previous quarter and R\$20 million more than the same period in 2012, due to greater non-operating expenses (such as losses on sale of foreclosed assets/other) in the period.

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Return to Shareholders

## Sustainability

### CDP Supply Chain

The CDP Supply Chain Brazil 2013 discussion round was carried out in the first quarter of 2013, in which Brazil's 2012 results were announced. CDP Supply Chain is a global program that allows organizations to implement supplier engagement strategy by analyzing risks and opportunities related to climate change and GHG emission management. This is a collaborative and innovative approach that contributes to the sustainable development of the value chain.

Bradesco, as signatory of the Carbon Disclosure Project (CDP) since 2006 and disseminator of the

Supply Chain Leadership Collaboration (SCLC) since 2008, believes that the initiative is in line with its value chain development strategy, and assists the Organization to manage indirect emissions, which, in 2012, represented 92.8% of total emissions. Additionally, engaging and motivating suppliers to manage and disclose their GHG emissions is one of Bradesco's objectives, which discuss the matter annually in an event with its suppliers and in CDP Brazil.

### Bradesco remains in the Carbon Efficient Index for the fourth consecutive year

Bradesco has been designated for inclusion in the BM&FBovespa's Carbon Efficient Index (ICO2). For the fourth consecutive year, Bradesco's preferred shares (BBDC4) have been included in the list.

Launched in 2010, the initiative comprises the shares of the companies composing the IBrX-50 index, those which adopt transparent GHG emissions practices. The portfolio takes into consideration the efficiency level of GHG emissions, in addition to their free float (available-for-trade shares).

The new ICO2 portfolio is composed of 36 shares of 35 companies from different industries.

Bradesco's shares are also part of the main sustainability indexes of the Brazilian and international capital markets. Since 2006, they are included in the Dow Jones Sustainability Index World (DJSI) and, since 2005, they are among the companies' shares comprising the BM&FBovespa's Corporate Sustainability Index.

### Bradesco is placed in the Bronze category of the Dow Jones Sustainability Index World

For one more year, Bradesco has been included in the bronze category of the Dow Jones Sustainability Index World, among the companies with the best corporate sustainability practices.

Among 26 banks, three of which Brazilian banks, only six institutions reached excellence to meet the criteria to come into the gold, silver and bronze

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## Investor Relations (IR)

In the first quarter of 2013, the Bradesco's Investor Relations area participated in 91 events. In Brazil, we met several analysts and investors through conferences and meetings in our headquarters, in Osasco. Abroad, it is worth mentioning the conferences held in Miami,

Cancun, New York and London. Moreover, the Investor Relations team frequently keeps contact with shareholders, investors and analysts via telephone, email, or in person at Bradesco's headquarters.

## Corporate Governance

Bradesco's management is made up of the Board of Directors and the Board of Executive Officers. The former is composed of eight members who serve one-year terms of office and are eligible for reelection, and includes one internal member (Mr. Luiz Carlos Trabuco Cappi, current CEO), seven external members, including the Chairman (Mr. Lázaro de Mello Brandão). The Board members are elected by the Annual Shareholders' Meeting, which elect the members of the Board of Executive Officers internally.

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

Bradesco guarantees its shareholders, as a minimum dividend, 30% of adjusted net income, as well as 100% tag-along rights for common shares and 80% for preferred shares. Preferred shares are also entitled to dividends 10% greater than those paid to common shares.

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

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

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

On March 11, 2013, all of the matters proposed to the Shareholders' Meetings were approved.

For more information, visit [www.bradescori.com.br](http://www.bradescori.com.br) – Corporate Governance.

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Return to Shareholders**Bradesco Shares****Number of Shares - Common and Preferred Shares (1)**

	<b>Mar13</b>	<b>Dec12</b>	<b>In thousands Mar12</b>
Common Shares	2,100,738	1,909,762	1,909,839
Preferred Shares	2,098,372	1,907,611	1,907,931
<b>Subtotal – Outstanding Shares</b>	<b>4,199,110</b>	<b>3,817,373</b>	<b>3,817,770</b>
Treasury Shares	8,164	7,422	7,025
<b>Total</b>	<b>4,207,274</b>	<b>3,824,795</b>	<b>3,824,795</b>

(1) Excluding bonuses and stock splits during the periods.

On March 31, 2013, Bradesco's capital stock stood at R\$38.1 billion, composed of 4,207,274 thousand no-par, book-entry shares, of which 2,103,637 thousand were common shares and 2,103,637 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Cia. Comercial de Participações, which directly holds 48.7% of voting capital and 24.4% of total capital.

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

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

On March 31, 2013, there were 363,391 shareholders domiciled in Brazil, accounting for 99.73% of total shareholders and holding 67.32%

of all shares, while a total of 999 shareholders are domiciled abroad, accounting for 0.27% of shareholders and holding 32.68% of shares.

	<b>Mar13</b>	<b>%</b>	<b>Ownership of Capital (%)</b>	<b>Mar12</b>	<b>%</b>	<b>Ownership of Capital (%)</b>
Individuals	327,036	89.75	22.37	334,240	89.84	23.55
Companies	36,355	9.98	44.95	36,896	9.92	46.69
<b>Subtotal Domiciled in Brazil</b>	<b>363,391</b>	<b>99.73</b>	<b>67.32</b>	<b>371,136</b>	<b>99.76</b>	<b>70.24</b>
Domiciled Abroad	999	0.27	32.68	885	0.24	29.76
<b>Total</b>	<b>364,390</b>	<b>100.00</b>	<b>100.00</b>	<b>372,021</b>	<b>100.00</b>	<b>100.00</b>

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## **Bradesco Shares**

### **Average Daily Trading Volume of Shares <sup>(1)</sup>**

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

In the first quarter of 2013, the average trading volume of our shares stood at R\$551 million, the highest value since 2001. Year over year, the average daily trading volume increased by 7.8%, boosted by the increased liquidity of our common shares traded on BM&FBovespa.

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

Return to Shareholders**Bradesco Shares****Appreciation of Preferred Shares - BBDC4 (1)**

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the CDI - Interbank Deposit Rate. If R\$100 were invested in December 2001, Bradesco shares would be worth

R\$1,057 in March 2013, an appreciation above Ibovespa and CDI rates in the same period.

(1) Including dividend reinvestment.

**Share and ADR Performance (1)**

				<b>In R\$ (unless otherwise stated)</b>		
	<b>1Q13</b>	<b>4Q12</b>	<b>Variation %</b>	<b>1Q13</b>	<b>1Q12</b>	<b>Variation %</b>
Adjusted Net Income per Share	0.70	0.69	1.3	0.70	0.68	2.7
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.198	0.196	0.9	0.198	0.189	4.8
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.218	0.217	0.3	0.218	0.208	4.7

				<b>In R\$ (unless otherwise stated)</b>		
	<b>Mar13</b>	<b>Dec12</b>	<b>Variation %</b>	<b>Mar13</b>	<b>Mar12</b>	<b>Variation %</b>
Book Value per Common and Preferred Share	16.54	16.68	(0.8)	16.54	13.83	19.6
Last Trading Day Price – Common Shares	35.20	30.86	14.1	35.20	24.84	41.7
Last Trading Day Price – Preferred Shares	34.14	31.97	6.8	34.14	28.99	17.8
Last Trading Day Price – ADR ON (US\$) <sup>(2)</sup>	17.19	14.11	21.8	17.19	13.56	26.7
Last Trading Day Price – ADR PN (US\$)	17.02	15.79	7.8	17.02	15.91	7.0
Market Capitalization (R\$ million) <sup>(3)</sup>	145,584	131,908	10.4	145,584	113,021	28.8

(1) Adjusted for corporate events in the periods;

(2) In March 2012, Bradesco launched a program of Level II ADRs backed by common shares; and

(3) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period.



Return to Shareholders \_\_\_\_\_

## Bradesco Shares

### Recommendation of Market Analysts – Target Price

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to 17 reports prepared

by these analysts on April 17, 2013. Below are recommendations and a consensus on the target price for December 2013:

Recommendations		Target Price in R\$ for Dec13	
	%		
Buy	47.1	Average	39.7
Keep	47.1	Standard Deviation	3.8
Sell	5.8	Higher	45.8
Under Analysis	-	Lower	33.0

For more information on target price and recommendation of each market analyst that monitors the performance of Bradesco shares,

visit the IR section at [www.bradescori.com.br](http://www.bradescori.com.br) > Information to Shareholders > Analysts' Consensus.

### Market Capitalization

In the first quarter of 2013, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was

R\$145.6 billion, up 28.8% over the same period in 2012. In the year-over-year comparison, the Ibovespa decreased by 12.6%.

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Return to Shareholders

**Main Indicators**

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

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

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

**Dividends/Interest on Shareholders' Equity**

In the first quarter of 2013, a total of R\$1,028 million was allocated to shareholders as Interest on Shareholders' Equity and Dividends. In the last twelve months, total Interest on

Shareholders' Equity and Dividends allocated to shareholders correspond to 36.3% of book net income, or 31.5% considering withholding income tax deduction therefrom.

(1) In the last 12 months.

