BANK BRADESCO
Form 20-F
May 20, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

..	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the fiscal year ended December 31, 2010
	OR
..	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
..	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
..	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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)
Federative Republic of Brazil
(Jurisdiction of incorporation or organization)
Cidade de Deus S/N - Vila Yara - 06029-900 - Osasco - SP, Brazil
(Address of principal executive offices)

Domingos Figueiredo de Abreu (Vice President and Investor Relations Officer) +55 11 3684-4011, e-mail: 4000.abreu@bradesco.com.br - Cidade de Deus
S/N - Vila Yara, 06029-900 - Osasco - SP, Brazil
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
American Depositary Shares, or ADSs (evidenced by American Depositary Receipts, or ADRs), each representing 1 preferred share	New York Stock Exchange
Preferred Shares	New York Stock Exchange *

* Not for trading, but only in connection with the registration of ADSs pursuant to the requirements of the SEC.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

Number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2010:

1,880,830,018	Common Shares, without par value
1,881,225,123	Preferred Shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. xYes¨ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨Yes xNo

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. xYes¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). xYes¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large
accelerated filer" in Rule 12b-2 of the Exchange Act:

xLarge accelerated filer ¨Accelerated filer ¨Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP**x** International Financial Reporting Standards as issued by the International Accounting Standards Board¨ Other¨

Indicate by check mark which financial statement item the registrant has elected to follow. ¨Item 17 xItem 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨Yes xNo

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, the terms "Bradesco," the "company," the "Bank," the "Organization," "we" or "us" refer to Banco Bradesco S.A., a *sociedade anônima* organized under the laws of Brazil and, unless the context otherwise requires, its consolidated subsidiaries. We are a full-service financial institution providing, directly or through our subsidiaries, a full range of banking, financial, purchasing consortium management, asset management, insurance, investment banking, private pension plan and certificated savings plan services for all segments of the Brazilian domestic market. Our operations are based primarily in Brazil.

All references herein to "*real*," "*reais*" or "R$" are to the Brazilian real, the official currency of Brazil. References herein to "U.S. dollars," "dollar" and "US$" are to United States dollars, the official currency of the United States of America.

Our audited consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010, including the notes thereto, are included in "Item 18. Financial Statements" of this annual report and have been prepared in accordance with U.S. generally accepted accounting principles, or "U.S. GAAP."

We use the accounting principles adopted in Brazil for certain purposes, such as reports to Brazilian shareholders, registrations with the Brazilian Securities Commission, which we call "CVM," and for determining the payment of dividends and tax liabilities.

On April 29, 2011, the real/U.S. dollar exchange rate was R$1.5733 per US$ 1.00 based on the closing selling commercial exchange rate reported by Brazilian Central Bank (*Banco Central do Brasil*), or the "Central Bank." The commercial rate as of December 31, 2010 was R$1.6662 per US$ 1.00. See "Item 3.A. Selected Financial Data - Exchange Rate Information" for more information regarding the exchange rates applicable to the Brazilian currency since 2006.

As a result of recent fluctuations in the real/U.S. dollar exchange rate, the closing selling commercial exchange rate at April 29, 2011 or at any other date may not be indicative of current or future exchange rates.

Some data related to economic sectors presented in this annual report was obtained from the following sources: *Associação Brasileira das Empresas de Cartão de Crédito e Serviços* (Brazilian Association of Credit Card Companies and Services) or ABECS; *Associação Brasileira de Empresas de Leasing* (Brazilian Association of Leasing Companies) or ABEL; *Associação Brasileira das Entidades dos Mercados de Financeiros e de Capitais* (Brazilian Association of Financial and Capital Markets Entities) or ANBIMA; *Agência Nacional de Saúde Suplementar* (Brazilian Health Insurance Authority) or ANS; *Banco Nacional de Desenvolvimento Econômico e Social* (Brazilian Development Bank) or BNDES; *Federação Nacional de Previdência Privada e Vida* (National Association of Private Pension Plans) or FENAPREVI; *Fundação Getulio Vargas* (Getulio Vargas Foundation) or FGV and *Superintendência de Seguros Privados* (Private Insurance Superintendence) or SUSEP. We believe these sources are reliable, but we cannot take responsibility for the accuracy of this data.

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or "Exchange Act." These statements are based mainly on our current expectations and projections of future events and financial trends that currently affect or might affect our business. In addition to the items discussed in other sections of this annual report, there are many significant factors that could cause our financial condition and results of operation to differ materially from those set out in our forward- looking statements, including, but not limited to, the following:

- global economic conditions;
- economic, political and business conditions in Brazil and the markets in which we operate;
- risks of lending, credit, investments and other activities;
- our level of capitalization;
- cost and availability of funds;
- increase in defaults by borrowers, loan delinquencies and other breaches of contract that result in an increase in our provision for loan losses;
- loss of clients or other sources of income;
- our ability to execute our investment strategies and plans as well as to maintain and improve our operating performance;
- our revenues from new products and businesses;
- adverse claims or legal or regulatory disputes or proceedings;
- inflation, depreciation of the real and/or fluctuations in the interest rate, which could adversely affect our margins;
- conditions of competition in the banking and financial services, credit card, asset management, insurance and related sectors;
- the market value of securities, particularly Brazilian government securities; and
- changes by the Central Bank and others in laws and regulations, applicable to us and our activities, including, but not limited to, those affecting tax issues.

Words such as "believe," "expect," "continue," "understand," "estimate," "will," "may," "anticipate," "should," "intend," and other similar expressions are intended to identify forward-looking statements. These statements refer only to the date on which they were made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or any other event.

In light of these risks and uncertainties, the forward-looking statements, events and circumstances discussed in this annual report may not be accurate, and our actual results and performance could differ

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materially from those anticipated in our forward-looking statements. Investors should not make investment decisions based solely on the forward-looking statements in this annual report.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

We present below our selected financial data prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") as of and for the years ended December 31, 2006, 2007, 2008, 2009 and 2010. The data for each of the five years in the period ended December 31, 2006, 2007, 2008, 2009 and 2010 is derived from our consolidated financial statements, which were audited by PricewaterhouseCoopers Auditores Independentes.

Certain prior year amounts for the years ended December 31, 2006, 2007 and 2008 have been reclassified to conform to presentation standards used for the year ended December 31, 2009. These reclassifications had no impact on our assets, liabilities, shareholders' equity or our net income.

The following selected financial data should be read together with the "Presentation of Financial and Other Information" and "Item 5. Operating and Financial Review and Prospects."

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Selected Financial Data according to U.S. GAAP

	Year ended December 31,					
	2006	2007	2008	2009	2010	2010
	(*R$ in millions*)					(*US$ in millions*)(1)
Data from the Consolidated Statement of Income:						
Net interest income(2)	21,402	23,771	25,371	33,133	37,492	23,830
Provision for loan losses	(3,767)	(4,616)	(6,651)	(10,822)	(5,769)	(3,667)
Net interest income after provision for loan losses	17,635	19,155	18,720	22,311	31,723	20,163
Fee and commission income(2)	6,379	7,819	8,997	9,381	10,942	6,955
Insurance premiums	8,121	8,843	10,963	12,521	14,068	8,942
Pension plan income	791	555	710	607	692	440
Equity in the earnings of unconsolidated companies(3)	224	407	597	644	539	343
Other non-interest income(2)(4)	4,365	7,457	2,393	8,581	3,929	2,497
Operating expenses(5)	(11,310)	(13,005)	(14,168)	(15,615)	(18,524)	(11,774)
Insurance claims	(6,124)	(6,012)	(7,391)	(8,329)	(9,307)	(5,916)
Changes in provisions for insurance, pension plans, certificated savings plans and pension investment contracts	(4,199)	(4,981)	(4,225)	(6,008)	(6,209)	(3,946)
Pension plan operating expenses	(560)	(478)	(482)	(410)	(456)	(290)
Insurance and pension plan selling expenses	(852)	(1,157)	(1,014)	(1,654)	(1,521)	(967)
Other non-interest expense(2)(6)	(5,720)	(7,306)	(8,352)	(8,360)	(10,696)	(6,798)
Income before income taxes	8,750	11,297	6,748	13,669	15,180	9,649
Income tax and social contribution on net income	(2,273)	(3,352)	401	(4,420)	(5,428)	(3,450)
Net income attributed to noncontrolling interest	(15)	(37)	(131)	(33)	(90)	(57)
Parent company's net income	**6,462**	**7,908**	**7,018**	**9,216**	**9,662**	**6,142**

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at an exchange rate of R$1.5733 per US$1.00, the Central Bank exchange rate on April 29, 2011. Such translations should not be construed as a representation that the Brazilian real amounts presented were or could be converted into U.S. dollars at that rate.

(2) For the year ended December 31, 2006, the following reclassifications were made: (i) the amount R$231 was reclassified from the line item "Fee and commission income" to the line item "Net interest income" and (ii) the amount R$535 was reclassified from the line item "Other non-interest expense" to the line item "Net interest income." For the years ended December 31, 2006, 2007 and 2008, the amounts of R$27, R$1,200 and R$165, respectively, were reclassified from the line item "Other non-interest expense" to the line item "Other non-interest income." These reclassifications were implemented to allow the comparability of the financial statements as of and for the years ended December 31, 2006, 2007 and 2008 with the financial statements as of and for the year ended December 31, 2009. These reclassifications do not affect the amounts recorded as assets, liabilities, shareholders' equity or net income.

(3) For further information on the results of equity in the earnings of unconsolidated companies, see "Item 5. Operating and Financial Review and Prospects" and Note 9 to our consolidated financial statements in "Item 18. Financial Statements."

(4) Other non-interest income consists of gains (losses) of trading assets and securities received in resale agreements, net realized gains on available-for-sale securities, other non-interest income, and net impairment losses recognized in earnings on available-for-sale debt securities.

(5) Operating expenses consist of salaries, benefits and administrative expenses.

(6) Other non-interest expenses consist of amortization of intangible assets, depreciation and amortization and other non-interest expenses.

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	Year ended December 31,					
	2006	2007	2008	2009	2010	2010
	(R$, except for number of shares)					(*US$ in millions*)[1]
Data on Earnings and Dividends per Share[2]:						
Earnings per share (parent company):[3][4][5]						
Common	1.71	2.05	1.78	2.34	2.45	1.56
Preferred	1.87	2.24	1.96	2.56	2.68	1.71
Dividends/interest on shareholders' equity per share:[6]						
Common	0.58	0.73	0.66	0.73	0.85	0.54
Preferred	0.63	0.80	0.72	0.80	0.94	0.60
Weighted average number of outstanding shares:						
Common	1,779,682,527	1,820,143,790	1,853,242,280	1,856,952,050	1,881,132,857	-
Preferred	1,788,113,278	1,827,734,200	1,859,666,468	1,863,331,330	1,888,101,371	-

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at an exchange rate of R$1.5733 per US$1.00, the Central Bank exchange rate on April 29, 2011. Such translations should not be construed as a representation that the Brazilian real amounts presented were or could be converted into U.S. dollars at that rate.

(2) Data on earnings and dividends per share reflects: (a) the split of our Capital Stock on March 12, 2007, in which we issued to our shareholders one new share for each existing share of the same class; (b) the split of our Capital Stock on March 24, 2008, in which we issued to our shareholders one new share for each two existing shares of the same class, as approved by our shareholders; (c) the split of our Capital Stock on January 22, 2010, in which we issued to our shareholders one new share for each ten shares held of the same type, which was approved by our shareholders on December 18, 2009; and (d) the split of our Capital Stock on July 13, 2010, in which we issued to our shareholders one new share for each ten shares held of the same type, which was approved by our shareholders on June 10, 2010**.** For comparison purposes, all share amounts have been retroactively adjusted for all periods to reflect the stock split.

(3) Holders of preferred shares are entitled to receive dividends per share in an amount 10.0% greater than the dividends per share paid to common shareholders. For purposes of calculating earnings per share according to U.S. GAAP, preferred shares are treated in the same manner as common shares. For a description of our two classes of shares, see "Item 10.B. Memorandum and Articles of Incorporation."

(4) None of our outstanding liabilities are exchangeable for or convertible into equity securities. Therefore, our diluted earnings per share do not differ from our earnings per share. Accordingly, our basic and diluted earnings per share are equal in all periods presented.