**Weight on Main Stock Indexes**

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

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

	<b>Mar13</b>	<b>In % (1)</b>
Ibovespa		3.7
IBrX-50		8.8
IBrX		8.9
IFNC		19.9

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ISE	5.6
IGC	6.8
ITAG	12.7
ICO2	12.0
MLCX	9.4

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

Bradesco \_\_\_\_\_

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Additional Information**Market Share of Products and Services**

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

**Banks – Source : Brazilian Central Bank (Bacen)**

Demand Deposits	N/A	16.9	16.5	16.5
Savings Deposits	N/A	13.9	13.9	14.2
Time Deposits	N/A	11.6	12.9	13.2
Loan Operations	11.3 (1) (3)	11.2 (1)	11.9	12.1
Loan Operations - Vehicles Individuals (CDC + Leasing)	14.6 (1) (3)	14.7 (1)	15.3	15.5
Payroll-Deductible Loans	11.2 (1) (3)	11.0 (1)	11.0	11.2
Number of Branches	21.3	21.4	22.0	22.2

**Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)**

Federal Revenue Collection Document (DARF)	N/A	20.7	21.7	22.1
Brazilian Unified Tax Collection System Document (DAS)	N/A	16.5	16.2	17.4

**Banks – Source : Social Security National Institute (INSS)/Dataprev**

Social Pension Plan Voucher (GPS)	N/A	14.6	14.2	14.8
Benefit Payment to Retirees and Pensioners	24.9	24.7	23.9	23.8

**Banks – Source : Anbima**

Investment Funds + Portfolios	18.6	19.4	17.6	17.0
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**Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)**

Insurance, Pension Plan and Capitalization Bond Premiums	22.4 (3)	24.8	23.4	25.6
Insurance Premiums (including Long-Term Life Insurance - VGBL)	21.8 (3)	24.6	23.2	25.7
Life Insurance and Personal Accident Premiums	17.0 (3)	18.0	17.3	17.6
Auto/Basic Lines (RE) Insurance Premiums	8.9 (3)	10.0	9.8	10.1
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	10.3 (3)	12.4	12.8	13.6
Health Insurance Premiums	48.1 (3)	45.3	46.7	47.9
Income from Pension Plan Contributions (excluding VGBL)	30.8 (3)	29.7	29.8	29.6
Capitalization Bond Income	22.6 (3)	23.1	21.2	21.6
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	29.1 (3)	29.5	29.7	29.6

**Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)**

Income from VGBL Premiums	23.1 (3)	29.5	27.0	34.0
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	27.1 (3)	26.0	25.3	26.9
Pension Plan Investment Portfolios (including VGBL)	33.1 (3)	33.4	33.1	33.5

**Leasing – Source: Brazilian Association of Leasing Companies (ABEL)**

Lending Operations	19.4 (2)	19.5	18.8	18.5
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**Consortia – Source: Bacen**

Real Estate	30.5 (3)	30.3	29.3	29.2
Auto	26.1 (3)	25.6	25.4	25.5

Trucks, Tractors and Agricultural Implements	19.5 <sup>(3)</sup>	19.2	17.7	17.9
<b>International Area – Source: Bacen</b>				
Export Market	17.1	19.2	19.8	20.4
Import Market	15.0	16.4	18.3	17.6

(1) Bacen data for December 2012 and February 2013 are preliminary;

(2) Reference date: January 2013; and

(3) Reference date: February 2013.

N/A – Not available.

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Additional Information \_\_\_\_\_**Market Share of Products and Services****Branch Network**

Region	Mar13		Market Share	Mar12		Market Share
	Bradesco	Market		Bradesco	Market	
North	279	1,068	26.1%	279	982	28.4%
Northeast	850	3,492	24.3%	837	3,222	26.0%
Midwest	346	1,693	20.4%	346	1,597	21.7%
Southeast	2,428	11,553	21.0%	2,399	11,187	21.4%
South	784	4,228	18.5%	775	4,058	19.1%
<b>Total</b>	<b>4,687</b>	<b>22,034</b>	<b>21.3%</b>	<b>4,636</b>	<b>21,046</b>	<b>22.0%</b>

**Reserve Requirements/Liabilities**

%	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11
<b>Demand Deposits</b>								
Rate <sup>(2)</sup> <sup>(6)</sup>	44	44	44	43	43	43	43	43
Additional <sup>(3)</sup>	-	-	-	12	12	12	12	12
Liabilities <sup>(1)</sup>	34	34	34	28	28	28	28	29
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	20	20	20	15	15	15	15	14
<b>Savings Deposits</b>								
Rate <sup>(4)</sup>	20	20	20	20	20	20	20	20
Additional <sup>(3)</sup>	10	10	10	10	10	10	10	10
Liabilities	65	65	65	65	65	65	65	65
Free	5	5	5	5	5	5	5	5
<b>Time Deposits</b>								
Rate <sup>(3)</sup> <sup>(5)</sup>	20	20	20	20	20	20	20	20
Additional <sup>(3)</sup>	11	11	12	12	12	12	12	12
Free	69	69	68	68	68	68	68	68

(1) At Banco Bradesco, liabilities are applied to Rural Loans;

(2) Collected in cash and not remunerated;

(3) Collected in cash with the Special Clearance and Custody System (Selic) rate;

(4) Collected in cash with the Reference Interest Rate (TR) + interest of 6.17% p.a. for deposits made until May 3, 2012, and TR + 70% of the Selic rate for deposits made as from May 4, 2012, when the Selic rate is equal to or lower than 8.5% p.a.;

(5) As of the calculation period from March 29, 2010 to April 1, 2010, with compliance on April 9, 2010, liabilities are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force; and

(6) FGC was prepaid 60 times in August 2008, as of the calculation period from October 20, 2008 to October 31, 2008, with compliance as of October 29, 2008.

Bradesco \_\_\_\_\_

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Additional Information

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

With a view to providing convenience, facility and security to its customers, Bradesco continuously invests in technology and, 70 years after its foundation, in addition to having Brazil's largest customer service network, is also recognized for its pioneering and innovative spirit by launching increasingly appropriate products and services to its several customer profiles.

Bradesco made available to undergraduate students the option to invest in shares using the *Bradesco Home Broker Universitário*, which provides on-line quotation services, Home Broker TV, with daily schedule, analysis, recommendations and on-line courses, in addition to permitting trading through the Bradesco Trading application for iPhone, iPad and iPod Touch. Students are also provided with videos on financial education.

Bradesco Corretora customers can trade on the stock market via mobile phone running Android operational system, through the Bradesco Trading application, which has the same functionalities of the iOS version, currently used by over 40 thousand users.

Also in March, month of Bradesco's anniversary, Bradesco launched its new Institutional Portal, which currently has 20 million visitors per month. With a contemporary language and new functionalities, the portal integrated the contents of the product and segments websites. Leading the innovations are the smart search, multiplatform websites (operating system and browser), banner for videos to increase sales and call-to-action, a centralized area for promotions, iconography, page signaling, total mouse-over and product comparison filter. Also, the Bank launched the Business Society Portal, a new relationship channel with small- and medium-sized entrepreneurs.

The Bradesco Celular website now has video resources to facilitate and customize the search for products and services available for mobile phones, providing more convenience to customers and their different mobile phone models. The website can also be accessed through a computer or iPads.

All these initiatives, in addition to its capacity to remaining in line with leading edge technology and creating innovative solutions, are responsible for making Bradesco a reference in this area. Bradesco was considered the most connected Bank by *Info 2012* award, granted by *Info Exame*

Bradesco Saúde customers have the option to check the referred network via SMS. They just have to send a message with the card number and first and last names, then a message requiring the neighborhood, city and specialization desired is received. After that, the customer receives three options on its cell phone.

Biometry, which provides the 652 thousand registered customers with convenience and security, is now available to corporate customers. Also, all customers can check their balances and withdraw money without using their cards, only by biometry and a password. In March 2013, a total of 1.8 million transactions were conducted through this technology.

magazine. Also in the first quarter of 2013, Bradesco was considered the most valuable brand in Latin America in the banking sector and was ranked 16<sup>th</sup> in the overall ranking, according to a survey conducted by *The Banker* magazine, the most renowned publication in the world's financial market and by Brand Finance, the largest international brand consulting firm. Bradesco was also ranked first in brand value in the insurance sector. Additionally, the *Exame* portal placed Bradesco among the 25 brands to follow in social networks, the only bank mentioned by *Exame*.

## Investments in Infrastructure, Information Technology and Telecommunication

F.Banking, the first application in Brazil and one of the first in the world that allow customers to access their checking accounts via social network, made available an option to recharge mobile phones and require personal loan limit. The application already enables customers to check balances, investments and credit limits, transfer money among Bradesco accounts, and pay bank payment slips. All transactions are conducted with the same security available at the Internet Banking.

As a prerequisite for its continuous expansion, Bradesco invested R\$1,078 million in Infrastructure, Information Technology and Telecommunications in the first quarter of 2013. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

	1Q13	2012	2011	2010	R\$ million 2009
Infrastructure	120	718	1,087	716	630
Information Technology and Telecommunication	958	3,690	3,241	3,204	2,827
<b>Total</b>	<b>1,078</b>	<b>4,408</b>	<b>4,328</b>	<b>3,920</b>	<b>3,457</b>

## Risk Management

Given the growing complexity of products and services and the globalization of the Organization's business, risk management has become a highly strategic activity, which must be constantly enhanced to keep pace with the dynamism of the markets and the pursuit of best practices, exemplified by the fact that Bradesco became the first and only Brazilian bank authorized by the Central Bank to use its own internally-developed market risk management models to calculate regulatory capital as of January 2013.

The Organization exercises corporate risk control in an integrated and independent manner, preserving and valuing collegiate decision-making and developing and implementing methodologies, models, and measurement and control tools. It also

The management process ensures that risks can be proactively identified, measured, mitigated, monitored and reported as required in line with the complexity of the Organization's financial products and activity profile.

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

provides training to employees from all  
Organization levels, from the business areas to the  
Board of Directors.

Bradesco \_\_\_\_\_

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Additional Information

## Capital Management

The Capital Management structure enables the Organization to reach its strategic objectives through an appropriate capital sufficiency planning. To comply with the definitions of governance, the Statutory and Executive Committees were considered, for assistance of the Board of Directors and the Board of Executive Officers in management and decision making.

Further information on the capital management structure can be found in the Risk Management Report and the 2012 Annual Report on the Investor Relations website: <http://www.bradescori.com.br/>

In line with definitions of governance, a new area responsible for the Conglomerate's capital management was created: the Internal Capital Adequacy Assessment Process (ICAAP) and Capital Management, which acts jointly with the Integrated Risk Control Department, associated companies, business areas and the Organization's supporting areas.

## Capital Adequacy Ratio

In March 2013, Bradesco's Reference Shareholders' Equity amounted to R\$96,721 million, versus a Required Reference Shareholders' Equity of R\$68,315 million, resulting in a R\$28,406 million capital margin. This figure was mostly impacted by the credit risk portion, representing 79.5% of the risk-weighted assets. The Capital Adequacy Ratio decreased by 0.5 p.p., from 16.1% in December 2012 to 15.6% in March 2013, mainly impacted by: (i) the increase in market risk and

Note that in March 2013 the Brazilian Central Bank disclosed a set of four resolutions and fifteen circular letters, which implement in Brazil the recommendations of the Basel Committee on Banking Supervision on financial institutions' capital structure, known as "Basel III." The main purposes are: (i) to improve the financial institutions' capacity of absorbing shocks arising from the financial system or other industries; (ii) to reduce the impact of the financial sector conditions on the real sector

partially offset by: (iii) the issue of Subordinated Financial Treasury Bills for composing Tier II in the first quarter of 2013, in the amount of R\$1,234 million.

of the economy; (iii) to contribute to the financial stability; and (iv) to foster the sustainable economic growth. The implementation of the new capital structure in Brazil will begin as of October 1, 2013.

### Calculation Basis

	Mar13	Dec12	Sept12	Jun12	Mar12	Dec11
<b>Reference Shareholders' Equity</b>	<b>96,721</b>	<b>96,933</b>	<b>91,149</b>	<b>90,201</b>	<b>75,705</b>	<b>71,149</b>
<b>Tier I</b>	<b>68,109</b>	<b>66,194</b>	<b>64,265</b>	<b>62,418</b>	<b>60,580</b>	<b>58,149</b>
Shareholders' Equity	69,442	70,047	66,047	63,920	58,059	55,149
Mark-to-Market Adjustments	(1,732)	(4,229)	(2,150)	(1,865)	2,126	2,149
Reduction of Deferred Assets	(206)	(212)	(218)	(224)	(235)	(224)
Non-controlling Shareholders	605	588	586	587	630	630
<b>Tier II</b>	<b>28,741</b>	<b>30,867</b>	<b>26,992</b>	<b>27,890</b>	<b>15,231</b>	<b>12,999</b>
Mark-to-Market Adjustments	1,732	4,229	2,150	1,865	(2,126)	(2,149)
Subordinated Debt	27,009	26,638	24,842	26,025	17,357	15,149
<b>Deduction of Funding Instruments</b>	<b>(129)</b>	<b>(128)</b>	<b>(108)</b>	<b>(107)</b>	<b>(107)</b>	<b>(107)</b>
<b>Risk-weighted Assets</b>	<b>621,043</b>	<b>600,520</b>	<b>571,377</b>	<b>531,871</b>	<b>505,934</b>	<b>474,149</b>
<b>Required Reference Shareholders' Equity</b>	<b>68,315</b>	<b>66,057</b>	<b>62,851</b>	<b>58,506</b>	<b>55,653</b>	<b>52,149</b>
Credit Risk	54,343	55,345	54,213	52,050	48,718	47,149
Operating Risk	3,354	3,432	3,432	3,313	3,313	2,149
Market Risk	10,617	7,281	5,207	3,143	3,622	1,149
<b>Margin (Excess/ Reference Shareholders' Equity Insufficiency)</b>	<b>28,406</b>	<b>30,876</b>	<b>28,298</b>	<b>31,695</b>	<b>20,052</b>	<b>19,000</b>
<b>Leverage Margin</b>	<b>258,236</b>	<b>280,691</b>	<b>257,255</b>	<b>288,136</b>	<b>182,293</b>	<b>175,000</b>
<b>Capital Adequacy Ratio</b>	<b>15.6%</b>	<b>16.1%</b>	<b>16.0%</b>	<b>17.0%</b>	<b>15.0%</b>	<b>15.0%</b>

- - Report on Economic and Financial Analysis – March 2013

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Independent Auditors' Report

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

To

The Directors of

Banco Bradesco S.A.

Osasco - SP

**Introduction**

We were engaged to apply limited assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. ("Bradesco") as of and for the quarter ended March 31, 2013. Bradesco's Management is responsible for the preparation and fair presentation of this supplementary accounting information. Our responsibility is to issue a Limited Assurance Report on such supplementary accounting information.

**Scope, procedures applied and limitations**

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

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



records.

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

### **Criteria for preparation of the supplementary accounting information**

The additional supplementary accounting information disclosed in the Economic and Financial Analysis Report as of and for the quarter ended March 31, 2013 were prepared by Bradesco's Management, based on the consolidated financial information contained in the interim financial information and on the criteria described in the Economic and Financial Analysis Report, in order to provide additional analysis, but without being part of the interim financial information available in this date.

— Report on Economic and Financial Analysis – March 2013

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Independent Auditors' Report

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

**Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the supplementary accounting information in the Economic and Financial Analysis Report as of and for the quarter ended March 31, 2013 are inconsistent, in all material respects, with regard to interim accounting information referred to in the paragraph of criteria for the preparation of supplementary accounting information.

Osasco, April 19, 2013

*Original report in Portuguese signed by*

KPMG Auditores Independentes

CRC 2SP014428/O-6

Cláudio Rogélio Sertório

Contador CRC 1SP212059/O-0

Bradesco \_\_\_\_\_





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

**Management Report**

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the period ended March 31, 2013, pursuant to the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

In Brazil, evidence of economic growth could be perceived in the end of the first quarter of 2013, reflecting the domestic economic policy stimulus adopted in the last few months, as well as the reduction of risks related to extreme events in the global scenario. The continuance of productive investments, the excellent outlook for Brazil's agricultural harvest, the normalization of industrial inventories and the maintenance of good income and employment conditions are signs of positive banking business for the coming quarters.

At the Bradesco Organization, one of the most important facts for the quarter worth noting is that on March 10 Bradesco celebrated 70 years of activities. Led by realistic strategies, the Bank grew quickly and became a key institution for the Brazilian people. It is currently present in all regions of the Brazilian nation, promoting bank inclusion and social mobility. On such a special date, we remembered all our achievements, in a consisting trajectory, and all the things that are to come.

Based on its stock price, Bradesco's Market Capitalization came to R\$145.584 billion on March 31, equivalent to 2.1 times booked Shareholders' Equity.

Managed Shareholders' Equity was equivalent to 7.8% of Consolidated Assets, which totaled R\$894.467 billion, 13.3% more than in March 2012. Thus, the Capital Adequacy Ratio stood at 15.6% of the consolidated financial result and 15.6% of the consolidated economic and financial result, which is substantially higher than the 11% minimum established by National Monetary Council Resolution 2099/94, in conformity with the Basel Committee. At the end of the quarter, the total consolidated fixed assets to net worth ratio stood at 43.7%, and the consolidated finance fixed assets to net worth ratio stood at 16.5%, whereas the maximum limit is 50%.

In compliance with Article 8 of the Brazilian Central Bank Circular Letter 3068/01, Bradesco declares that it has both the financial capacity and intent to hold until maturity those securities classified under "held-to-maturity securities." The Bank further declares that the operations of Banco Bradesco S.A., its subsidiary, are in line with the strategic aims defined in the Business Plan, pursuant to Article 11 of the attachment I to National Monetary Council Resolution 4122/12.

On March 31, 2013, funds raised and managed by Bradesco Organization totaled R\$1.278 trillion, 17.5% more than in the previous year, and are

Bradesco's Net Income for the first quarter of 2013 was R\$2.919 billion, corresponding to Earnings per Share of R\$0.70 and a Return on Average Shareholders' Equity\* of 19.3%. The Return on Average Total Assets stood at 1.3%.

allocated as follows:

R\$486.915 billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, up by 13.8%.

Between January and March 2013, R\$1.028 billion were allocated to shareholders as Interest on Shareholders' Equity, of which R\$226.271 million were paid monthly and R\$801.431 million were provisioned.

R\$469.925 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, up by 26.2%.

Taxes and contributions, including social security contributions, paid or provisioned in the quarter, totaled R\$7.137 billion, of which R\$1.967 billion related to taxes withheld and collected from third parties, and R\$5.170 billion from activities developed by Bradesco Organization, equivalent to 177.1% of Net Income.

R\$171.692 billion in the exchange portfolio, borrowings and onlendings, working capital, tax payments and collection and related charges, funds from the issue of securities, subordinated debt in Brazil and other funding, up by 5.6%.

At the end of the quarter, paid-in capital came to R\$38.100 billion, including the R\$8 billion increase with a 10% stock bonus, partially through the capitalization of part of the "Profit Reserves – Statutory Reserve" account, as resolved at the Special Shareholders' Meeting held on March 11, 2013 and ratified by the Brazilian Central Bank on March 14, 2013. Together with Equity Reserves of R\$31.342 billion, Shareholders' Equity came to R\$69.442 billion, up 19.6% over the same period last year and equivalent to a book value of R\$16.54 per share.

R\$127.367 billion in technical reserves for insurance, pension plans and capitalization bonds, up by 19.1%; and

R\$21.817 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US\$10.834 billion.