(5) On December 17, 2010, the Special Shareholders´ Meeting voted in favor of a share capital increase of R$1,500 million, increasing share capital from R$28,500 million to R$30,000 million by issuing 62,344,140 new book-entry registered shares without par value, of which 31,172,072 were common and 31,172,068 preferred shares, at the price per share of R$24.06 through private subscription by shareholders from December 29, 2010 through January 31, 2011, in the proportion of 1.657008936% of the shareholders' holdings as of the date of the meeting, which was paid in cash on February 18, 2011. Therefore, all related share amounts were retroactively adjusted to reflect the bonus for all periods presented.

(6) The amounts determined in U.S. dollars were converted into *reais* using the exchange rate on the date such dividend was paid.

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	As of December 31,					
	2006	**2007**	**2008**	**2009**	**2010**	**2010**
			(*R$ in millions*)			(*US$ in millions*)[1]
Data from the Consolidated Balance Sheet:						
Assets						
Cash and due from banks	4,748	5,485	9,353	6,992	15,775	10,027
Interest-earning deposits in other banks	8,918	7,887	14,435	11,211	9,209	5,853
Federal funds sold and securities purchased under agreements to resell	14,649	40,601	46,950	82,146	115,276	73,270
Brazilian Central Bank compulsory deposits	23,461	31,813	26,384	32,696	65,198	41,440
Securities received in resale agreements	18,753	1,256	19,446	33,327	15,637	9,939
Trading assets and available-for-sale securities, at fair value	67,861	87,543	102,358	110,004	136,235	86,592
Held to maturity securities, at amortized cost	3,265	2,981	4,097	3,883	3,394	2,157
Loans[2]	98,724	133,137	174,835	179,934	219,283	139,378
Allowance for loan losses	(6,552)	(7,769)	(10,318)	(14,572)	(15,123)	(9,612)
Equity investees and other investments	527	761	881	2,284	3,114	1,979
Premises and equipment, net	3,000	3,547	4,263	4,830	5,426	3,449
Goodwill	667	883	1,286	1,234	1,183	752
Intangible assets, net[2]	2,163	2,917	3,138	3,643	3,652	2,321
Other assets[2]	19,087	23,467	38,363	39,203	43,353	27,555
Total assets	**259,271**	**334,509**	**435,471**	**496,815**	**621,612**	**395,101**
Liabilities						
Deposits	83,925	98,341	164,501	171,115	193,203	122,801
Federal funds purchased and securities sold under agreements to repurchase	42,875	69,015	74,730	108,357	160,701	102,143
Short-term borrowings	5,709	7,989	13,849	7,976	7,735	4,916
Long-term debt	30,122	38,915	47,255	50,817	75,237	47,821
Pension plan investment contracts	30,948	37,947	43,388	52,314	61,178	38,885
Insurance claims and pension plans reserves	12,787	14,616	14,689	15,354	16,489	10,481
Other liabilities	26,348	34,316	39,797	44,772	54,237	34,474
Total liabilities	**232,714**	**301,139**	**398,209**	**450,705**	**568,780**	**361,521**
Shareholders' Equity						
Common shares[3]	7,095	9,497	11,500	13,250	14,250	9,057
Preferred shares[4]	7,105	9,503	11,500	13,250	14,250	9,057
Capital stock	14,200	19,000	23,000	26,500	28,500	18,115
Total shareholders' equity of the parent company	26,464	33,089	36,930	45,770	52,715	33,506
Noncontrolling interest	93	281	332	340	117	74
Total shareholders' equity and noncontrolling interest[5]	26,557	33,370	37,262	46,110	52,832	33,580

Total liabilities, shareholders' equity and noncontrolling interest	**259,271**	**334,509**	**435,471**	**496,815**	**621,612**	**395,101**
Average assets(6)	227,898	289,456	376,546	463,931	548,316	348,513
Average liabilities(6)	206,466	261,552	342,178	424,149	503,584	320,081
Total average shareholders' equity of the parent company(6)	21,323	27,731	33,180	39,352	44,340	28,813

(1) Amounts stated in U.S. dollars have been translated from Brazilian *reais* at an exchange rate of R$1.5733 per US$ 1.00, the Central Bank exchange rate on April 29, 2011. Such translations should not be construed as a representation that the Brazilian real amounts presented have been or could be converted into U.S. dollars at that rate.

(2) With respect to the data as of December 31, 2006, (i) "Loans" includes R$789 million relating to loan origination fees and costs that were reclassified from "Other Assets," and (ii) "Intangible assets, net" includes R$540 million relating to exclusive rights for rendering banking services that were reclassified from "Other assets." These reclassifications were implemented to allow comparability of the financial statements as of and for the years ended December 31, 2006 with the financial statements as of and for the years ended December 31, 2007, 2008 and 2009. These reclassifications do not affect the amounts recorded as assets, liabilities, shareholders' equity or net income.

(3) Common shares outstanding, no par value: (i) 1,880,830,018 authorized and issued as of December 31, 2010, due to the split of one new share for each ten shares held of the same type, which was approved by our shareholders on June 10, 2010; (ii) 1,710,204,835 authorized and issued as of December 31, 2009 due to the split of one new share for each ten shares held of the same type, wich was approved by our shareholders on December 18, 2009; (iii) 1,534,805,958 authorized and issued as of December 31, 2008; (iv) 1,009,337,030 authorized and issued as of December 31, 2007; and (v) 500,071,456 authorized and issued up to December 31, 2006. Data from 2006 to 2010 reflect (a) the split of one share for each existing share held of the same type on March 12, 2007; (b) the split of one share for each two existing shares, which was approved by our shareholders on March 24, 2008; (c) the split of one new share for each ten shares held of the same type, which was approved by our shareholders on December 18, 2009; and (d) the split of one new share for each ten shares held of the same type, which was approved by our shareholders on June 10, 2010.

(4) Preferred shares outstanding, no par value: (i) 1,881,225,124 authorized and issued as of December 31, 2010 due to the split of one new share for each ten shares held of the same type, which was approved by our shareholders on June 10, 2010; (ii) 1,710,345,568 authorized and issued as of December 31, 2009 due to the split of one new share for each ten shares held of the same type, which was approved by our shareholders on December 18, 2009; (iii) 1,534,900,221 authorized and issued as of December 31, 2008; (iv) 1,009,336,926 authorized and issued as of December 31, 2007, and; (v) 500,811,468 authorized and issued up to December 31, 2006. Data from 2006 to 2010 reflect (a) the split of one share for each share held on March 12, 2007; (b) the split of one share for each two existing shares, which was approved by our shareholders on March 24, 2008; (c) the split of one new share for each ten shares held of the same type, which was approved by our shareholders on December 18, 2009; and (d) the split of one new share for each ten shares held of the same type, which was approved by our shareholders on June 10, 2010.

(5) Pursuant to ASC 810 of December 15, 2009, "noncontrolling interest in subsidiaries" means portions of equity in the consolidated financial statements not attributable to the parent company. For comparison purposes, this reclassification was also applied to previous years.

(6) See "Item 4.B. Business Overview-Selected Statistical Information."

Exchange Rate Information

In the past years, the exchange rate between the real and the U.S. dollar has experienced significant variation. From 2006 to mid 2008, the real appreciated against the U.S. dollar. In the second half of 2008, the real depreciated against the U.S. dollar, from R$1.5919 per U.S.$1.00 on June 30, 2008 to R$2.3370 per U.S.$1.00 on December 31, 2008, mainly due to the global economic crisis that began in mid 2008. In 2009, the real began to appreciate against the U.S. dollar, from R$2.3370 per U.S.$1.00 on December 31, 2008 to R$1.7412 as of December 31, 2009. In 2010, the real continued to appreciate against the U.S. dollar to reach R$1.6662 at the end of the year. On April 29, 2011, the exchange rate was R$1.5733 per U.S.$ 1.00. Under the current floating exchange-rate system, the real may be subject to fluctuations and depreciation or appreciation against the U.S. dollar and other currencies.

The following table sets forth the period-end, average and high and low selling rates reported by the Central Bank at closing, expressed in *reais* per US$1.00 for the periods and dates indicated:

	Closing Selling Rate for U.S. dollars R$ per US$1.00			
Period	**Period-End**	**Average(1)**	**High**	**Low**
2006	2.1380	2.1812	2.3407	2.0892
2007	1.7713	1.9460	2.1380	1.7440
2008	2.3370	1.8824	2.4689	1.5666
2009	1.7412	2.0171	2.3784	1.7412
2010	1.6662	1.7575	1.8748	1.6662
December	1.6662	1.6934	1.7117	1.6662
2011				
January	1.6734	1.6749	1.6912	1.6510
February	1.6612	1.6680	1.6776	1.6612
March	1.6287	1.6591	1.6757	1.6287
April	1.5733	1.5864	1.6194	1.5654

(1) Average of the month-end rates from December of the previous period through last month of the period indicated.

Source: Central Bank.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Macroeconomic risks

Our business and results of operations are materially affected by conditions in the global financial markets.

There was extreme volatility and disruption in the global capital and credit markets in 2008 and 2009. The disruptions recently in the global capital and credit markets led to reduced liquidity and increased credit risk premiums for many market participants, resulting in a reduction in the availability and/or increased costs of financing, both for financial institutions and their customers. Increasing or high interest rates and/or widening credit spreads created a less favorable environment for most of our businesses and may impair the

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ability of some of our clients to repay debt that they owe to us, and reduce our flexibility in planning for, or reacting to, changes in their operations and the financial industry overall. Accordingly, even though conditions in the Brazilian and global economy have improved, our results of operations are likely to continue to be affected by conditions in the global financial markets as long as they remain volatile and subject to disruption and uncertainty.

The Brazilian government exercises influence over the Brazilian economy, and Brazilian political and economic conditions have a direct impact on our business.

Our financial condition and results of operations are substantially dependent on Brazil's economy,which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles.

In the past, the Brazilian government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the Brazilian government may take in response to the current or future Brazilian economic situation or how government intervention and government policies will affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

Our operations, financial condition and the market price of our preferred shares and ADSs may be adversely affected by changes in policy involving exchange controls, tax and other matters, as well as factors such as:

- fluctuations in exchange rates;
- base interest rate fluctuations;
- domestic economic growth;
- political, social or economic instability;
- monetary policies;
- tax policy and changes in tax regimes;
- exchange controls policies;
- liquidity of domestic financial, capital and credit markets;
- our customers' ability to meet their obligations with us;
- decreases in wage and income levels;
- increases in unemployment rates;
- inflation; and
- other political, diplomatic, social and economic developments within and outside of Brazil that affect the country.

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In October 2010, presidential elections took place in Brazil. Uncertainties in relation to the implementation by the new government of changes relating to the monetary, tax and pension funds policies as well as to the relevant legislation may contribute to economic instability. This may increase market volatility of the Brazilian securities. It is not possible to predict whether the government that was elected in October 2010 or any succeeding governments will have an adverse effect on the Brazilian economy, and, consequently, on our businesses and the fair value of our preferred shares and ADSs.

Currency exchange variations may have an adverse effect on the Brazilian economy and on our results and financial condition.

Our business is impacted by fluctuations in the value of the *real*. Since October 2002, and more intensively since June 2004, the *real* has gained value against the dollar, with rare moments of depreciation (reaching R$1.5593 per U.S. dollar on August 1, 2008). In late 2008, in the context of the global financial crisis, the value of the *real* against the U.S. dollar declined sharply (reaching R$2.3370 per U.S. dollar on December 31, 2008, after having reached R$2.5000 per U.S. dollar on December 5, 2008). In 2009, the *real* returned to the trajectory of appreciation against the U.S. dollar (reaching R$1.7412/U.S. dollar at the end of the year). In 2010, the *real* continued to appreciate against the U.S. dollar to reach R$1.6662 at the end of the year. Macroeconomic fundamentals and the current global situation (abundant liquidity, high risk appetite and commodity prices to rise) suggest that indicators of currency appreciation are still present.

As of December 31, 2010, the net balance of our assets and liabilities denominated in, or indexed to, foreign currencies (primarily U.S. dollars) was 2.4% of our total assets. When the Brazilian currency is devalued or if it depreciates, we incur losses on our liabilities denominated in, or indexed to, foreign currency, such as our U.S. dollar denominated long term debt and foreign currency loans, and experience gains on our monetary assets denominated in or indexed to foreign currency, as the liabilities and assets are translated into *reais*. Therefore, if our liabilities denominated in, or indexed to, foreign currency significantly exceed our monetary assets denominated in, or indexed to, foreign currency, including any financial instruments entered into for hedging purposes, a large devaluation or depreciation of the Brazilian currency could materially and adversely affect our financial results and the market price of our preferred shares and ADSs, even if the value of the liabilities has not changed in their original currency. In addition, our lending operations depend significantly on our capacity to match the cost of funds indexed to the U.S. dollar with the rates charged to our customers. A significant devaluation or depreciation may affect our ability to attract customers on such terms or to charge rates indexed to the U.S. dollar.