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

**Management Report**

At the end of the quarter, consolidated loan operations stood at R\$391.682 billion, 11.6% higher than in March 2012, broken down as follows:

R\$6.022 billion in advances on exchange contracts, giving a total export financing portfolio of US\$15.601 billion;

US\$3.958 billion in import financing denominated in foreign currency;

R\$7.280 billion in leasing operations;

R\$17.238 billion in rural lending;

R\$88.580 billion in consumer financing, including R\$12.578 billion in credit card receivables;

R\$59.728 billion in sureties and guarantees; and

R\$32.714 billion in operations involving the onlending of foreign and domestic funds, originating mainly from the Brazilian Development Bank (BNDES), as one of its main onlending agents.

(24-Hour Bank) network, through which customers can make withdrawals, transfers and payments, obtain statements, check balances and solicit loans. In the payroll-deductible loan segment, the network had 1,309 Bradesco Promotora correspondent bank branches, and in the vehicle segment, 15,745 Bradesco Financiamento points of sale:

8,473 Branches and Service Branches (PAs) (Branches: Bradesco 4,663, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; and PAs 3,786) in Brazil;

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

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

43,598 Bradesco *Expresso* service points;

In Real Estate Financing, the Organization allocated R\$3.368 billion in the quarter for the construction and acquisition of private homes, corresponding to 16,234 properties.

1,457 PAEs – in-company electronic service branches; and

The Organization's Investment Bank, Bradesco BBI, advises customers on share issues, mergers and acquisitions and the structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, mortgage-backed investment funds, receivables-backed investment funds (FIDCs) and bonds within Brazil and abroad, in addition to structured financing operations for companies and project finance. In the quarter, it carried out operations worth over R\$20.649 billion.

3,712 External Bradesco *Dia & Noite* ATMs and 10,966 *Banco24Horas* ATM's, with 1,914 terminals shared between the networks.

On March 31, 2013, Grupo Bradesco Seguros, one of the leaders in the Insurance, Capitalization Bond and Pension Plan segments, recorded Net Income of R\$929.619 million and Shareholders' Equity of R\$18.424 billion. Net written insurance premiums, pension contributions and capitalization bond income totaled R\$10.953 billion, up 16.3% on the same period in 2012.

In compliance with CVM Rule 381/03, the Bradesco Organization neither contracted from nor had services provided by KPMG Auditores Independentes that were not related to the external audit in the quarter. In accordance with generally accepted international criteria, the policy is designed to preserve the auditors' Independence, which state that the auditors must not audit their own work, nor perform management duties for their clients nor promote their interests.

Bradesco Organization's customer service network is present nationwide and in several locations abroad, with a modern and well-equipped structure in order to offer high-quality and efficient products, services and solutions to customers. On March 31, 2013, it comprised 57,253 service points, with 34,719 terminals in the Bradesco *Dia & Noite* (Day & Night) Network, of which 34,223 also operate on weekends and holidays; 13,306 terminals in the *Banco24Horas*

The Bradesco Human Resources Management Policy discloses its strategy prioritizing the training and development of employees through investments in training programs, aimed at fostering professional development, as well as improving quality service and efficiency. In the first quarter of 2013, 894 courses were administered to 283,090 employees. Benefits aimed at promoting the quality of life, well-being and security of its staff and their dependents involved 206,398 employees at the end of the period.



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

## **Management Report**

Fundação Bradesco, the Organization's pioneering social investment vehicle, has developed an extensive social and educational program in 40 schools located throughout all Brazilian states and the Federal District, with a special emphasis on socially and economically underprivileged regions. This year, the estimated budget of R\$460.961 million will provide free, high-quality education to: a) 106,843 students enrolled in its schools in the following areas: Basic Education (Kindergarten to High School) and Vocational Training - High School); Youth and Adult Education; and Preliminary and Continuing Vocational Training, which focuses on creating jobs and income; b) 350 thousand students who will complete at least one of the distance-learning courses offered (EaD), through its e-learning portal; and c) 68,323 people through partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the *Educa+Ação* program and technology courses (*Educar e Aprender*). The more than 47 thousand students enrolled in the basic education system also receive uniforms, school supplies, meals, and medical and dental assistance free of charge.

The Bradesco Sports and Education Program maintains 17 Training and Specialist Centers in Osasco (SP) to teach women's basketball and volleyball in the Sports Development Center, Fundação Bradesco schools, Sports Centers and private and public schools. Currently, more than 2 thousand girls from ages 8 to 20 take part in the program, reinforcing the Organization's social commitment, valuing of talent and full exercise of citizenship, through education, sport and health actions.

- **Most profitable bank in 2012 among Latin America and United States' financial institutions**, according to a survey conducted by Economatica consulting firm;
- **Was granted the *Selo Paulista da Diversidade*(São Paulo Diversity Seal), in Full 2012 category**, by the Labor and Employment Relations Officer of São Paulo State Government;
- **Highlight in corporate governance and transparency**, according to the *Guia da Transparência Corporativa* published by the *Brasil Econômico* newspaper;
- **Remains on the list of companies composing the Efficiency Carbon Index (ICO2)**, developed by BM&FBOVESPA and the Brazilian Development Bank (BNDES); and
- **Grupo Bradesco Seguros stood out in eight categories of the 10<sup>th</sup> *Segurador Brasil Award***, promoted by *Brasil Notícias* publisher.

Bradesco Organization's commitment and determination to go beyond expectations and offer quality and efficient products, services and solutions, are confirmed through the results achieved, which would not have been possible without the support and trust of our shareholders and customers, as well as the efficient and dedicated work of all our employees.

In the first quarter, Bradesco received several important recognitions, as follows:

**Cidade de Deus, April 19, 2013**

**The Board of Directors and**

**Board of Executive Officers**

- **Most valuable brand of Latin America in the banking sector** and ranked 16<sup>th</sup> in the overall ranking, according to survey conducted by *The Banker* magazine and Brand Finance. It ranked 1<sup>st</sup> in the insurance sector;

- **Brazil's most valuable brand**, according to a study prepared by BrandAnalytics/Millward Brown, for the *IstoÉ Dinheiro* magazine;

- **One of the most valuable brands among all sectors of the economy**, according to a survey carried out by Brand Finance consulting firm. It was ranked 66<sup>th</sup> in the overall ranking, standing out as the best Brazilian brand in the list;

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

- **Best Brazilian and Latin America Bank** by Latin Finance;

Bradesco \_\_\_\_\_

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

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

<b>Assets</b>	<b>2013</b>	<b>2012</b>	
	<b>March</b>	<b>December</b>	<b>March</b>
<b>Current assets</b>	<b>608,211,993</b>	<b>626,948,689</b>	<b>553,655,600</b>
<b>Cash and due from banks (Note 6)</b>	<b>11,347,061</b>	<b>12,077,018</b>	<b>25,068,657</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>170,272,735</b>	<b>150,950,829</b>	<b>82,612,073</b>
Investments in federal funds purchased and securities sold under agreements to repurchase	163,869,276	142,546,268	74,469,240
Interbank deposits	6,404,962	8,404,561	8,143,328
Allowance for loan losses	(1,503)	-	(495)
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>188,849,858</b>	<b>231,812,289</b>	<b>218,767,488</b>
Own portfolio	163,579,075	171,561,707	151,034,030
Subject to repurchase agreements	19,131,306	42,342,657	59,833,355
Derivative financial instruments (Notes 3f, 8e II and 32b)	1,066,093	2,580,583	2,083,061
Subject to the Brazilian Central Bank	-	5,195,610	1,002,782
Underlying guarantee provided	2,577,329	10,127,402	3,151,456
Securities subject to unrestricted repurchase agreements	2,496,055	4,330	1,662,804
<b>Interbank accounts</b>	<b>51,252,878</b>	<b>48,064,254</b>	<b>60,381,672</b>
Unsettled payments and receipts	910,715	28,189	951,274
Reserve requirement (Note 9):			
- Reserve requirement - Brazilian Central Bank	50,265,428	47,952,417	59,378,951
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	9,911	5,186	4,183
Correspondent banks	66,246	77,884	46,686
<b>Interdepartmental accounts</b>	<b>954,193</b>	<b>1,142,013</b>	<b>657,894</b>
Internal transfer of funds	954,193	1,142,013	657,894
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>126,861,222</b>	<b>124,544,744</b>	<b>113,165,127</b>
Loans:			
- Public sector	132,631	332,345	366,853
- Private sector	139,605,785	136,909,456	125,191,712
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(12,877,194)	(12,697,057)	(12,393,438)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>3,604,404</b>	<b>4,001,849</b>	<b>5,152,273</b>
Leasing receivables:			
- Public sector	-	-	2,799
- Private sector	7,088,876	7,839,788	9,935,988
Unearned income from leasing	(3,087,619)	(3,396,060)	(4,232,441)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(396,853)	(441,879)	(554,073)
<b>Other receivables</b>	<b>52,457,873</b>	<b>51,913,480</b>	<b>45,633,903</b>
Receivables on sureties and guarantees honored (Note 10a-3)	20,073	10,013	12,717
Foreign exchange portfolio (Note 11a)	12,142,061	11,556,711	12,606,365

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Receivables	688,038	730,696	678,862
Securities trading	3,139,748	3,765,737	2,302,357
Specific receivables	2,687	2,658	2,521
Insurance premiums receivable	3,218,301	2,710,945	2,490,520
Sundry (Note 11b)	34,028,914	33,963,552	28,211,077
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(781,949)	(826,832)	(670,516)
<b>Other assets (Note 12)</b>	<b>2,611,769</b>	<b>2,442,213</b>	<b>2,216,513</b>
Other assets	1,185,967	1,101,430	1,069,481
Provision for losses	(481,303)	(475,173)	(526,964)
Prepaid expenses (Notes 3i and 12b)	1,907,105	1,815,956	1,673,996
<b>Long-term receivables</b>	<b>270,978,988</b>	<b>237,330,661</b>	<b>220,239,481</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>1,060,071</b>	<b>861,938</b>	<b>2,078,310</b>

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

Report on Economic and Financial Analysis - March 2013

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

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

<b>Assets</b>	<b>2013</b>	<b>2012</b>	
	<b>March</b>	<b>December</b>	<b>March</b>
Interbank investments	1,060,071	861,938	2,078,310
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>111,749,789</b>	<b>83,674,776</b>	<b>76,191,967</b>
Own portfolio	58,281,287	61,072,453	44,002,632
Subject to repurchase agreements	45,406,568	17,584,243	31,447,348
Derivative financial instruments (Notes 3f, 8e II and 32b)	477,474	575,482	182,324
Subject to the Brazilian Central Bank	-	1,498,742	-
Privatization currencies	71,082	73,917	79,040
Underlying guarantees provided	7,512,742	402,819	323,526
Securities subject to unrestricted repurchase agreements	636	2,467,120	157,097
<b>Interbank accounts</b>	<b>562,143</b>	<b>555,758</b>	<b>535,932</b>
Reserve requirement (Note 9):			
- SFH	562,143	555,758	535,932
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>121,994,211</b>	<b>115,648,226</b>	<b>108,044,297</b>
Loans:			
- Public sector	84,158	90,835	387,833
- Private sector	128,919,437	122,572,350	113,740,780
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(7,009,384)	(7,014,959)	(6,084,316)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>2,994,197</b>	<b>3,281,427</b>	<b>4,395,335</b>
Leasing receivables:			
- Private sector	6,714,165	7,329,630	9,529,358
Unearned income from leasing	(3,435,310)	(3,737,904)	(4,721,642)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(284,658)	(310,299)	(412,381)
<b>Other receivables</b>	<b>30,949,376</b>	<b>31,742,479</b>	<b>27,850,647</b>
Receivables	64,385	38,038	24,912
Securities trading	222,704	240,503	381,520
Sundry (Note 11b)	30,670,823	31,471,500	27,446,930
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(8,536)	(7,562)	(2,715)
<b>Other assets (Note 12)</b>	<b>1,669,201</b>	<b>1,566,057</b>	<b>1,142,993</b>
Other assets	175	164	417
Prepaid expenses (Notes 3i and 12b)	1,669,026	1,565,893	1,142,576
<b>Permanent assets</b>	<b>15,275,796</b>	<b>14,812,828</b>	<b>15,654,443</b>
<b>Investments (Notes 3j, 13 and 32b)</b>	<b>1,867,383</b>	<b>1,864,841</b>	<b>2,076,240</b>
Equity in the earnings (losses) of unconsolidated companies - In Brazil	1,361,442	1,363,029	1,404,157
Other investments	779,944	775,815	935,070
Allowance for losses	(274,003)	(274,003)	(262,987)
<b>Premises and equipment (Notes 3k and 14)</b>	<b>4,549,798</b>	<b>4,677,858</b>	<b>4,551,473</b>

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Premises	1,330,237	1,313,800	1,248,935
Other assets	9,732,401	9,638,712	8,887,808
Accumulated depreciation	(6,512,840)	(6,274,654)	(5,585,270)
<b>Leased assets (Note 14)</b>	-	-	<b>55</b>
Leased assets	-	-	6,218
Accumulated depreciation	-	-	(6,163)
<b>Intangible assets (Notes 3I and 15)</b>	<b>8,858,615</b>	<b>8,270,129</b>	<b>9,026,675</b>
Intangible assets	16,855,832	16,047,935	15,020,711
Accumulated amortization	(7,997,217)	(7,777,806)	(5,994,036)
<b>Total</b>	<b>894,466,777</b>	<b>879,092,178</b>	<b>789,549,524</b>

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

Bradesco \_\_\_\_\_

Financial Statements, Independent Auditors' Report and Fiscal Council's Report
**Consolidated Statement of Financial Position - R\$ thousand**

<b>Liabilities</b>	<b>2013</b>		<b>2012</b>	
	<b>March</b>	<b>December</b>	<b>March</b>	
<b>Current liabilities</b>	<b>613,132,977</b>	<b>591,437,924</b>	<b>494,029,926</b>	
<b>Deposits (Notes 3n and 16a)</b>	<b>143,657,650</b>	<b>147,917,594</b>	<b>131,568,893</b>	
Demand deposits	35,713,633	38,411,734	31,954,632	
Savings deposits	70,162,669	69,041,721	59,924,012	
Interbank deposits	280,896	281,900	482,386	
Time deposits (Notes 16a and 32b)	37,500,452	40,182,239	39,207,863	
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>263,071,874</b>	<b>235,321,953</b>	<b>181,624,768</b>	
Own portfolio	103,173,557	97,965,691	113,312,597	
Third-party portfolio	131,299,482	123,819,731	61,894,820	
Unrestricted portfolio	28,598,835	13,536,531	6,417,351	
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>28,972,765</b>	<b>30,219,478</b>	<b>19,429,843</b>	
Mortgage and real estate notes, letters of credit and others	24,663,405	25,072,831	18,589,426	
Securities issued abroad	4,309,360	5,146,647	840,417	
<b>Interbank accounts</b>	<b>1,008,585</b>	<b>1,306,231</b>	<b>771,696</b>	
Correspondent banks	1,008,585	1,306,231	771,696	
<b>Interdepartmental accounts</b>	<b>2,805,558</b>	<b>4,360,998</b>	<b>2,458,454</b>	
Third-party funds in transit	2,805,558	4,360,998	2,458,454	
<b>Borrowing (Notes 17a and 32b)</b>	<b>7,404,127</b>	<b>7,261,939</b>	<b>10,292,348</b>	
Borrowing in Brazil - other institutions	3,388	2,483	2,708	
Borrowing abroad	7,400,739	7,259,456	10,289,640	
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>12,852,686</b>	<b>12,281,228</b>	<b>11,240,822</b>	
National treasury	32,029	102,688	39,279	
Brazilian Development Bank (BNDES)	5,412,482	5,080,812	4,379,583	
Caixa Econômica Federal - Federal savings bank (CEF)	20,589	20,296	18,582	
Fund for financing the acquisition of industrial machinery and equipment (Finame)	7,387,586	7,076,874	6,802,127	
Other institutions	-	558	1,251	
<b>Onlending abroad (Notes 17b and 32b)</b>	<b>92,385</b>	<b>68,539</b>	<b>97,006</b>	
Onlending abroad	92,385	68,539	97,006	
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>1,873,385</b>	<b>3,126,193</b>	<b>2,427,689</b>	
Derivative financial instruments	1,873,385	3,126,193	2,427,689	
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>102,582,039</b>	<b>99,340,258</b>	<b>85,215,151</b>	
<b>Other liabilities</b>	<b>48,811,923</b>	<b>50,233,513</b>	<b>48,903,256</b>	
Payment of taxes and other contributions	3,252,662	438,752	5,539,185	
Foreign exchange portfolio (Note 11a)	6,384,384	5,070,653	5,953,095	
Social and statutory	973,367	2,479,032	940,268	

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Tax and social security (Note 20a)	5,101,563	5,974,933	4,504,313
Securities trading	4,544,802	5,449,518	2,684,708
Financial and development funds	2,368	3,110	1,227
Subordinated debts (Notes 19 and 32b)	1,524,755	2,141,981	5,984,383
Sundry (Note 20b)	27,028,022	28,675,534	23,296,077
<b>Long-term liabilities</b>	<b>210,654,510</b>	<b>216,360,954</b>	<b>236,184,169</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>62,212,484</b>	<b>63,939,930</b>	<b>82,307,656</b>
Interbank deposits	207,549	100,574	30,665
Time deposits (Notes 16a and 32b)	62,004,935	63,839,356	82,276,991
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>17,973,246</b>	<b>20,269,199</b>	<b>32,305,271</b>

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

Report on Economic and Financial Analysis - March 2013

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

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

<b>Liabilities</b>	<b>2013</b>	<b>2012</b>	
	<b>March</b>	<b>December</b>	<b>March</b>
Own portfolio	17,973,246	20,269,199	32,305,271
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>18,859,499</b>	<b>21,139,829</b>	<b>29,052,505</b>
Mortgage and real estate notes, letters of credit and others	9,949,182	12,098,236	20,411,717
Securities issued abroad	8,910,317	9,041,593	8,640,788
<b>Borrowing (Notes 17a and 32b)</b>	<b>727,509</b>	<b>849,162</b>	<b>1,060,699</b>
Borrowing in Brazil - other institutions	6,318	8,282	6,120
Borrowing abroad	721,191	840,880	1,054,579
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>25,132,567</b>	<b>23,725,289</b>	<b>24,421,368</b>
BNDES	7,713,582	7,377,168	8,513,856
CEF	32,709	37,173	47,675
FINAME	17,384,636	16,309,696	15,859,230
Other institutions	1,640	1,252	607
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>716,922</b>	<b>875,062</b>	<b>275,090</b>
Derivative financial instruments	716,922	875,062	275,090
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>24,784,559</b>	<b>24,877,162</b>	<b>21,737,981</b>
<b>Other liabilities</b>	<b>60,247,724</b>	<b>60,685,321</b>	<b>45,023,599</b>
Tax and social security (Note 20a)	20,807,703	21,954,147	15,846,927
Subordinated debts (Notes 19 and 32b)	33,532,583	32,709,733	24,137,868
Sundry (Note 20b)	5,907,438	6,021,441	5,038,804
<b>Deferred income</b>	<b>632,590</b>	<b>657,647</b>	<b>646,106</b>
Deferred income	632,590	657,647	646,106
<b>Non-controlling interests in subsidiaries (Note 22)</b>	<b>604,602</b>	<b>588,194</b>	<b>630,264</b>
<b>Shareholders' equity (Note 23)</b>	<b>69,442,098</b>	<b>70,047,459</b>	<b>58,059,059</b>
Capital:			
- Domiciled in Brazil	37,622,481	29,722,998	29,687,681
- Domiciled abroad	477,519	377,002	412,319
Capital reserves	11,441	11,441	11,441
Profit reserves	28,110,194	34,218,777	28,572,787
Asset valuation adjustments	3,417,764	5,914,542	(440,234)
Treasury shares (Notes 23d and 32b)	(197,301)	(197,301)	(184,935)
<b>Attributable to equity holders of the Parent Company</b>	<b>70,046,700</b>	<b>70,635,653</b>	<b>58,689,323</b>
<b>Total</b>	<b>894,466,777</b>	<b>879,092,178</b>	<b>789,549,524</b>