Conversely, when the Brazilian currency appreciates, we incur losses on our monetary assets denominated in, or indexed to, foreign currencies, such as the U.S. dollar, and our liabilities denominated in, or indexed to, foreign currency decrease, as the liabilities and assets are translated into *reais*. Therefore, if our monetary assets denominated in, or indexed to, foreign currency significantly exceed our liabilities denominated in, or indexed to, foreign currency, including any financial instruments entered into for hedging purposes, a large appreciation of the Brazilian currency could materially and adversely affect our financial results even if the value of the monetary assets has not changed in their original currency.

If Brazil experiences substantial inflation in the future, our revenues and our ability to access foreign financial markets may be reduced.

Brazil has, in the past, experienced extremely high rates of inflation. Brazil’s rates of inflation, as measured by the*Índice Geral de Preços Disponibilidade Interna* (the General Price Index – Domestic Availability) ("IGP-DI"), reached 9.1%, -1.4% and 11.3% as of December 31, 2008, 2009 and 2010, respectively. Inflation, along with government measure to combat inflation and public speculation about possible future government measures, has had significant negative effects on the Brazilian economy and contributed to increase economic uncertainty in Brazil and heighten volatility in the Brazilian securities markets, which may have an adverse effect on us.

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These measures have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have fluctuated significantly. Increases in the *Sistema Especial de Liquidação e Custódia* rate (Special Clearing and Settlement System rate), which we call the "Selic rate," the base interest rate established by COPOM (Monetary Policy Committee), may have an adverse effect on us by reducing demand for our credit, and increasing our cost of funds, domestic debt expense and the risk of customer default. Decreases in the Selic rate may also have an adverse effect on us by decreasing the interest income we earn on our interest-earning assets.

Future Brazilian government actions, including interest rate decreases, intervention in the foreign exchange market and actions to adjust or fix the value of the *real* may trigger increases in inflation. If Brazil experiences fluctuations in rates of inflation in the future, our costs and net margins may be affected and, if investor confidence lags, the price of our securities may fall. Inflationary pressures may also affect our ability to access foreign financial markets and may lead to counter-inflationary policies that may have an adverse effect on our business, financial condition, results of operations and the market value of our preferred shares and ADRs.

Changes in base interest rates by the COPOM may materially adversely affect our margins and results of operations.

The COPOM establishes the base interest rates for the Brazilian banking system. The base interest rate was 13.75%, 8.75% and 10.75% per year as of December 31, 2008, 2009 and 2010, respectively. Changes in the base interest rate may adversely affect our results of operations because:

- high base interest rates increase our domestic debt expense and may increase the likelihood of customer defaults; and
- low base interest rates may diminish our interest income.

The COPOM adjusts the base interest rate in order to manage aspects of the Brazilian economy, including the protection of reserves and capital flows. We have no control over the base interest rates set by the COPOM or how often such rates are adjusted.

Developments and the perception of risk in Brazil and other countries, especially emerging market countries, may adversely affect the market price of Brazilian securities, including our preferred shares and ADRs.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Crises in other emerging market countries may diminish investor interest in securities of Brazilian issuers, including ours, which could adversely affect the market value of our preferred shares and ADRs.

The global financial crisis had significant consequences worldwide, including in Brazil, such as capital markets volatility, unavailability of credit, higher interest rates, a general slowdown of the world economy, volatile exchange rates and inflationary pressure, among others, which had, directly or indirectly, an adverse effect on our business, financial condition, results of operation, the market price of securities of Brazilian issuers, including ours, and our ability to finance our operations.

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Risks relating to Bradesco and the Brazilian banking industry

We may experience increases in our level of past due loans as our credit portfolio becomes more seasoned.

Our loan portfolio has grown substantially since 2004, primarily as a result of the expansion of the Brazilian economy. Any corresponding rise in our level of non-performing loans may lag behind the rate of loan growth, as loans typically do not become due within a short period of time after their origination. Levels of past due loans are higher among our individual clients than our corporate clients. From 2006 to 2010, our loan portfolio increased by 122.1% but our level of non-performing loans increased by 135.3%, driven by increases in the number of individual clients.

Beginning in mid-2008, weakening economic conditions in Brazil led to a rise in unemployment, which in turn led to increases in our level of past due loans, particularly in our individual clients portfolio. This trend of increasing levels of past due loans worsened in 2009. Our levels of past due loans improved in 2010, as a result of the recovery in the Brazilian economy, leading to a decrease in our provision for loan losses. While our loan portfolio grew by 21.9% during the year ended December 31, 2010, our allowance for loan losses increased only 3.8% over that same period. However, if economic conditions in Brazil deteriorate, we may be required to increase our allowance for loan losses in the future.

Rapid loan growth may also reduce our ratio of past due loans to total loans until growth slows or the portfolio becomes more seasoned. Adverse economic conditions and a slower growth rate for our loan portfolio may result in increases in our allowance for loan losses, charge-offs and our ratio of past due loans to total loans, which may have an adverse effect on our business, financial condition and results of operations.

The increasingly competitive environment in the Brazilian bank and insurance industries may negatively affect our business prospects.

The markets for financial, banking and insurance services in Brazil are highly competitive. We face significant competition in all of our principal areas of operation from other large Brazilian and international banks and insurance companies, public and private. The consolidation of the Brazilian banking market has also increased. In 2008, Banco Itaú S.A. (Banco Itaú) and Unibanco – União de Bancos Brasileiros S.A. (Unibanco) merged their businesses into Banco Itaú Unibanco (Itaú Unibanco), now named Banco Itaú, creating a significant presence in our marketplace. In addition, Banco do Brasil S.A. (Banco do Brasil) acquired Banco Nossa Caixa S.A. and entered into a strategic partnership with Banco Votorantim S.A. (Banco Votorantim).

In 2009, Itaú Unibanco also entered into a partnership with Porto Seguro Cia. de Seguros Gerais (Porto Seguro) in the automobile and housing insurance sector, creating the market leader in the automobile insurance business.

Additionally, Brazilian regulations raise limited barriers to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the presence of foreign banks and insurance companies in Brazil, some of which have greater resources than us, has grown and competition both in the banking and insurance sectors generally and in markets for specific products has increased. The privatization of publicly owned banks has also made the Brazilian markets for banking and other financial services more competitive.

The increased competition may negatively affect our business results and prospects by, among other things:

- limiting our ability to increase our customer base and expand our operations;

- reducing our profit margins on the banking, insurance, leasing and other services and products offered by us; and
- increasing competition for foreign investment opportunities.

Losses on our investments in securities may have a significant impact on our results of operations and are not predictable.

The value of certain of our investments in securities may decline significantly due to volatile financial markets and may fluctuate over short periods of time. As of December 31, 2010, investments in securities represented 25.0% of our assets, and realized investment gains and losses have had and will continue to have a significant impact on our results of operations. The amounts of such gains and losses, which we record when investments in securities are sold, or in certain limited circumstances where they are marked to market or recognized at fair value, may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of the securities, which in turn may vary considerably, and our investment policies. We cannot predict the amount of realized gain or loss for any future period, and our management believes that variations from period to period have no practical analytical value. Furthermore, any gains on our investment portfolio may not continue to contribute to net income at levels consistent with recent periods or at all, and we may not successfully realize the appreciation now existing in our consolidated investment portfolio or any portion thereof.

We may incur losses associated with counterparty exposures.

We face the possibility that a counterparty will be unable to honor its contractual obligations. These counterparties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Such counterparty risk is more acute in difficult markets where the risk of failure of counterparties is higher.

Our trading activities and derivatives transactions may produce material losses.

We engage in the trading of securities, buying debt and equity securities principally to sell them in the near term with the objective of generating profits on short-term differences in price. These investments could expose us to the possibility of material financial losses in the future, as securities are subject to fluctuations in value, which may generate losses. In addition, we enter into derivatives transactions to manage our exposure to interest rate and exchange rate risk. Such derivatives transactions are designed to protect us against increases in exchange rates or interest rates or against decreases in such rates, but not both. If we have entered into derivatives transactions to protect against, for example, decreases in the value of the real or in interest rates and the *real* instead increases in value or interest rates increase, we may incur financial losses. Such losses could materially and adversely affect our future results of operations and cash flow.

The Brazilian government regulates the operations of Brazilian financial institutions and insurance companies, and changes in existing laws and regulations or the imposition of new laws and regulations may negatively affect our operations and revenues.

Brazilian banks and insurance companies, including our banking and insurance operations, are subject to extensive and continuous regulatory review by the Brazilian government. We have no control over government regulations, which govern all facets of our operations, including the imposition of:

- minimum capital requirements;

- compulsory deposit/reserve requirements;
- investment requirements in fixed assets;
- lending limits and other credit restrictions;
- accounting and statistical requirements;
- solvency margins;
- minimum coverage; and
- mandatory provisions policies.

The regulatory structure governing Brazilian banks and insurance companies is continuously evolving. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenues.

In particular, the Brazilian government has historically enacted regulations affecting financial institutions in an effort to implement its economic policies. These regulations are intended to control the availability of credit and reduce or increase consumption in Brazil. These changes may adversely affect us because our returns on compulsory deposits are lower than those we obtain on our other investments.

Parts of our business that are not currently subject to government regulation may become regulated in the future. For example, there are several legislative proposals currently under discussion in the Brazilian congress to regulate the credit card industry. Some of these proposals aim at increasing competition in the industry and limiting the fees charged by credit card companies. On November 25, 2010, for example, the Central Bank issued new regulations on fees charged by financial institutions, including criteria for calculating minimum credit card payments**.** New regulations affecting the credit card industry may have a material adverse effect on the revenues from our credit card business. Such new regulations and other regulatory changes affecting other businesses in which we are engaged, including our broker dealer and leasing operations, could have an adverse effect on our operations and our revenues.

A majority of our common shares is held by one shareholder, whose interests may conflict with our other investors' interests.

As of December 31, 2010 Fundação Bradesco directly and indirectly held 51.06% of our common shares. Under the terms of Fundação Bradesco's by-laws, all of our officers, members of our *Diretoria Executiva* and department officers that have been working at Grupo Bradesco for more than ten years serve as members of the board of trustees of Fundação Bradesco. The board of trustees has no other members. Decisions in relation to our policy towards acquisitions, divestitures, financings or other transactions could be made by Fundação Bradesco which may be contrary to the interests of holders of common shares, and which may have a negative impact on the interests of holders of common shares. For more information on our shareholders, see "Item 7.A. Major Shareholders."

Changes in regulations regarding reserve and compulsory deposit requirements and taxes may reduce operating margins.

The Central Bank has periodically changed the level of compulsory deposits that financial institutions in Brazil are required to maintain with the Central Bank. For example, in February 2010, the Central Bank increased compulsory deposit requirements on time deposits. Then, in June 2010, it increased compulsory

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deposit requirements on demand deposits. In December 2010, it increased compulsory deposit requirements again on time deposits and also increased additional compulsory deposit requirements.

In January 2011, the Central Bank also introduced compulsory deposits on short foreign-currency positions. Some compulsory deposit rules were altered by the Central Bank in March 2011 primarily in order to encourage medium-sized banks to increase capital with income earned in fiscal 2010. The Central Bank may increase its reserve and compulsory deposit requirements in the future or impose new reserve requirements.

Compulsory deposits generally yield lower returns than our other investments and deposits because:

- a portion of our compulsory deposits does not bear interest;
- a portion of our compulsory deposits must be held in Brazilian government securities; and
- a portion of our compulsory deposits must finance a federal housing program, the Brazilian rural sector, low income customers and small enterprises under a program referred to as a "microcredit program."

As of December 31, 2010, our compulsory deposits in connection with demand, savings and time deposits and additional compulsory deposits were R$65.2 billion. Reserve requirements have been used by the Central Bank to control liquidity as part of monetary policy in the past, and we have no control over their imposition. Any increase in the compulsory deposit requirements may reduce our ability to lend funds and to make other investments and, as a result, may adversely affect us. For more information on compulsory deposits, see "Item 4.B. Business Overview-Deposit-taking activities."

Changes in taxes and other fiscal assessments may adversely affect us.

The Brazilian Government regularly enacts reforms to the tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes and the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified and there can be no assurance that these reforms will not, once implemented, have an adverse effect upon our business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in our non-performing credit portfolio.

The Brazilian constitution used to establish a ceiling on loan interest rates, including bank loan interest rates, and the impact of the subsequent legislation regulating the subject is uncertain.

Article 192 of the Brazilian constitution, enacted in 1988, established a 12% per year ceiling on bank loan interest rates. However, since the enactment of the constitution, this rate had not been enforced, as the regulation regarding the ceiling was pending. The understanding that this ceiling is not yet in force has recently been confirmed by *Súmula Vinculante* No. 7, a final binding decision enacted in 2008 by the Brazilian Supreme Court in accordance with such Court's prior understanding on this matter. Since 1988, several attempts were made to regulate the limitation on loan interest, and especially bank loan interest rates, but none of them were implemented nor have been confirmed by Brazilian superior courts.

On May 29, 2003, Constitutional Amendment No. 40 (or EC 40/03) was enacted and revoked all subsections and paragraphs of Article 192 of the Brazilian constitution. This amendment allows the Brazilian Financial System to be regulated by specific laws for each sector of the system rather than by a single law relating to the system as a whole.

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With the enactment of the New Civil Code (or Law No. 10,406 of January 10, 2002), unless the parties to a loan have agreed to use a different rate, in principle the interest rate ceiling has been pegged to the base rate charged by the *Fazenda Nacional* (the National Treasury). Currently, this base rate is the Selic, which was 11.75% *per annum* as of April 8, 2011. However, there is presently some uncertainty as to whether the Selic or the 12% *per annum* interest rate established in the Brazilian Tax Code should apply.

The impact of EC 40/03 and the provisions of the New Civil Code are uncertain at this time but any substantial increase or decrease in the interest rate ceiling could have a material effect on the financial condition, results of operations or prospects of Brazilian financial institutions, including us.

Additionally, certain Brazilian courts have issued decisions in the past limiting interest rates on consumer financing transactions that are considered abusive or excessively onerous in comparison with market practice. Brazilian courts' future decisions as well as changes in legislation and regulations restricting interest rates charged by financial institutions could have an adverse effect on our business.

Our losses in connection with insurance claims may vary from time to time and differences between the losses from actual claims and underwriting and reserving assumptions may have an adverse effect on us.

Our results of operations significantly depend upon the extent to which our actual claims are consistent with the assumptions we used to assess our potential future policy and claim liabilities and to price our insurance products. We seek to limit our responsibility and price our insurance products based on the expected payout of benefits, calculated using several factors, such as: assumptions for investment returns, mortality and morbidity, expenses, persistency, and certain macroeconomic factors, such as inflation and interest rates. These assumptions may deviate from our prior experience, including due to factors beyond our control such as natural disasters (floods, explosions and fires) and man-made disasters (riots, gang or terrorist attacks) or changes in mortality and morbidity rates as a result of advances in medical technology and longevity, among others. Therefore, we cannot determine precisely the amounts that we will ultimately pay to settle these liabilities, when these payments will need to be made, or whether the assets supporting our policy liabilities, together with future premiums, will be sufficient for payment of these liabilities. These amounts may vary from the estimated amounts, particularly when those payments do not occur until well in the future, which is the case with certain of our life insurance products. To the extent that actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, we may be required to increase our provisions, which may have an adverse effect on our cash flow.

If our actual losses exceed our provisions on risks that we underwrite, we could be adversely affected.

Our results of operations and financial condition depend upon our ability to accurately assess the actual losses associated with the risks that we underwrite. Our current provisions are based on estimates that rely on then-available information and that involve a number of features including recent loss experience, current economic conditions, internal risk rating, actuarial and statistical projections of our expectations of the cost of the ultimate settlement of claims, such as estimates of future trends in claims severity and frequency, judicial theories of liability, the levels of and/or timing of receipt or payment of premiums and rates of retirement, mortality, morbidity and persistency, among others. Accordingly, the establishment of provisions is inherently uncertain and our actual losses usually deviate, sometimes substantially, from such estimates. Deviations occur for a variety of reasons. Reasons for such deviation include that, since we record our allowance for loan losses based on estimates of incurred losses, the allowance for loan losses might not be sufficient to cover losses; we might have an increased number of claims; or our costs could be higher than the costs we estimated. If actual losses materially exceed our provisions, we could be adversely affected.

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We are jointly liable for claims of our clients if our reinsurers fail to meet their obligations under the reinsurance contracts.

The purchase of reinsurance does not hold us harmless against our liability towards our clients if the reinsurer fails to meet its obligations under the reinsurance contracts. As a result, reinsurers' insolvency or failure to make timely payments under these contracts could have an adverse effect on us, given that we remain responsible before our policyholders.

Our strategy of marketing and expanding Internet banking in Brazil could be badly received or more expensive than lucrative.

We have aggressively pursued the use of the Internet for banking and to provide other services to our clients and expect to continue to do so. However, the market for our Internet products is rapidly evolving and is becoming increasingly competitive. We cannot predict whether, or how fast, this market will grow. Moreover, if we fail to adapt effectively to growth and change in the Internet market and technology, our business, competitiveness, or results of operations could be adversely affected.

The Internet may prove not to be a viable Brazilian commercial marketplace for a number of reasons, including a lack of acceptable security technologies, potentially inadequate development of the necessary infrastructure, the lack of necessary development and commercialization of performance improvements, or a perceived unreliability of our systems by our clients.

Risks relating to the preferred shares and ADSs

The preferred shares and ADSs generally do not give their holders voting rights.

Under Brazilian corporate law (Brazilian Law No. 6,404/76, as amended by Law No. 9,457/97 and Brazilian Law No. 10,303/01, which we refer to collectively as "Brazilian Corporate Law") and our bylaws, holders of our preferred shares, and therefore of our ADSs, are not entitled to vote at our shareholders' meetings, except in limited circumstances. This means, among other things, that holders of ADSs are not entitled to vote on corporate transactions, including any proposed merger or consolidation with other companies.

In addition, in the limited circumstances where preferred shareholders are able to vote, holders may exercise voting rights with respect to the preferred shares represented by ADSs only in accordance with the provisions of the deposit agreement relating to the ADSs. There are no provisions in Brazilian law or in our bylaws that limit ADS holders' ability to exercise their voting rights through the depositary bank with respect to the underlying preferred shares. However, there are practical limits to the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with such holders. For example, our preferred shareholders will either be notified directly or through notification published in Brazilian newspapers and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders, on the other hand, will not receive notice directly from us. Instead, in accordance with the deposit agreement, we will send notice to the depositary bank, which will, in turn, as soon as possible, mail the notice of such a meeting to holders of ADSs with a statement as to the manner in which instructions may be given by holders. To exercise their voting rights, ADS holders must then instruct the depositary bank how to vote the shares represented by their ADSs. Because of this extra procedural step involving the depositary bank, the process for exercising voting rights will take longer for ADS holders than for holders of preferred shares. ADSs for which the depositary bank does not receive voting instructions in good time will not be able to vote at a meeting.

Except in certain circumstances, ADS holders may not exercise voting rights attached to the ADSs.

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The relative volatility and illiquidity of the Brazilian securities markets may substantially limit our ability to sell preferred shares underlying the ADSs at the price and time you desire.

Investing in securities that trade in emerging markets such as Brazil often involves greater risk than investing in securities of issuers in other countries, and these investments are generally considered more speculative in nature. The Brazilian securities market is substantially smaller and less liquid than major securities markets, such as the United States, and may be more volatile. Although you are entitled to withdraw the preferred shares underlying the ADSs from the depositary bank at any time, your ability to sell the preferred shares underlying the ADSs at a price and time acceptable to you may be substantially limited. There is also significantly greater concentration in the Brazilian securities market than in major securities markets such as the United States or other countries. The ten largest companies in terms of market capitalization accounted for 8.3% of the aggregate market capitalization of the BM&FBovespa in March 2011.

Preferred shares and ADSs do not entitle you to a fixed or minimum dividend.

Holders of our preferred shares and ADSs are not entitled to a fixed or minimum dividend. Pursuant to our bylaws, our preferred shares are entitled to dividends 10% higher than those assigned to our common shares. Although under our current bylaws we are obligated to pay our shareholders at least 30% of our annual adjusted net income, the shareholders attending our Annual Shareholders’ meeting may decide to suspend this mandatory distribution of dividends if the Board of Directors advises that payment of the dividend is not compatible with our financial condition. Neither our bylaws nor Brazilian law specifies the circumstances in which a distribution would not be compatible with our financial condition, and our controlling shareholders have never suspended the mandatory distribution of dividends. However, general Brazilian practice is that a company need not pay dividends if such payment would endanger the existence of the company or harm its normal course of operations.

As a holder of ADSs you will have fewer and less well-defined shareholders' rights than in the United States and certain other jurisdictions.

Our corporate affairs are governed by our bylaws and Brazilian Corporate Law, which may differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States or in certain other jurisdictions outside Brazil. Under Brazilian Corporate Law, you and the holders of the preferred shares may have fewer and less well-defined rights to protect your interests relative to actions taken by our Board of Directors or the holders of our common shares than under the laws of other jurisdictions outside Brazil.

Although Brazilian Corporate Law imposes restrictions on insider trading and price manipulation, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or markets in certain other jurisdictions. In addition, in Brazil, self-dealing and the preservation of shareholder interests may be less heavily regulated and regulations may not be as strictly enforced in Brazil as in the United States, which could potentially disadvantage you as a holder of the preferred shares underlying ADSs. For example, compared to Delaware general corporation law, Brazilian Corporate Law and practice have less detailed and well-established rules and judicial precedents relating to review of management decisions under duty of care and duty of loyalty standards in the context of corporate restructurings, transactions with related parties, and sale-of-business transactions. In addition, shareholders in Delaware companies must hold 5% of the outstanding share capital of a corporation to have valid standing to bring shareholder derivative suits, while shareholders in Brazilian companies do not normally have valid standing to bring a class action.

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It may be difficult to bring civil liability causes against us or our directors and executive officers.

We are organized under the laws of Brazil, and all of our directors and executive officers reside outside the United States. In addition, a substantial portion of our assets and most or all of the assets of our directors and executive officers are located in Brazil. As a result, it may be difficult for investors to effect service of process within the United States or other jurisdictions outside of Brazil on such persons or to enforce judgments against them, including any based on civil liabilities under the U.S. federal securities laws.

If we issue new shares or our shareholders sell shares in the future, the market price of your ADSs may be reduced.

Sales of a substantial number of shares, or the belief that this may occur, could decrease the market price of our preferred shares and ADSs by diluting the shares' value. If we issue new shares or our existing shareholders sell the shares they hold, the market price of our preferred shares and therefore of our ADSs, may decrease significantly.

You may be unable to exercise preemptive rights relating to the preferred shares.

You will not be able to exercise preemptive rights relating to the preferred shares underlying your ADSs unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. Similarly, we may from time to time distribute rights to our shareholders. The depositary bank will not offer rights to you as a holder of the ADSs unless the rights are either registered under the Securities Act or are subject to an exemption from the registration requirements. We are not obligated to file a registration statement with respect to the shares or other securities relating to these rights, and we cannot assure you that we will file any such registration statement. Accordingly, you may receive only the net proceeds from the sale by the depositary bank of the rights received in respect of the shares represented by your ADSs or, if the preemptive rights cannot be sold, they will be allowed to lapse. You may also be unable to participate in rights offerings by us, and your holdings may be diluted as a result.

If you exchange your ADSs for preferred shares, you risk losing Brazilian tax advantages and the ability to remit foreign currency abroad.

Brazilian law requires that parties obtain registration with the Central Bank in order to be allowed to remit foreign currencies, including U.S. dollars, abroad. The Brazilian custodian for the preferred shares must obtain the necessary registration with the Central Bank for payment of dividends or other cash distributions relating to the preferred shares or after disposition of the preferred shares. If you exchange your ADSs for the underlying preferred shares, however, you may only rely on the custodian's certificate for five business days from the date of exchange. Thereafter, you must obtain your own registration in accordance with the rules of the Central Bank and the Brazilian Securities Commission (*Comissão de Valores Mobiliários,* or CVM), in order to obtain and remit U.S. dollars abroad after the disposition of the preferred shares or the receipt of distributions relating to the preferred shares. If you do not obtain a certificate of registration, you may not be able to remit U.S. dollars or other currencies abroad and may be subject to less favorable tax treatment on gains with respect to the preferred shares. For more information, see "Item 10.D. Exchange Controls."

If you attempt to obtain your own registration, you may incur expenses or suffer delays in the application process, which could delay your receipt of dividends or distributions relating to the preferred shares or the return of your capital in a timely manner. The custodian's registration and any certificate of foreign capital registration you may obtain may be affected by future legislative changes. Additional restrictions applicable to you, to the disposition of the underlying preferred shares or to the repatriation of the proceeds from disposition may be imposed in the future.