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

Bradesco \_\_\_\_\_

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Consolidated Income Statement - R\$ thousand**

	<b>2013</b>	<b>2012</b>	
	<b>1<sup>st</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
<b>Revenue from financial intermediation</b>	<b>21,209,340</b>	<b>22,754,277</b>	<b>24,146,477</b>
Loans (Note 10j)	12,264,448	12,557,215	12,171,218
Leasing (Note 10j)	206,273	264,784	362,162
Operations with securities (Note 8h)	5,861,280	7,008,024	7,529,676
Financial income from insurance, pension plans and capitalization bonds (Note 8h)	2,060,904	2,841,587	3,151,543
Derivative financial instruments (Note 8h)	(157,174)	(433,407)	(611,325)
Foreign exchange operations (Note 11a)	269,315	(190,876)	269,915
Reserve requirement (Note 9b)	662,938	664,929	1,254,521
Sale or transfer of financial assets	41,356	42,021	18,767
<b>Financial intermediation expenses</b>	<b>12,756,536</b>	<b>14,417,112</b>	<b>15,670,866</b>
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	7,845,707	8,403,541	9,720,643
Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e)	1,068,927	1,816,665	2,197,321
Borrowing and onlending (Note 17c)	366,839	764,620	454,628
Allowance for loan losses (Notes 3g, 10g and 10h)	3,475,063	3,432,286	3,298,274
<b>Gross income from financial intermediation</b>	<b>8,452,804</b>	<b>8,337,165</b>	<b>8,475,611</b>
<b>Other operating income (expenses)</b>	<b>(3,699,033)</b>	<b>(6,463,266)</b>	<b>(3,866,337)</b>
Fee and commission income (Note 24)	4,508,215	4,568,928	3,995,289
Other fee and commission income	3,571,118	3,598,272	3,088,372
Income from banking fees	937,097	970,656	906,917
Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)	10,900,830	13,140,884	9,348,734
Net premiums written	10,952,662	13,216,388	9,417,553
Reinsurance premiums	(51,832)	(75,504)	(68,819)
Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)	(4,688,643)	(6,910,339)	(4,136,867)
Retained claims (Note 3o)	(3,549,301)	(3,471,709)	(3,080,226)
Capitalization bond draws and redemptions (Note 3o)	(871,576)	(981,630)	(708,690)
Insurance, pension plan and capitalization bond selling expenses (Note 3o)	(636,109)	(720,774)	(545,884)

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Payroll and related benefits (Note 25)	(3,059,462)	(3,142,080)	(2,878,257)
Other administrative expenses (Note 26)	(3,368,481)	(3,657,839)	(3,290,486)
Tax expenses (Note 27)	(1,139,974)	(1,093,369)	(1,122,377)
Equity in the earnings (losses) of unconsolidated companies (Note 13b)	3,332	44,783	40,167
Other operating income (Note 28)	863,381	809,617	885,756
Other operating expenses (Note 29)	(2,661,245)	(5,049,738)	(2,373,496)
<b>Operating income</b>	<b>4,753,771</b>	<b>1,873,899</b>	<b>4,609,274</b>
<b>Non-operating income (loss) (Note 30)</b>	<b>(58,484)</b>	<b>711,174</b>	<b>(12,636)</b>
<b>Income before income tax and social contribution and non-controlling interests</b>	<b>4,695,287</b>	<b>2,585,073</b>	<b>4,596,638</b>
<b>Income tax and social contribution (Notes 34a and 34b)</b>	<b>(1,748,540)</b>	<b>321,735</b>	<b>(1,786,384)</b>
<b>Non-controlling interests in subsidiaries</b>	<b>(27,628)</b>	<b>(13,445)</b>	<b>(17,718)</b>
<b>Net income</b>	<b>2,919,119</b>	<b>2,893,363</b>	<b>2,792,536</b>

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

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

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

Events	Paid-in Capital	Capital reserves	Profit reserves		Asset valuation adjustment		Treasury shares	Retain earnings (accumul losses
		Share premium	Legal	Statutory	Bradesco	Subsidiaries		
<b>Balances on December 31, 2011</b>	<b>30,100,000</b>	<b>11,441</b>	<b>3,269,412</b>	<b>23,463,119</b>	<b>(328,343)</b>	<b>(750,856)</b>	<b>(183,109)</b>	
Acquisition of treasury shares	-	-	-	-	-	-	(1,826)	
Asset valuation adjustments	-	-	-	-	323,981	314,984	-	
Net income	-	-	-	-	-	-	-	2,792
Allocations: - Reserves	-	-	139,627	1,700,629	-	-	-	(1,840)
- Interest on shareholders' equity paid	-	-	-	-	-	-	-	(777)
- Dividends paid	-	-	-	-	-	-	-	(174)
<b>Balances on March 31, 2012</b>	<b>30,100,000</b>	<b>11,441</b>	<b>3,409,039</b>	<b>25,163,748</b>	<b>(4,362)</b>	<b>(435,872)</b>	<b>(184,935)</b>	
<b>Balances on September 30, 2012</b>	<b>30,100,000</b>	<b>11,441</b>	<b>3,693,806</b>	<b>28,603,228</b>	<b>286,696</b>	<b>3,549,208</b>	<b>(197,301)</b>	
Asset valuation adjustments	-	-	-	-	599,993	1,478,645	-	
Net income	-	-	-	-	-	-	-	2,893
Allocations: - Reserves	-	-	144,668	1,777,075	-	-	-	(1,921)
- Interest on shareholders' equity	-	-	-	-	-	-	-	(705)
- Dividends paid	-	-	-	-	-	-	-	(266)
<b>Balances on December 31, 2012</b>	<b>30,100,000</b>	<b>11,441</b>	<b>3,838,474</b>	<b>30,380,303</b>	<b>886,689</b>	<b>5,027,853</b>	<b>(197,301)</b>	
Capital increase through reserves	8,000,000	-	-	(8,000,000)	-	-	-	
Asset valuation adjustments	-	-	-	-	(792,299)	(1,704,479)	-	
Net income	-	-	-	-	-	-	-	2,919
Allocations: - Reserves	-	-	145,956	1,745,461	-	-	-	(1,891)

- Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	(1,027
<b>Balances on March 31, 2013</b>	<b>38,100,000</b>	<b>11,441,398</b>	<b>430,241,257</b>	<b>64</b>	<b>94,390</b>	<b>3,323,374</b>	<b>(197,301)</b>	

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

Bradesco \_\_\_\_\_

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report
**Value Added Statement - R\$ thousand**

Description	2013		2012		
	1 <sup>st</sup> Quarter	%	4 <sup>th</sup> Quarter	%	1 <sup>st</sup> Quarter
<b>1) Revenue</b>	<b>21,853,359</b>	<b>239.9</b>	<b>22,887,612</b>	<b>325.4</b>	<b>24,476,4</b>
1.1) Financial intermediation	21,209,340	232.8	22,754,277	323.5	24,146,4
1.2) Fees and commissions	4,508,215	49.5	4,568,928	65.0	3,995,2
1.3) Allowance for loan losses	(3,475,063)	(38.1)	(3,432,286)	(48.8)	(3,298,27
1.4) Other	(389,133)	(4.3)	(1,003,307)	(14.3)	(367,08
<b>2) Financial intermediation expenses</b>	<b>(9,281,473)</b>	<b>(101.9)</b>	<b>(10,984,826)</b>	<b>(156.2)</b>	<b>(12,372,59</b>
<b>3) Inputs acquired from third-parties</b>	<b>(2,742,102)</b>	<b>(30.1)</b>	<b>(3,036,542)</b>	<b>(43.1)</b>	<b>(2,707,11</b>
Material, water, electricity and gas	(134,336)	(1.5)	(144,237)	(2.1)	(157,35
Outsourced services	(828,291)	(9.1)	(846,328)	(12.0)	(832,41
Communication	(392,545)	(4.3)	(420,761)	(6.0)	(409,51
Financial system services	(179,224)	(2.0)	(167,903)	(2.4)	(163,39
Advertising and marketing	(160,989)	(1.8)	(275,521)	(3.9)	(152,51
Transport	(198,807)	(2.2)	(225,490)	(3.2)	(212,32
Data processing	(292,887)	(3.2)	(307,715)	(4.4)	(262,20
Maintenance and repairs	(153,184)	(1.7)	(168,973)	(2.4)	(145,61
Security and surveillance	(115,541)	(1.3)	(111,012)	(1.6)	(100,24
Travel	(27,407)	(0.3)	(38,340)	(0.5)	(32,92
Other	(258,891)	(2.7)	(330,262)	(4.6)	(238,62
<b>4) Gross value added (1-2-3)</b>	<b>9,829,784</b>	<b>107.9</b>	<b>8,866,244</b>	<b>126.1</b>	<b>9,396,6</b>
<b>5) Depreciation and amortization</b>	<b>(723,939)</b>	<b>(7.9)</b>	<b>(1,876,902)</b>	<b>(26.7)</b>	<b>(654,69</b>
<b>6) Net value added produced by the entity (4-5)</b>	<b>9,105,845</b>	<b>100.0</b>	<b>6,989,342</b>	<b>99.4</b>	<b>8,741,9</b>
<b>7) Value added received through transfer</b>	<b>3,332</b>	<b>-</b>	<b>44,783</b>	<b>0.6</b>	<b>40,1</b>
Equity in the earnings (losses) of unconsolidated companies	3,332	-	44,783	0.6	40,1
<b>8) Value added to distribute (6+7)</b>	<b>9,109,177</b>	<b>100.0</b>	<b>7,034,125</b>	<b>100.0</b>	<b>8,782,1</b>
<b>9) Value added distributed</b>	<b>9,109,177</b>	<b>100.0</b>	<b>7,034,125</b>	<b>100.0</b>	<b>8,782,1</b>
<b>9.1) Personnel</b>	<b>2,665,965</b>	<b>29.3</b>	<b>2,714,240</b>	<b>38.7</b>	<b>2,490,6</b>
Payroll	1,435,716	15.8	1,463,225	20.8	1,353,5
Benefits	657,366	7.2	683,538	9.7	585,8
Government Severance Indemnity Fund for Employees (FGTS)	136,313	1.5	138,399	2.0	121,2
Other	436,570	4.8	429,078	6.2	429,9
<b>9.2) Tax, fees and contributions</b>	<b>3,282,011</b>	<b>36.0</b>	<b>1,199,474</b>	<b>17.0</b>	<b>3,296,3</b>
Federal	3,127,667	34.3	1,036,704	14.7	3,156,8
State	1,705	-	14,766	0.2	1,6
Municipal	152,639	1.7	148,004	2.1	137,8
<b>9.3) Value distributed to providers of capital</b>	<b>214,454</b>	<b>2.3</b>	<b>213,603</b>	<b>3.0</b>	<b>184,8</b>
Rentals	211,790	2.3	210,996	3.0	182,5
Asset leasing	2,664	-	2,607	-	2,3
<b>9.4) Value distributed to shareholders</b>	<b>2,946,747</b>	<b>32.4</b>	<b>2,906,808</b>	<b>41.3</b>	<b>2,810,2</b>