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ITEM 4. INFORMATION ON THE COMPANY

4.A. History, Development of the Company and Business Strategy

The company

We were founded in 1943 as a commercial bank under the name "Banco Brasileiro de Descontos S.A." In 1948, we began a period of aggressive expansion, which led to our becoming the largest private-sector commercial bank in Brazil by the end of the 1960s. We expanded our activities nationwide during the 1970s and conquered urban and rural markets in Brazil. In 1988 we merged with our real estate finance, investment bank and consumer credit subsidiaries to become a multiple service bank and changed our name to Banco Bradesco S.A.

We are currently one of the largest private-sector banks (non-government-controlled) in Brazil in terms of total assets. We offer a wide range of banking and financial products and services in Brazil and abroad to individuals, large, mid-sized and small companies and major local and international corporations and institutions. We have the most extensive private-sector branch and service network in Brazil, allowing us to reach a diverse client base. Our products and services encompass banking operations such as loans and deposit-taking, credit card issuance, purchasing consortiums, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services.

According to information published by SUSEP and by ANS, we are the largest insurance, pension plan and certificated savings plan group in Brazil on a consolidated basis in terms of insurance premiums, pension plan contributions and income from certificated savings plans. *Títulos de capitalização,* which we call "certificated savings plans," refers to a type of savings account combined with periodic cash-prize draws. According to the annual publication of Fundación Mapfre, in Spain, Grupo Bradesco de Seguros e Previdência was the largest insurance and supplementary private pension group in Latin America in 2009.

In 2010, some of our subsidiaries ranked among the largest companies in Brazil in their respective markets, according to the sources cited in parentheses below, including:

- *Bradesco Seguros S.A.*, our insurance subsidiary ("Bradesco Seguros"), together with its subsidiaries, leader in terms of insurance premiums, shareholders' equity and technical reserves ("SUSEP" and "ANS"):
  - *Bradesco Vida e Previdência S.A.* ("Bradesco Vida e Previdência"), Bradesco Seguros' subsidiary is the largest company in the market in terms of private pension plan contributions, life and personal accident insurance premiums, investment portfolios and technical provisions ("SUSEP");
  - *Bradesco Capitalização S.A.* ("Bradesco Capitalização"), Bradesco Seguros' subsidiary offers certificated savings plans. Bradesco Capitalização is the leading private company in the market in terms of revenue from the sale of certificated savings plans ("SUSEP");
  - *Bradesco Auto/RE Companhia de Seguros S.A.* ("Bradesco Auto/RE"), Bradesco Seguros' subsidiary is one of the largest companies in its segment, offering automobile insurance, property/casualty and liability products ("SUSEP"); and
  - *Bradesco Saúde S.A.* ("Bradesco Saúde"), Bradesco Seguros' subsidiary offers health insurance, including coverage of medical and hospital expenses. Bradesco Saúde has one of the largest networks of healthcare service providers and is the health insurance market leader ("ANS").

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- *Bradesco Leasing S.A. Arrendamento Mercantil* ("Bradesco Leasing"), is one of the leaders in terms of the present value of leasing portfolio ("ABEL");
- *Bradesco Administradora de Consórcios Ltda.* ("Bradesco Consórcios"), market leader in its segment with over 471,600 outstanding purchasing consortium quotas ("Central Bank"); and
- *Banco Bradesco Financiamentos* ("Bradesco Financiamentos") (former Banco Finasa BMC), leader in terms of vehicle financing ("Central Bank").

We are also one of the leaders among private-sector financial institutions in asset management and underwriting debt securities, according to information published by the Brazilian Association of Financial and Capital Markets Entities (*Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais* or "ANBIMA").

As of December 31, 2010, we had, on a consolidated basis:

- R$621.6 billion in total assets;
- R$219.3 billion in total loans;
- R$193.2 billion in total deposits;
- R$52.8 billion in shareholders' equity, including noncontrolling interest;
- R$85.7 billion in technical reserves for insurance claims, pension plans, certificated savings plans and pension investment contract operations;
- R$25.7 billion in foreign trading financing;
- 26.6 million insurance policyholders;
- 23.1 million checking account holders;
- 41.1 million savings accounts;
- 2.7 million certificated savings plans holders;
- 2.0 million pension plan holders;
- 1,257 Brazilian and multinational corporations with affiliated companies in Brazil as corporate customers;
- an average of 15.2 million daily transactions, including 2.2 million in our 3,628 branches and 13 million through self-service outlets, mainly Automatic Teller Machines, or ATMs, the Internet, and telephone and mobile services (*Fone Fácil* and *Bradesco Celular*);
- a nationwide network consisting of 3,628 branches, 32,015 ATMs and 4,480 special banking service stations and outlets located on the premises of selected corporate clients, as well as 11,057 shared network ATMs for operations such as cash withdrawal, statement printing, account balance information, loans, or money transfers between accounts; and

- a total of 3 branches and 8 subsidiaries located in New York, London, the Cayman Islands, Japan, Argentina, Luxembourg, Hong Kong and Mexico.

Since 2009, we have been doing business in every single one of the municipalities in Brazil. Our extensive banking network takes us closer to our customers, providing our managers with information on economically active regions and other key conditions for our business. This knowledge helps us to assess and limit risks in loans, among other risks, as well as to service the particular needs of our clients.

We are a business corporation organized under the laws of Brazil. Our headquarters is in Cidade de Deus, Vila Yara, 06029-900, Osasco, SP, Brazil, and its telephone number is (55-11) 3684-4011. Our New York Branch is located at 450 Park Avenue, 32^{nd} floor, New York 10022-2605.

Recent acquisitions

In July 2010 Bradesco announced the acquisition of 10.67% of the Capital Stock of Companhia Brasileira de Soluções e Serviços (CBSS) for R$141.4 million. In January 2011 Bradesco announced the acquisition of an additional 5.01% of CBSS's Capital Stock for R$85.8 million. As a result, Bradesco increased its total ownership interest in CBSS to 50.01%.

In July 2010, Bradesco concluded the acquisition of 2.09% of the Capital Stock of Cielo S.A. (Cielo), for a total consideration of R$431.7 million, increasing its ownership interest in Cielo to 28.65%.

In June 2010, Bradesco concluded the acquisition of the entire Capital Stock of the controlling group of Ibi Services S. de R.L. México ("Ibi México") and of RFS Human Management S. de R.L., a subsidiary of Ibi México. This transaction includes a partnership contract with C&A México S. de R.L. (C&A México) for a period of 20 years for the exclusive joint sale of financial products and services through C&A México chain stores.

2009 and 2008 acquisitions

In October 2009 we announced that the board of directors of Odontoprev and Bradesco, the latter as indirect controlling shareholder of Bradesco Dental entered into a joint venture agreement in the dental insurance sector. Under the merger plan, Bradesco Dental became a wholly-owned subsidiary of Odontoprev, and Bradesco Saúde, the direct controlling company of Bradesco Dental, received shares representing 43.50% of Odontoprev's total capital. Together, Bradesco Saúde (43.50%) and Odontoprev's major shareholder, Mr. Randal Luiz Zanetti (7.56%), entered into a shareholders´ agreement to hold 51.06% of the combined company's capital.

In June 2009, we entered into an agreement to acquire Ibi Participações S.A., Banco Ibi and its subsidiaries, for a total consideration of R$1.5 billion, paid to the former controlling shareholders in shares representing approximately 1.6% of Bradesco's capital stock. Banco Ibi is among the main credit card issuers in Brazil, both in the private label segment as well as in branded cards, and its acquisition substantially strengthened our position in both markets. The transaction includes a partnership with C&A Modas Ltda., a leader in the fashion and clothing markets, under which Bradesco started offering its financial products and services at C&A stores, for 20 years.

Bradesco announced in April 2009 that through Bradesco Seguros e Previdência, its insurer group, it acquired 20% of the voting capital and total Capital Stock of Integritas, a holding company of Grupo Fleury, for R$342 million. Grupo Fleury, which has operated for the past 83 years, is one of Brazil's most renowned and respected medical and health organizations. It provides diagnosis, clinical treatment and medical analysis services and is a reference center for complex medical tests for some 1,500 clinical laboratories and hospitals.

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In March 2008, Banco Bradesco BBI S.A. ("BBI") entered into an agreement with the shareholders of Ágora CTVM S.A. ("Ágora Corretora") to acquire 100% of its total Capital Stock for R$908 million. On completion of the transaction in September 2008 following receipt of Central Bank approval, the Ágora Corretora shareholders received shares representing 7.8% of BBI's capital stock. Ágora Corretora thus became a wholly owned subsidiary of BBI. During November and December 2008, we repurchased 6.1% of BBI shares held by Ágora's former shareholders.

In January 2008, we entered into an agreement with Marsh Corretora de Seguros Ltda. to acquire 100% of the total Capital Stock of Mediservice – Administradora de Planos de Saúde Ltda. ("Mediservice") for R$84.9 million. Mediservice has been operating in Brazil for 20 years and has offices in the cities of São Paulo, Rio de Janeiro and Salvador. It serves approximately 300,000 patients and has a network of nearly 30,000 accredited physicians, as well as dentists, laboratories, diagnosis centers, clinics, hospitals and emergency services. This acquisition expands the client portfolio of Grupo Bradesco Seguros e Previdência and reinforces its position in the health plan market. ANS approved the transaction in February 2008.

Other strategic alliances

In March 2011, we announced that following a non-binding agreement we entered with Banco do Brasil S.A. and Caixa Econômica Federal in August 2010, which allowed Caixa Econômica Federal to join an earlier agreement we had with Banco do Brasil from April 2010, we entered into a binding memorandum of understanding with Banco do Brasil S.A. to launch the Elo business. The joint venture will encompass certain electronic payment businesses, including: (i) Elo Serviços S.A., the owner and manager of the Elo brand of debit, credit and pre-paid cards; (ii) the activities of Companhia Brasileira de Soluções e Serviços ("CBSS"), which will be directly or indirectly integrated into Elo Participações; (iii) our ownership interest in IBI Promotora de Vendas Ltda., which will be sold to CBSS; and (iv) our ownership interest in Fidelity Processadora e Serviços S.A., which will be sold to CBSS. The transactions will be completed upon satisfactory negotiation of the final documents and compliance with the applicable legal and regulatory requirements.

In December 2010, Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários (BRAM), our asset management company, launched a new fund to invest in dollar-denominated securities issued abroad by Brazilian companies and the National Treasury. This new fund is now part of the family of investment funds called Bradesco Global Funds, which was launched by Bradesco in September 2009. These funds are domiciled in Luxemburg and are marketed exclusively to foreign investors. Bradesco Global Funds is an umbrella structure that provides investors with a series of investment funds, each with different investment objectives.

In September 2010, we announced the sale of our controlling interest in CPM Braxis S.A. (CPM) to Capgemini S.A., reducing our ownership interest in CPM to 20%.

In August 2010, Bradesco Seguros, ZNT Empreendimentos and Odontoprev signed a non-binding memorandum of understanding with BB Seguros, for developing and marketing products in the dental market.

In February 2010, we entered into a non-binding memorandum of understanding with Banco do Brasil and Banco Santander (Brasil) to facilitate consolidation of operations of our respective networks of external self-service terminals (ATMs located outside branches). By concluding this transaction, we hope to have a business model that will facilitate our customers' access to some 11,000 external ATMS.

In June 2009, Bradesco entered into a partnership with SEB - Skandinaviska Enskilda Banken, a Swedish bank, to offer cash management solutions to its clients, increasing Bradesco’s presence in the international market.

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In August 2008, we entered into an operational agreement with The Bank of Tokyo-Mitsubishi UFJ to manage investment funds through BRAM. In November 2008, BRAM launched the Bradesco Brazil Saiken Fund, a fixed-income investment fund aimed at Japanese retail investors who will be investing in Brazil. It was the first fund established in partnership with Mitsubishi UFJ Asset Management, an affiliate of The Bank of Tokyo-Mitsubishi UFJ.

Our brokerage house in London, Bradesco Securities UK, Ltd. ("Bradesco Securities UK") began its activities in March 2008. Bradesco Securities UK acts as an intermediary in transactions between Brazilian companies and European and global institutional investors involving fixed-income and equity securities, and mainly focuses on intermediating purchases and sales of shares on the NYSE, NASDAQ and BM&FBovespa exchanges, the distribution of research reports and prospectuses, presentations to European and global investors and other investment banking activities.

Banco Postal

Under the trading name Postal Bank (*Banco Postal*), we offer our products and services throughout Brazil, through a partnership arrangement with the government owned postal company (*Empresa Brasileira de Correios e Telégrafos,* or ECT), which we call *Correios*. These services started in March 2002, when we opened the first Postal Bank branch in the State of Minas Gerais. As of December 31, 2010 we had 6,203 correspondent offices or postal branches in 5,271 municipalities in Brazil, processing on average more than 45.4 million transactions monthly or more than 2.1 million transactions daily.

Approximately 1,800 of the 6,203 correspondent offices or postal branches were set up in areas previously lacking banking services, thus directly or indirectly benefiting millions of people previously out of the financial system's reach.

The Postal Bank offers basic services for low-income segments of the population, in particular:

- applications to open accounts;
- application for loans, financing and credit cards;
- withdrawals from checking and savings accounts, and social security (INSS) benefit payments;
- deposits in checking and savings accounts;
- balance enquiries and statements for checking and savings accounts, and social security (INSS) benefit payments;
- receipt of bank payment slips;
- processing utility bill payments;
- processing municipal, state and federal tax payments; and
- vehicle licensing.

ECT will be holding a public bidding process sometime in 2011 to select its partner to offer banking services through post offices for the next 5 years, but has not yet defined a precise timetable for this process.

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Bradesco Expresso

In addition to Postal Bank services delivered at correspondent offices on premises of the Postal Service, we have also signed partnership deals to provide banking correspondent services under the trademark "Bradesco Expresso" through retail chains such as supermarkets, drug stores and bakeries. These points of service process utility bills and bank collection invoices for our clients and offer withdrawals from checking and savings accounts and pension payments.

As of December 31, 2010, the Bradesco Expresso network totaled 26,104 points of service averaging more than 41.0 million transactions monthly or 1.9 million transactions daily. Retailers benefit directly from Bradesco Expresso through remuneration for their services, and also benefit indirectly from the increased through flow of people, which may boost both sales and client loyalty.

Business strategy

We believe the Brazilian Financial System has been able to weather the sudden downturn in the global economy beginning in the second half of 2008 and the challenges posed by the financial crisis for the liquidity of major financial institutions. We expect the Brazilian economy to gradually resume growth as a result of a significant increase in the purchasing power of certain income segments of the Brazilian population, mainly low- and medium-income sections as well as growth in corporate investment. This would lead to sustained growth of demand for financial services and insurance in the coming years and, in the long-term, the Brazilian Financial System may be strengthened as a result of the present global economic crisis.

Our main objective is to maintain our focus on the domestic market, and as one of the largest private banks in Brazil, boost our profitability, maximizing shareholder value and generating a higher rate of return than other Brazilian financial institutions.

Our strategy to achieve these goals is focused not only on continuing to expand our client base but also on consolidating our position as a "complete bank," in the Brazilian market so that every client sees us as their "number one bank." We are increasingly segregating our products and services as we efficiently allocate our resources and talents to provide our clients with products and services that really meet their needs. We believe that our concern with our clients' financial profiles and our respect for their individuality results in greater satisfaction and loyalty. Segregating our financial services has also enabled us to leverage synergies from the integration of institutions we have acquired over the past years.

We have the largest and, we believe, the best network of distribution channels among Brazilian private banks. This network comprises branches, points of banking services at workplaces or stores, ATMs, Postal Bank services and other third-party channels which showed particularly significant growth when major retailer chains agreed to act as our banking correspondents. We have approximately 83,500 physical points of banking services. Our well-distributed and extensive branch network optimizes logistics for the delivery of products and services and enables us to be fully competitive in retail banking. We intend to continue expanding and refining our branch network to provide more and better retail products and services to clients, in order to meet the growing demand for credit and insurance in the Brazilian market.

We are also focused on expanding our wholesale operations in all aspects, especially our corporate and private banking services. The economic scenario in Brazil has significantly improved the performance of small and medium-sized companies, a market in which we believe we are well positioned to increase our market share.

In addition, since 2006, we have been paying particular attention to our investment banking subsidiary Bradesco BBI. We will continue to retain and hire professionals for our highly qualified

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investment banking team, and we plan to make full use of our solid relationship with corporate clients and high-income individuals to develop our investment banking activities.

We also intend to step up our entrance into markets in which we have traditionally been less focused, such as stockbroker services. The significant growth in the Brazilian securities market over the past years and our acquisition of Brazil's largest brokerage company, Ágora Corretora, made us one of the leaders in the brokerage market.

We believe that our insurance segment has high growth potential, due to the low percentage of GDP covered by the Brazilian insurance industry. Brazilians are now earning higher average incomes so there are millions of new policyholders. We intend to tap growing demand for insurance products to consolidate our leadership across the range of insurance lines.

We are also structuring our Organization to leverage scale and operational efficiency gains by segmenting insurance products through specialized companies for each specific type of insurance, which we call "multi-line" insurer. This approach allows us to avoid cross subsidies and retain full control over the performance of each line of products. We believe this structure may maximize insurance product sales, which have a high contribution margin and provide access to independent brokers.

Additionally, in each of our business segments, we strive to be recognized by our clients as leaders in performance and efficiency. We closely monitor and continually seek to improve our level of operational efficiency.

We understand that the success of a financial sector company depends not only on the number of clients it has but also on having highly capable, well-trained and dedicated personnel with strict work and ethical standards. Training, promotion and the creating of a culture of solidarity at work are keys to improving the business, in order to foster a cooperative and friendly environment in which our employees can develop long-lasting careers. In 2010, we were once again chosen in an employee survey by the "Guia Você S/A Exame" publication as one of the best companies to work for in Brazil.

Finally, a cornerstone of our philosophy is doing business in accordance with the highest ethical standards. Our strategy is constantly guided by and focused on the pursuit of best corporate governance practices and the understanding that we must not only provide profit for our shareholders but also play a constructive role in society.

The following are key elements of our business strategy:

- expand through organic growth;
- maintain our profitability and consolidate our leadership in the insurance sector through the bank-insurance model;
- boost revenues, profitability and shareholder value by strengthening our loan and financing operations, our core business, and expand to new products and services;
- maintain our commitment to technological innovation;
- achieve profitability and shareholder return through ongoing improvement of our efficiency ratio;
- maintain acceptable risk levels in our operations; and

- expand through strategic alliances and selective acquisitions when advantageous.

Expand through organic growth

Despite the global economic crisis, which began in the second half of 2008, we expect the Brazilian economy to recover and continue to grow. The Brazilian economy has been growing sustainably and over time has strategic opportunities for growth in the financial and insurance industries, mainly due to higher business volume in segments in which we are particularly well positioned. We plan to continue leverage this situation to boost our revenue, build profitability and maximize shareholder value as follows:

- seizing the opportunity to obtain new customers in the Brazilian market, mainly from the low- and middle-income brackets, whose financial and credit needs have not yet been served, while continuing to compete for the small group of clients in upper income brackets;
- expanding our financial services distribution channels by creatively developing new retail market products and utilizing third-party channels, such as our offer of credit cards, financial and insurance products and services through major retail chains, the Postal Bank and other banking correspondents;
- leveraging our existing distribution channels, including our traditional branch network and other means of distribution to detect demand for new products and expand the offer of traditional products, such as long-term financing and particularly real estate or housing credit, which is in renewed demand due to Brazil's monetary stability;
- using our client base to offer our products and services more widely and raising the average number of products used from 4.8 in December 2010, to an average of 5.0 products per client by December 2011;
- using our branch-based systems for assessing and monitoring clients' use of our products in order to channel them to the proper selling, delivery and trading platforms; and
- developing segmented products tailored to the profiles and needs of both our existing and potential clients.

Based on the bank-insurance model, maintain our profitability and consolidate our leadership in the insurance sector.

Our goal is to have our customers look to us as their "number one bank" for all their banking, insurance and pension needs. We believe that we are in a privileged position to leverage synergies across our banking, insurance, pension and other financial businesses. These products are offered throughout Brazil through our banking network, the Internet and new and creative distribution channels. We also have specific channels offering these products based on our 25,367 insurance brokers and 8,883 brokers for pension products and VGBL *(Vida Gerador de Benefício Livre).* We continuously assist and encourage our brokers and dealers to improve services to our clients.

At the same time, we are looking to boost the profitability of our insurance and pension plan business by using profitability metrics. Instead of only evaluating volume of premiums underwritten or amounts deposited, we consider the following factors:

- managing our portfolio and reserves;
- aggressively marketing our products and services; and

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- maintaining acceptable risk levels in our operations through a strategy of:
  - prioritizing insurance underwriting opportunities according to the "risk spread," which is the difference between the expected income under an insurance contract and the actuarially determined amount of claims likely to be paid under that same contract;
  - using hedging transactions to avoid mismatches between real inflation and provisions for interest rate and inflation adjustments in long-term contracts; and
  - using reinsurance agreements with well-known reinsurers, tapping the new situation in the Brazilian reinsurance market.

Increase revenues, profitability and shareholder value by strengthening our loan and financing operations, our core business, and expanding new products and services.

Our strategy to boost revenues and the profitability of our banking operations is focused on:

- building our traditional deposit-taking and loan and financing operations by continuously improving the quality of our loan portfolio, through risk mitigation plans and improving delinquency risk pricing models, ensuring appropriate provisions for expected losses on loans and better results on lending, monitoring and recovery;
- continuing to build our corporate and individual client base by offering services tailored to meet specific clients' profiles and needs;
- focusing aggressively on fee-based services, such as bill collection and payment processing;
- expanding our financial services and products that are distributed outside of the conventional branch environment, such as our credit card businesses, tapping changing consumer behavior in relation to financial services;
- growing our asset management revenues; and
- continuing to build our high-income client base by offering a wide range of personalized products and services.

Maintaining our commitment to technological innovation

Developing efficient means of reaching customers and processing transactions safely and without discontinuity is a key element of our goal of boosting our profitability and capitalizing on opportunities for coordinated growth.

We have been pioneers in our field for more than six decades by creating efficient strategies and positive impacts to anticipate future challenges. In this context, our use of cutting-edge technology stands out as a central pillar of our strategy for sustainability, business generation and easy client access to innovative and safe services.

We believe we are among the Brazilian companies that invest most in research and development for the banking segment. Therefore, in order to further strengthen our IT environment and prepare it for the coming decades to come and heighten public perception of our technological resources based on best practices and existing technology, we have invested in a major strategic program titled "IT Improvements," which covers the five macro-areas of the IT chain (processes, applications, operational environments, technologies and infrastructure).

We believe technology offers unparalleled opportunities to reach our customers in a cost-efficient manner. We are committed to being at the forefront of the bank automation process by creating opportunities for the Brazilian public to reach us through the Internet and other means of access, such as:

- expanding our "Bradesco Celular" mobile banking service, enabling customers to conduct their banking transactions using compatible mobile phones; and
- providing "Pocket Internet Banking" for hand-held devices and personal digital assistants or PDAs including mobile phones that enable our clients to access savings and checking account details, review recent credit card transactions, make payments, transfer funds and obtain information relating to our services.

Earning profitability and shareholder return constantly improving our efficiency ratio

We intend to improve our levels of operating efficiency:

- maintaining austerity as the basis of our cost control policy;
- continuously revising internal processes to reduce resource consumption and contribute to our policy of corporate sustainability;
- consolidating synergies posed by our recent acquisitions;
- continuing to reduce our operational costs through investments in technology that will minimize our costs per transaction, emphasizing our existing automated channels of distribution, including our wireless distribution systems, telephone, Internet banking and ATMs; and
- continuing to merge institutions we may acquire in the future into our existing system in order to eliminate overlaps, redundancies and potential inefficiencies and improve our gains of scale.

Maintaining acceptable risk levels in our operations

We approach the management of risks inherent in our activities in an integrated manner, as a process within our internal controls and compliance structure, which we call "Risk Management Process." This process allows continuous improvement of our risk management models and minimizes the existence of loopholes affecting correct risk identification and assessment. The process provides a centralized and permanent method for identifying, measuring, controlling, monitoring and mitigating our credit, market, liquidity and operational risks.

The existence of our Integrated Risk Management and Capital Allocation Committee, a statutory-level committee, guarantees the uniqueness of our risk management process. The committee advises our Board of Directors on policies, operational guidelines and for exposure to risks in the ambit of the consolidated financial and economic situation.

In addition, we have three executive committees for issues related to credit, market, liquidity and operational risks, which, amongst other responsibilities, suggest tolerance limits for respective risks and

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devise risk mitigation plans for submission to the Integrated Risk Management and Capital Allocation Committee.