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Interest on shareholders' equity/dividends	1,027,702	11.3	971,620	13.8	952,2
Retained earnings	1,891,417	20.8	1,921,743	27.3	1,840,2
Non-controlling interests in retained earnings	27,628	0.3	13,445	0.2	17,7

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

Report on Economic and Financial Analysis - March 2013

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

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

	2013	2012	
	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter
<b>Cash flow from operating activities:</b>			
<b>Net Income before income tax and social contribution</b>	<b>4,695,287</b>	<b>2,585,073</b>	<b>4,596,638</b>
<b>Adjustments to net income before income tax and social contribution</b>	<b>6,595,010</b>	<b>9,205,874</b>	<b>7,212,042</b>
Allowance for loan losses	3,475,063	3,432,286	3,298,274
Depreciation and amortization	723,939	1,876,902	654,696
Losses from/provisions for asset impairment	-	1,417,416	-
Expenses with civil, labor and tax provisions	1,261,372	1,456,020	1,051,791
Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds	1,068,927	1,816,665	2,197,321
Equity in the earnings (losses) of unconsolidated companies	(3,332)	(44,783)	(40,167)
(Gain)/loss on sale of investments	69	(793,360)	(29,205)
(Gain)/loss on sale of fixed assets	6,786	1,942	4,646
(Gain)/loss on sale of foreclosed assets	38,475	58,004	50,355
Other	23,711	(15,218)	24,331
<b>Adjusted net income before taxes</b>	<b>11,290,297</b>	<b>11,790,947</b>	<b>11,808,680</b>
(Increase)/decrease in interbank investments	(42,290,917)	(61,397,664)	16,799,797
(Increase)/decrease in trading securities and derivative financial instruments	29,271,951	15,533,298	25,598,473
(Increase)/decrease in interbank and interdepartmental accounts	(2,547,264)	2,261,812	(1,885,745)
(Increase) in loan and leasing	(11,476,303)	(8,249,000)	(4,203,682)
(Increase)/decrease in insurance premiums receivable	(507,356)	70,000	(167,925)
Increase in technical reserves for insurance, pension plans and capitalization bonds	2,080,251	4,593,302	1,102,819
Increase/(decrease) in deferred income	(25,057)	38,255	(25,223)
(Increase)/decrease in other receivables and other assets	2,696,449	(4,475,506)	(3,253,062)
(Increase)/decrease in reserve requirement - Brazilian Central Bank	(2,313,011)	6,269,992	11,831,805
(Decrease) in deposits	(5,987,390)	(1,012,076)	(3,547,677)
Increase in federal funds purchased and securities sold under agreements to repurchase	25,453,968	10,053,534	16,481,811
Increase/(decrease) in funds from issuance of securities	(3,527,043)	(2,450,905)	6,960,186
Increase/(decrease) in borrowings and onlending	2,023,117	(1,212,284)	(6,134,694)
Increase/(decrease) in other liabilities	(2,030,736)	2,761,815	6,254,535
Income tax and social contribution paid	(3,642,291)	(984,956)	(3,681,591)
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,531,335)</b>	<b>(26,409,436)</b>	<b>73,938,507</b>
<b>Cash flow from investing activities:</b>			
(Purchases)/proceeds from held-to-maturity securities	(27,944)	(42,511)	47,590

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Sale of available-for-sale securities	21,269,839	14,042,819	8,145,208
Proceeds from sale of foreclosed assets	75,980	125,766	51,158
Sale of investments	2,060	898,569	33,096
Proceeds from the sale of premises and equipment and operating leased assets	135,827	67,569	167,983
Purchases of available-for-sale securities	(39,529,437)	(24,439,640)	(60,428,724)
Foreclosed asset acquisitions	(218,629)	(216,701)	(150,389)
Investment acquisitions	(1,331)	(29,277)	(1,409)
Premises and equipment and operating leased asset acquisitions	(345,975)	(517,493)	(546,919)
Intangible asset acquisitions	(1,013,263)	(836,752)	(427,942)
Dividends and interest on shareholders' equity received	36,118	24,346	9,600
<b>Net cash provided by/(used in) investing activities</b>	<b>(19,616,755)</b>	<b>(10,923,305)</b>	<b>(53,100,748)</b>
<b>Cash flow from financing activities:</b>			
Increase in subordinated debts	205,624	344,972	3,212,160
Dividends and interest on shareholders' equity paid	(2,547,149)	(226,273)	(2,364,275)
Non-controlling interest	(11,220)	(11,324)	(2,712)
Acquisition of own shares	-	-	(1,826)
<b>Net cash provided by/(used in) financing activities</b>	<b>(2,352,745)</b>	<b>107,375</b>	<b>843,347</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(23,500,835)</b>	<b>(37,225,366)</b>	<b>21,681,106</b>
Cash and cash equivalents - at the beginning of the period	47,555,069	84,780,435	36,860,152
Cash and cash equivalents - at the end of the period	24,054,234	47,555,069	58,541,258
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(23,500,835)</b>	<b>(37,225,366)</b>	<b>21,681,106</b>

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

Bradesco \_\_\_\_\_

Financial Statements, Independent Auditors' Report and Fiscal Council's Report***Table of Contents of the Notes to the Consolidated Financial Statements***

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**Notes to the Consolidated Financial Statements**

**1) OPERATIONS**

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

**2) PRESENTATION OF THE FINANCIAL STATEMENTS**

Bradesco's consolidated financial statements include the financial statements for Banco Bradesco, its foreign branches, subsidiaries and jointly-controlled entities, in Brazil and abroad, including SPEs (Special Purpose Entities). They were prepared based on accounting practices issued by Laws 4595/64 (Brazilian Financial System Law) and 6404/76 (Brazilian Corporate Law), along with amendments introduced by Laws 11638/07 and 11941/09 relating to the accounting of operations, associated with rules and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (Bacen), Brazilian Securities and Exchange Commission (CVM), where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Supplementary Healthcare Agency (ANS). The financial statements of leasing companies included in the consolidated information were prepared using finance leases, whereby leased fixed assets are classified as operating leases less the residual value paid in advance.

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

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

Bradesco's consolidated financial statements were approved by the Board of Directors on April 19, 2013.

Bradesco \_\_\_\_\_

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements**

Below are the primary direct and indirectly owned companies included in the consolidation:

	Activity	Equity interest		
		2013 March 31	2012 December 31	2011 March 31
<b>Financial Area - Brazil</b>				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.	Banking	100.00%	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	99.99%	99.95%	99.95%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%	100.00%
Banco Bankpar S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco BBI S.A.	Investment bank	98.35%	98.35%	98.35%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Bankpar Arrendamento Mercantil S.A.	Leasing	100.00%	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%	100.00%
Banco BERJ S.A. (2)	Banking	100.00%	100.00%	96.25%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%	100.00%
Banco Bradescard S.A. (3)	Cards	100.00%	100.00%	100.00%
Cielo S.A. (4)	Services	28.65%	28.65%	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (4)	Services	50.01%	50.01%	50.01%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
<b>Financial Area - Abroad</b>				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (5)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%	100.00%
<b>Insurance, Pension Plan and Capitalization Bond Area</b>				
Atlântica Capitalização S.A. (6)	Capitalization bonds	-	-	-100.00%
Bradesco Argentina de Seguros S.A.	Insurance	99.90%	99.90%	99.90%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Odontoprev S.A.	Dental care	43.50%	43.50%	43.50%
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%

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Bradesco Vida e Previdência S.A.	Pension plan/insurance	100.00%	100.00%	100.00%
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
<b>Other Activities</b>				
Andorra Holdings S.A.	Holding	100.00%	100.00%	100.00%
Bradseg Participações S.A.	Holding	100.00%	100.00%	100.00%
Bradescor Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	100.00%
Bradesplan Participações Ltda.	Holding	100.00%	100.00%	100.00%
BSP Empreendimentos Imobiliários S.A.	Real estate	100.00%	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	100.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%	100.00%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%	100.00%
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	100.00%
União Participações Ltda.	Holding	100.00%	100.00%	100.00%

- (1) Increase in equity interest through share acquisition in February 2013;
- (2) Increase in equity interest through share acquisition in May and June 2012;
- (3) Current name of Banco Ibi S.A.;
- (4) Company proportionally consolidated, pursuant to CMN Resolution 2723/00 and CVM Rule 247/96;
- (5) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d); and
- (6) Company merged into Bradesco Capitalização in October 2012.