We have two independent departments for global risk management and internal controls, the Integrated Risk Control Department and the Internal Controls and Compliance Department, which implement and continuously monitor the directives and processes formulated by our higher-level committees.

Our internal risk management processes and groups, on par with the best international practices, assure the maintenance of our operational risks at adequate levels and the efficient allocation of our capital, which enables us to obtain competitive advantages.

Expanding through strategic alliances and selective acquisitions when advantageous

We believe that Brazilian financial institutions will expand through organic growth in the coming years, but we also believe there may be opportunities to acquire other financial institutions. We think certain institutions that might be open to acquisition could pose niche opportunities such as consumer finance, credit cards, or investment banking. Therefore, we are continuously evaluating potential strategic alliances and consolidation opportunities, including proposed privatizations and acquisitions, as well as other methods that offer potential opportunities to increase our market share or improve our efficiency. When deciding on a potential alliance or acquisition, in addition to focusing on value and asset quality, we consider potential operating synergies, for cross-selling opportunities, acquisition of know-how and other advantages. The analysis of potential opportunities is based on their potential impact on our results.

Investments

Our main investments between 2008 and 2010 are described in "Item 5.B. Liquidity and Capital Resources - Capital expenditures."

4.B. Business Overview

We organize our operations in two main areas: (i) banking and (ii) insurance, private pension plans and certificated savings plans. See Note 27 to our consolidated financial statements in "Item 18. Financial Statements" for additional segment information.

As of December 31, 2010, according to the sources cited in parentheses below, we were:

- one of the leaders among private-sector banks in savings deposits, with 14.3% of savings deposits in Brazil and R$54.1 billion on deposit ("Central Bank");
- the largest provider of insurance, public pension plans and certificated savings plans in Brazil, with R$31.1 billion in net premiums written and revenues from supplementary pension plans and certificated savings plans ("SUSEP" and "ANS");
- the leader of the large banks in BNDES onlending special purpose funding to micro-, small- and medium-sized companies for the 9^{th} consecutive year, with 57.4% of all loans being disbursed by us and having a presence in 93.6% of operations targeted at micro, small and medium-sized companies ("BNDES");
- one of the leaders in leasing operations in Brazil, with a leasing portfolio of R$16.4 billion at present value ("ABEL");

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- one of the largest private-sector fund and portfolio managers in Brazil, with R$295.7 billion in total third-party assets under management, representing over 18% of the total Brazilian market ("ANBIMA");
- one of the largest credit card issuers in Brazil, with 86.5 million credit cards issued (Visa, American Express, MasterCard and private label cards) with sales on credit cards and private label of R$75.6 billion (Bradesco, Fidelity, Leader, American Express, Esplanada, Crediare and GBarbosa);
- one of the largest debit card issuers in Brazil, with 58.7 million debit cards issued;
- the leader in bank payment processing and collection in Brazil, with a market share of 26.7% ("Central Bank");
- the leader among private banks in number of client registrations in the Pre-Authorized Direct Debit (DDA) program, with over 2.0 million registered clients;
- the leader in active purchasing consortium quotas in the following three segments: real estate, automobile and trucks and tractors ("Central Bank");
- one of the leaders in automobile financing loans, with a market share of 17.4% ("Central Bank"); and
- the leading private-sector bank in benefit payments from the Social Security Institute (*Instituto Nacional do Seguro Social,* or INSS), with over 6 million "INSS" retirees, beneficiaries and other pensioners, accounting for 22.0% of the total number of INSS beneficiaries.

Furthermore, Bradesco was classified as the most valuable brand in Brazil in 2010, among financial institutions, by consulting firm Superbrands and rated one of the best companies to work for in Brazil in the large company category by *Guia Você S/A Exame* magazine. We were also elected the best Insurance and best Health Insurance Company in a survey conducted by *IstoÉ Dinheiro* magazine. In September 2010, Bradesco was assigned GAMMA 7 Score (on a scale of one to ten) by Standard and Poor's (S&P). We believe this score, which is designed by S&P as a tool for investor protection against potential governance-related losses of value or failure to create value, reflects S&P's opinion of the relative quality of our corporate governance practices. We believe this score represents strong recognition of our general corporate governance practices and processes. Bradesco received again the Golden Peacock Global Award for Corporate Social Responsibility 2010, which recognizes the pursuit of the best practices of corporate social accountability.

Main subsidiaries

The following is a simplified chart of our principal material subsidiaries in the financial and insurance services businesses and our voting and ownership interest in each of them as of December 31, 2010 (all of which are consolidated in our financial statements in "Item 18. Financial Statements"). With the exception of Banco Bradesco Argentina, which was incorporated in Argentina, all of these material subsidiaries were incorporated in Brazil. For more information regarding the consolidation of our material subsidiaries, see Note 1(a) to our consolidated financial statements in "Item 18. Financial Statements."

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Revenues per business segment

The following table summarizes our main gross revenues by business area for the periods indicated.

The sum of the segments shown in the table below may not correspond to the amounts shown on a consolidated basis, as they do not take into account immaterial activities or inter-segment transactions.

For additional segment information, see Note 27 to our consolidated financial statements in "Item 18. Financial Statements."

	Year Ended December 31,		
	2008	2009	2010
	(*R$ in millions*)		
Banking:			
Loans[1]	33,662	32,708	37,291
Fees and commissions	7,883	8,371	9,759
Insurance and pension plans:[2]			
Insurance	10,963	12,521	14,068
Pension plan income	710	607	692

(1) Includes industrial loans, financing under credit cards, overdraft loans, trade financing and foreign loans.
(2) This does not include private pension investment contracts. See "Insurance, pension plans and certificated savings plans."

We do not break down our revenues by geographic regions within Brazil, and less than 10.0% of our revenues come from international operations. For more information on our international operations, see "International banking services."

Banking

We have a diverse client base that includes individuals and small, midsized and large companies in Brazil. Historically, we have cultivated a stronger presence among the broadest segment of the Brazilian market, middle- and low-income individuals. In 1999, we set up our corporate department to serve corporate clients with annual revenues of R$250 million or more, and our private banking department to serve our individual clients with minimum net assets of R$2 million. In 2002, we created *Bradesco Empresas* (Middle Market) to cater for corporate clients with annual revenues of R$30 to R$250 million, in other to expand our business in the middle corporate market. In May 2003, we launched Bradesco Prime, which offers services to individual clients who either have a monthly income of at least R$6,000 or R$70,000 available for immediate investment. Bradesco Varejo ("Bradesco Retail") is our division for corporate clients with annual revenues of less than R$30 million and individual clients with monthly income of less than R$6,000. For more information, see "Distribution channels" and "Specialized distribution of products and services."

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The following diagram shows the breakdown of our banking activities as of December 31, 2010:

The sum total of segments shown in the table below may not correspond to the amounts shown on a consolidated basis, as they do not take into account immaterial activities or inter-segment transactions.

The following table shows selected financial data for our banking segment for the periods indicated:

	Year ended December 31,		
	2008	**2009**	**2010**
	(R$ in millions)		
Income statement data:			
Net interest income[1]	19,054	25,551	28,817
Provision for loan losses	(6,651)	(10,822)	(5,769)
Non interest income[1]	10,564	15,721	13,145
Non interest expense	(20,620)	(21,554)	(26,512)
Income before income taxes[1]	**2,347**	**8,896**	**9,681**
Income tax and social contribution	1,970	(2,733)	(3,432)
Net income[1]	**4,317**	**6,163**	**6,249**
Net income attributed to noncontrolling interest	(42)	(6)	(16)
Parent Company's net income	**4,275**	**6,157**	**6,233**
Balance sheet data:			
Total assets	373,908	418,926	533,838
Selected results of operations data:			
Interest income:			
Interest on loans	33,662	32,708	37,291
Interest on securities	5,576	4,660	5,331
Interest on federal funds sold and securities purchased under agreements to resell	6,465	7,701	8,867
Deposits from financial institutions	706	506	594
Brazilian Central Bank compulsory deposits	1,489	1,434	2,879
Others	38	35	
Interest expense:			
Interest on deposits	(9,636)	(11,446)	(11,312)
Interest on federal funds purchased and securities sold under agreements to repurchase	(9,619)	(9,179)	(11,392)
Interest loans	(9,627)	(868)	(3,477)
Net Interest Income	**19,054**	**25,551**	**28,817**
Fee and commission income	**7,883**	**8,371**	**9,759**

(1) Includes income from related parties outside of the banking segment.

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We have a segmented customer base and we offer the following range of banking products and services in order to meet the needs of each segment:

- deposit-taking, including checking accounts, savings accounts and time deposits;
- loans (individuals and companies, real estate financing, microcredit, onlending BNDES funds, rural credit, leasing, among others);
- credit cards, debit cards and pre-paid cards;
- management of receipts and payments;
- asset management;
- services related to capital markets and investment banking activities;
- intermediation and trading services;
- custody, depositary and controllership services;
- international banking services; and
- purchasing consortiums.

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Deposit-taking

We offer a variety of deposit products and services to our customers through our branches, including:

- Non-interest bearing checking accounts, such as:
  - Easy Account (*Conta Fácil*) – clients have a checking account and a savings account under the same bank account number, using the same card for both accounts;
  - Click Account (*Click Conta*) – no-fee checking account for minors (from 11 to 17 years old), with exclusive website and debit card, automatic pocket money service and free online courses, among other benefits;
  - Academic Account (*Conta Universitária*) – low fee checking account for college students, with subsidized credit conditions, exclusive website and free online courses, among other benefits; and
  - Cell Phone Bonus Account (*Conta Bônus Celular*) – monthly checking account fees are awarded as bonus for the clients´ prepaid cell phone.
- investment deposit accounts;
- traditional savings accounts, which currently earn the Brazilian reference rate, or *taxa referencial*, known as the "TR," plus 6.2% annual interest;
- time deposits, which are represented by Bank Deposit Certificates (*certificados de depósito bancário* - or "CDBs"), and earn interest at a fixed or floating rate; and
- deposits exclusively from financial institutions, which are represented by Interbank Deposit Certificates *(certificados de depósito interbancário* - or "CDIs"*)*, and earn the interbank deposit rate.

As of December 31, 2010, we had 23.1 million checking account holders, 21.8 million of which were individual account holders and 1.3 million corporate account holders. On the same date, we had 41.1 million savings accounts. In the same period, our deposits (excluding deposits from financial institutions) totaled R$192.9 billion and we had a 14.3% share of the Brazilian savings deposit market, according to the Central Bank.

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The following table shows a breakdown of our deposits by type of product on the dates indicated:

	December 31,					
	2008		2009		2010	
	(R$ in millions, except percentages)					
Deposits from Customers:						
Demand deposits	28,612	17.4%	35,664	20.8%	37,334	19.3%
Reais	28,246	17.2%	35,126	20.5%	36,932	19.1%
Foreign currency	366	0.2%	538	0.3%	402	0.2%
Savings deposits	37,768	23.0%	44,162	25.8%	53,436	27.7%
Reais	37,768	23.0%	44,162	25.8%	53,436	27.7%
Time deposits/certificates of deposit	97,423	59.2%	90,537	52.9%	102,158	52.9%
Reais	90,561	55.1%	85,221	49.8%	94,723	49.0%
Foreign currency	6,862	4.1%	5,316	3.1%	7,435	3.9%
Total deposits from customers	**163,803**	**99.6%**	**170,363**	**99.5%**	**192,928**	**99.9%**
Deposits from financial institutions	**698**	**0.4%**	**752**	**0.5%**	**275**	**0.1%**
Total	**164,501**	**100.0%**	**171,115**	**100.0%**	**193,203**	**100.0%**

We offer our clients certain additional special services, such as:

- "identified deposits," which allow our clients to identify deposits made in favor of a third party by using a personal identification number; and
- real-time "banking transfers" from a checking, savings or investment account to another checking, savings or investment account, including accounts at other banks.

Loans

The following table shows loans in Brazil broken down by type of product and period:

	December 31,		
	2008	2009	2010
	(R$ in millions)		
Loans outstanding by product type:			
Loans to individuals	36,734	39,208	55,614
Real estate financing	5,308	6,841	10,079
Banco Nacional de Desenvolvimento Econômico e Social ("BNDES") onlendings	14,480	16,014	26,382
Other local commercial loans	47,736	46,872	52,523
Rural credit	10,459	11,661	13,516
Leasing	20,096	19,787	15,277
Credit cards	2,501	3,452	5,000
Import and export financings	27,480	21,961	25,706
Foreign loans	2,769	2,958	5,020
Public sector loans	94	88	84

Total	**167,657**	**168,842**	**209,201**
Non performing loans	7,178	11,092	10,082
Total	**174,835**	**179,934**	**219,283**

The following table summarizes concentration of our outstanding loans by borrower by period.