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

**3) SIGNIFICANT ACCOUNTING PRACTICES**

**a) Functional and Presentation Currencies**

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

**b) Income and Expense Recognition**

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

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

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

Insurance and coinsurance premiums, net of premiums assigned to coinsurance and reinsurance and corresponding commissions, are recognized as income after the corresponding insurance policies and

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

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

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

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

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

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

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

**c) Cash and cash equivalents**

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

Cash and cash equivalents detailed balances are reflected in Note 6.

**d) Interbank investments**

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

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

**e) Securities - Classification**

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

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

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

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

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

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

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

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

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



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

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

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

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified according to their corresponding levels of risk in compliance with: (i) the parameters established by CMN Resolution 2682/99, with nine levels of risk from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's level of risk assessment. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the period of late payment defined in CMN Resolution 2682/99 is also considered to rate customer risk as follows:

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

(1) For operations with terms of more than 36 months, past-due periods are doubled, as allowed under CMN Resolution 2682/99.

Interest and inflation adjustments on past-due transactions are only recognized up to the 59<sup>th</sup> day that they are past due. As from the 60<sup>th</sup> day, they are recognized in deferred income.

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

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

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

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

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

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

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

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

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

Pursuant to Law 11941/09, changes in the criteria to recognize for revenue, costs and expenses included in the net income for the period, enacted by Law 11638/07 and by Articles 37 and 38 of Law 11941/09, shall not affect taxable income, and, for tax purposes, accounting methods and criteria in force on December 31, 2007 are considered. For accounting purposes, the tax effects of adopting the aforementioned laws are recorded in the corresponding deferred tax assets and liabilities.

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

**i) Prepaid expenses**

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



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

Prepaid expenses are shown in detail in Note 12b.

#### **j) Investments**

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

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

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

#### **k) Premises and equipment**

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

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

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

**l) Intangible assets**

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

Intangible assets comprise:

- Future profitability/customer portfolio acquired and acquiring the right to provide banking services: is recorded and amortized, as applicable, over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted through impairment, where applicable; and
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% to 50% p.a.), from the date it is available for use and adjusted through impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intention and ability to complete such development, as well as reliably measure costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

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

**m) Impairment**

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

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

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

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

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

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

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

- Damage, health and group insurance lines, except life insurance covering survival:
  - The unearned premium reserve (PPNG) is calculated on a daily prorated basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to the periods of risk not arising from insurance policies, and includes estimates for risks in effect but not issued (RVNE). This reserve also includes risks not yet effective and already issued;
  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current amount of future benefits and the current amount of future contributions, corresponding to the obligation;

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**Notes to the Consolidated Financial Statements**

- The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependants are expected to remain in the plan up to the end of this five-year period; after this, it is calculated based on costs on the five-year-period plan, excluding payment of premiums;
- The reserve for vested benefits relating to the individual health care plan portfolio comprises obligations under the terms of the contract relating to coverage of the health care plan, and premiums for the payment of insurers participating in the Bradesco Saúde— "GBS Plan" insurance, based on the present value of estimated future expenses with health care provided to dependents whose holders already deceased, as provided for in Normative Resolution 75/04 of ANS;
- The reserve for redemptions and other amounts to be settled (PVR) comprises all amounts relating to redemptions to be settled, premium refunds and portabilities requested not yet transferred to the recipient;
- The reserve for incurred but not reported (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the balance of the reserve for unsettled claims (PSL) on the calculation date. A final estimate of IBNP claims based on half-yearly run-off triangles is prepared to calculate IBNP claims. The run-off triangles consider the historical development of claims paid in the last 14 semesters to determine a future projection per occurrence period;
- For Health Insurance, the reserve for incurred but not reported (IBNR) claims is calculated based on incurred but not paid (IBNP) claims less the balance of the reserve for unsettled claims (PSL) on the calculation date. A final estimate of incurred but not paid claims based on monthly run-off triangles, which consider the claims ratio in the last 12 months, is prepared to calculate IBNP claims;
- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period and related costs, such as loss adjustment expenses, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation; and

- Other technical reserves are mainly recorded to cover differences between the premiums future adjustments and the ones necessary to the technical balance of healthcare plan individual portfolio, adopting the formula included in the actuarial technical note approved by ANS.

• Pension plans and life insurance covering survival:

- The unrealized risk premiums (PPNG) is calculated on a daily prorated basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to periods of risks not arising from insurance policies and includes an estimate for risks in effect but not issued (RVNE). This reserve also includes risks not yet effective and already issued;

- The mathematical reserve for unvested benefits (PMBaC) refers to participants who have not yet received any benefit. In defined benefit pension plans, the reserve represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations in the form of retirement, disability, pension and annuity plans. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;

- Mathematical reserves for unvested benefits related to life insurance and unrestricted benefit pension plans (VGBL and PGBL), apart from the defined contribution plans, show the value of participant contributions, net of costs and other contractual charges, plus income from investment in Exclusive Investment Funds (FIEs);

- The reserve for redemptions and other amounts to be settled (PVR) comprises figures related to redemptions to settle, premium refund and portability requested not yet transferred to the recipient;

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- The mathematical reserve for vested benefits (PMBC) refers to participants already benefiting and corresponds to the present value of future obligations related to the payment of ongoing benefits;
  
- The complementary reserve for coverage (PCC) refers to the amount necessary to complement technical reserves, as calculated through the Liability Adequacy Test (LAT), which is prepared using statistic and actuarial methods based on realistic considerations, taking into account the biometric table BR-EMS of both genders, improvement of G Scale and forward interest rate structures (ETTJ) free from risk and authorized by Susep. The improvement rate is calculated from automatic updates of the biometric table, considering the expected increase in future life expectancy;
  
- The reserve for related expenses (PDR) is recorded to cover estimated benefit and claims expenses;
  
- The reserve for financial surplus (PEF) corresponds to the portion of income from investment of reserves that exceeds minimum returns from pension plans that have a financial surplus in the participation clause;
  
- The reserve for technical surplus (PET) corresponds to the difference between the expected and the actual amounts for events in the period for pension plans that have a technical surplus in the participation clause;
  
- The reserve for incurred but not reported (IBNR) events, relating to pension plans, is recorded in compliance with Susep Circular Letter 448/12; and
  
- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period and related costs, such as expenses with loss adjustment, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation.

- Capitalization bonds:

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

- The reserve for redemption (PR) is recorded from capitalization bonds overdue or not yet due where early redemption has been requested by the customer. Reserves are adjusted for inflation based on the indexes provided in each plan; and

- The reserve for draws not yet taken place (PSR) and the reserve for draws payable (PSP) are recorded to cover premiums for future draws (not yet taken place) and also for prize money from draws where customers have already been chosen (payable).

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

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

Provisions, contingent assets and liabilities, and legal obligations, as defined below, are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution 3823/09 and CVM Resolution 594/09:

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

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**Notes to the Consolidated Financial Statements**

- Provisions: these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable which would cause a probable outflow of funds to settle the obligation and when amounts can be reliably measured;
- Contingent liabilities: according to CPC 25, the term "contingent" is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management's control. Contingent liabilities considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recorded as a provision nor disclosed; and
- Legal obligations - provision for tax risks: results from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements.

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

**q) Funding expenses**

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

**r) Other assets and liabilities**

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

#### **s) Subsequent events**

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

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period; and
- Events not resulting in adjustments: events relating to conditions not existing at the end of the reporting period.

There were no subsequent events that need to be adjusted or disclosed for these consolidated financial statements as of March 31, 2013.

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

##### **Reclassifications**

There were no reclassifications or other relevant information for previous periods that affect the comparability of the consolidated financial statements for the period ended March 31, 2013.

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report**Notes to the Consolidated Financial Statements****5) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ADJUSTED BY OPERATING SEGMENT****a) Statement of financial position**

	Financial (1) (2)		Insurance Group (2) (3)		Other Activities	Elimination
	Brazil	Abroad	Brazil	Abroad	(2)	(4)
<b>Assets</b>						
<b>Current and long-term assets</b>	<b>690,287,312</b>	<b>81,596,244</b>	<b>151,308,769</b>	<b>4,804</b>	<b>1,164,149</b>	<b>(45,170,291)</b>
Cash and due from banks	9,756,566	2,913,464	250,218	425	48,365	(1,621,971)
Interbank investments	170,144,609	1,188,197	-	-	-	-
Securities and derivative financial instruments	148,755,126	10,946,281	141,281,114	3,061	541,478	(927,411)
Interbank and interdepartmental accounts	52,769,214	-	-	-	-	-
Loan and leasing	230,568,256	66,098,509	-	-	-	(41,212,731)
Other receivables and other assets	78,293,541	449,793	9,777,437	1,318	574,306	(1,408,171)
<b>Permanent assets</b>	<b>53,550,356</b>	<b>48,423</b>	<b>3,102,556</b>	<b>155</b>	<b>650,053</b>	<b>(42,075,741)</b>
Investments	42,709,850	7,466	1,208,838	144	16,832	(42,075,741)
Premises and equipment and leased assets	3,689,823	14,745	799,965	11	45,254	-