	December 31,		
	2008	2009	2010
Borrower size:			
Largest borrower	1.3%	1.0%	1.2%
10 largest borrowers	6.5%	6.5%	6.0%
20 largest borrowers	10.4%	9.8%	9.3%
50 largest borrowers	16.9%	16.2%	14.8%
100 largest borrowers	22.1%	20.6%	18.8%

Loans and discounted loans

Our loans and discounted loans, which consist mostly of consumer loans, corporate loans and rural loans, totaled R$219.3 billion as of December 31, 2010.

Consumer loans

Our significant volume of individual loans enables us to reduce the impact of single individual loans on the performance of our portfolio and helps build customer loyalty. They consist primarily of:

- short-term loans, extended through our branches to checking account holders and, within certain limits, through our ATM network. These short-term loans are on average repaid in four months with an average interest rate of 6.8% per month as of December 31, 2010;
- vehicle financings are on average repaid in seventeen months with an average interest rate of 2.5% per month as of December 31, 2010; and
- overdraft loans on checking accounts (which we call "Cheque Especial"), which are on average repaid in one month, at interest rates varying from 7.8% to 8.4% per month as of December 31, 2010.

We also provide revolving credit facilities and traditional term loans. As of December 31, 2010, we had outstanding advances, vehicle financings, consumer loans and revolving credit totaling R$55.6 billion, or 25.4% of our credit portfolio as of that date. On the basis of loans outstanding on that date, we had a 12.5% share of the Brazilian consumer loan market, according to information published by the Central Bank.

In April 2008, *Banco Finasa S.A.* was dissolved by its merger into *Banco Finasa BMC S.A.* and all of its assets and liabilities were transferred to *Banco Finasa BMC S.A.* In April, 2008, the merger of Banco Finasa S.A. into Banco Finasa BMC S.A. was approved by the Central Bank.

In 2009 we repositioned the "Finasa" and "BMC" brands as "Bradesco Financiamentos" and "Bradesco Promotora," respectively.

Bradesco Financiamentos, our financing subsidiary, has two business lines:

- providing loans against repayment deducted from paychecks for public employees, INSS retirees and pensioners and private-sector employees. This nationwide retail operation is run through non-bank correspondents. In addition to paycheck loans, these points provide aggregated products such as credit cards, insurance, certificated savings plans, and purchasing consortiums, among others, that are sold in partnership with Bradesco's branch network or directly prospecting new customers; and

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- financing and leasing for vehicles with solutions in CDC, leasing and others using own funds or onlending to Bradesco clients and non-clients, working in partnership with 24.195 retailers and dealers across the country in the segments of light vehicles, motorcycles and heavy vehicles.

Real estate financing

As of December 31, 2010, we had 49,402 outstanding real estate loans. We financed 28.7% of the financial sector lending for civil construction in 2010, according to data published by the Central Bank. As of December 31, 2010, the aggregate outstanding amount of our real estate loans amounted to R$10.1 billion, representing 4.6% of our loan portfolio.

Real estate financing is made through the Housing Finance System - SFH *(Sistema Financeiro Habitacional)*, by the Housing Mortgage Portfolio - CHF *(Carteira Hipotecária Habitacional)* or by the Commercial Mortgage Portfolio - CHC - *(Carteira Hipotecária Comercial)*. Loans from SFH or CHH feature variable-installment repayments and annual interest rates ranging from 7.8% to 11.5% plus TR, or 13.0% from CHC. Loans from SFH with pre-fixed installment repayment are made at annual interest rates of 12.7% for properties valued at no more than R$150,000.

Residential SFH and CHH loans are for repayment within thirty years and commercial loans within ten years.

Our individual loans made for construction purposes are repaid within 30 years, with 24 months to finish construction, a 2-month grace period and the remainder for repaying the loan. The annual interest rate on these loans is TR plus 10.5% for the SFH loans, or a fixed 12.7% for homes valued at R$150,000 or less.

We also extend corporate financing for builders under the SFH. These loans are for construction purposes and typically specify 36 months for completion of construction work and repayments starting within 36 months after official registration of the building. These loans are charged the TR plus an annual interest rate of 12% during the construction stage for SFH loans, and TR plus an annual interest rate of 15% for CHH loans.

Central Bank regulations require us to provide real estate financing in the amount of at least 65% of the balance of our savings accounts. In addition to real estate financing, mortgage notes, charged-off real estate financing, and other financings can be used to satisfy this requirement. We generally do not finance more than 80% of the purchase price or the market value of a property, whichever is lower.

Microcredit

We extend microcredit to low-income individuals and small companies, in accordance with Central Bank regulations requiring banks to use 2% of their cash deposits to provide these loans. We started providing microcredit loans in August 2003. As of December 31, 2010, we had 57,737 microcredit loans outstanding, totaling R$47.1 million.

In accordance with Central Bank regulations, most microcredit loans are charged at a maximum effective interest rate of 2% per month. However, microcredit loans for certain types of business or specific production have a maximum effective interest rate of 4%. The CMN requires that the maximum amount loaned to a borrower be limited to (i) R$2,000 for individuals in general, (ii) R$5,000 for individuals developing certain professional, commercial or industrial activities or for micro companies, and (iii) R$15,000 for microcredit loans in certain segments. In addition, microcredit loans must be not for less than 120 days, and origination fee must be 1% to 5% of the loan value.

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BNDES onlending

The Brazilian government has a program to provide government-funded long-term loans with below-market interest rates to sectors of the economy that it has targeted for development. We borrow funds under this program from either (i) BNDES, the federal government's development bank, or (ii) *Agência Especial de Financiamento Industrial* (Finame), which we call "Finame," the equipment financing subsidiary of BNDES. We then on-lend these funds to borrowers in targeted sectors of the economy. We determine the spread on the loans based on the borrowers' credit. Although we bear the risk for these BNDES and Finame onlending transactions, they are always secured.

According to BNDES, in 2010, we disbursed R$17.4 billion, 57.4% of which was loaned to micro-, small- and medium-sized companies. Our BNDES onlending portfolio totaled R$26.4 billion as of December 31, 2010, and accounted for 12.0% of our credit portfolio at that date.

Other local commercial loans

We provide traditional loans for the ongoing needs of our corporate clients. We had R$52.5 billion of outstanding other local commercial loans, accounting for approximately 24.0% of our credit portfolio as of December 31, 2010. We offer a range of loans to our Brazilian corporate clients, including:

- short-term loans of twenty nine days or less;
- working capital loans to cover our customers' cash needs;
- guaranteed checking accounts and corporate overdraft loans;
- discounting trade receivables, promissory notes, checks, credit card and supplier receivables, and a number of other receivables;
- financing for purchase and sale of goods and services;
- corporate real estate financing;
- investment lines for acquisition of assets and machinery; and
- guarantees.

These lending products generally bear an interest rate of 2.0% to 7.5% per month.

Rural loans

We extend loans to the agricultural sector by financing demand deposits, BNDES onlendings and our own funds, in accordance with Central Bank regulations. As of December 31, 2010, we had R$13.5 billion in outstanding rural loans, representing 6.2% of our credit portfolio. In accordance with Central Bank regulations, loans arising from compulsory deposits are paid a fixed rate. The annual fixed rate was 6.8% as of December 31, 2010. Repayment of these loans generally coincides with agricultural harvest and principal is due when a crop is sold, except BNDES onlending for rural investment which is repaid within a five years with repayments on a semi-annual or annual basis. As security for such loans, we generally obtain a mortgage on the land where the agricultural activities being financed are conducted.

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Since July 2010, Central Bank regulations require us to use at least 29% of our checking account deposits to provide loans to the agricultural sector. If we do not reach 29%, we must deposit the unused amount in a non-interest-bearing account with the Central Bank.

Leasing

According to ABEL, as of December 31, 2010, our leasing companies were among the sector leaders, with a 18.9% market share. According to this source, the aggregate discounted present value of the leasing portfolios in Brazil as of December 31, 2010 was R$86.3 billion.

As of December 31, 2010, we had 614,222 outstanding leasing agreements totaling R$15.3 billion, representing 7.0% of our credit portfolio.

The Brazilian leasing market is dominated by large banks and both domestic- and foreign-owned companies affiliated with vehicle manufacturers. Brazilian lease contracts generally relate to motor vehicles, computers, industrial machinery and other equipment.

Most of our leases are financial (as opposed to operational). Our leasing operations primarily involve the leasing of cars, trucks, cranes, aircraft and heavy machinery. As of December 31, 2010, 82.6% of our outstanding leases were vehicle leases, compared with 79.5% in the Brazilian leasing market as a whole.

We conduct our leasing operations through our primary leasing subsidiary, Bradesco Leasing and also through Bradesco Financiamentos.

We obtain funding for our leasing operations primarily by issuing debentures and other securities in the domestic market.

As of December 31, 2010, Bradesco Leasing had R$50.6 billion of debentures outstanding in the domestic market. These debentures will mature in 2028 and bear monthly interests at the CDI rate.

Terms of leasing agreements

Financial leases represent a source of medium- and long-term financing for Brazilian customers. Under Brazilian law, the minimum term of financial leasing contracts is 24 months for transactions relating to products whose average life of five years or less, and 36 months for transactions for those with an average useful life of 5 years or more. There is no legal maximum term for leasing contracts. As of December 31, 2010, the remaining average maturity of contracts in our lease portfolio was 49 months.

Credit cards

In 1968, Bradesco was the first bank to issue credit cards in Brazil, and as of December 31, 2010, we were one of Brazil's largest card issuers with a base of 86.5 million credit and private-label cards. We offer Visa, American Express, MasterCard credit and private label cards, which are accepted in over 200 countries.

In April 2010 Bradesco and Banco do Brasil signed a non-binding memorandum of understanding for the preparation of a business model, involving: (i) the integration of part of their card operations and (ii) the launch of a Brazilian brand of credit, debit and pre-paid cards for account holders and non-accountholders. Completion of this deal is subject to technical, legal and financial studies, satisfactory negotiation of final documents and compliance with the applicable legal and regulatory requirements. For more information, see "Item 4.A. History, Development of the Company and Business Strategy - Other Strategic Alliances"

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Our partnership with American Express Company has enabled us to successfully operate their credit cards and other related activities in Brazil, in particular our exclusive issue of the Centurion line of cards, which includes the Membership Rewards Program, and management of the network of establishments taking Amex Cards.

In addition, through our participation in *Fidelity Processadora e Serviços S.A.*, as of December 31, 2010 we were one of the largest service providers of processing, customer services management and support activities in Brazil.

In June 2010, we completed our acquisition of Ibi México and RFS Human Management in a deal that includes a 20-year partnership with C&A Mexico for exclusive sales of financial products and services in its stores.

Since October 2010, our Visa and MasterCard credit cards have been processed by our subsidiary Fidelity Processadora e Serviços S.A. This was the largest change in credit card processing company in Latin America and was completed very successfully.

This change will be advantageous for our development and maintenance of standard IT systems that can be tailored to specific client needs upon request, more responsive customer service, positive impact on our service network, and more flexibility on launching new products and services, thus boosting our competitiveness in the marketplace.

We earn revenues from our credit card operations through:

- fees on purchases carried out in commercial establishments;
- issuance fees and annual fees;
- interest on credit card balances;
- interest and fees on cash withdrawals through ATMs;
- interest on cash advances to cover future payments owed to establishments that accept credit cards; and
- several fees charged cardholders and affiliated commercial establishments.

We offer our customers the most complete line of credit cards and related services, including:

- cards issued for use restricted to Brazil;
- credit cards accepted nationwide and internationally;
- credit cards for high net worth customers, such as "Gold," "Platinum" and "Infinite/Black" Visa, American Express and MasterCard. Highlights are loyalty programs including the "Membership Rewards Program;"
- cards that combine credit and debit features in a single card, which may be used for traditional banking transactions and shopping;

- to enhance security, we are issuing chip-embedded credit cards for our entire client base, enabling cardholders to use passwords instead of signatures;
- corporate credit cards accepted nationwide and internationally;
- co-branded credit cards, which we offer through partnerships with traditional companies, such as airlines, retail stores, and others;
- "affinity" credit cards, which we offer through civil associations, such as sport clubs and non-governmental organizations;
-