

BANK BRADESCO
Form 6-K
February 07, 2012

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

FORM 6-K

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

**For the month of February, 2012
Commission File Number 1-15250**

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

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

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

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

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

Yes No

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Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business. Such statements are based on managements current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as:

"believes", "anticipates", "plans", "expects", "intends", "aims", "evaluates", "predicts", "foresees", "projects", "guidelines", "should" and similar expressions are intended to identify forward-looking statements. These statements, however, do not guarantee future performance and involve risks and uncertainties, which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions that, depending on future events, may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such statements.

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

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

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

Highlights

The main figures obtained by Bradesco in 2011 are presented below:

1. Adjusted Net Income⁽¹⁾ for the year was R\$11.198 billion (a 14.2% increase compared to the R\$9.804 billion recorded in the same period last year), corresponding to earnings per share of R\$2.93 and Return on Average Shareholders' Equity⁽²⁾ of 21.3%.
2. Adjusted Net Income was composed of R\$7.997 billion from financial activities, representing 71.4% of the total, and R\$3.201 billion from insurance, pension plan and savings bond operations, which accounted for 28.6%.
3. On December 31, 2011, Bradesco's market capitalization stood at R\$106.971 billion⁽³⁾.
4. Total Assets stood at R\$761.533 billion in December 2011, a 19.5% increase over the same period in 2010. Return on Average Assets was 1.6%.
5. The Expanded Loan Portfolio⁽⁴⁾ stood at R\$345.724 billion in December 2011, up 17.1% from the same period in 2010. Operations with individuals totaled R\$108.671 billion (a 10.6% gain), while operations with companies totaled R\$237.053 billion (up 20.4%).
6. Total Assets under Management stood at R\$1.020 trillion, up 16.9% on December 2010.
7. Shareholders' Equity stood at R\$55.582 billion in December 2011, up 15.7% on December 2010. The Capital Adequacy Ratio stood at 15.1% in December 2011, 12.4% of which fell under Tier I Capital.
8. Interest on Shareholders' Equity and Dividends were paid and recorded in provision to shareholders for income in 2011 in the amount of R\$3.740 billion, R\$1.279 billion of which was paid as monthly and interim dividends and R\$2.461 billion was recorded in provision.
9. Financial Margin reached R\$39.321 billion, up 19.0% in comparison with 2010.
10. The Delinquency Ratio over 90 days stood at 3.9% on December 31, 2011, a 0.3 p.p. increase over December 31, 2010 (3.6%).
11. The Efficiency Ratio⁽⁵⁾ stood at 43.0% in December 2011 (42.7% in December 2010) and the "adjusted-to-risk" ratio stood at 53.0% (52.4% in December 2010).
12. Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income totaled R\$37.693 billion in 2011, up by 21.3% over the same period in 2010. Technical reserves stood at R\$103.653 billion, up 18.9% on December 2010.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$4.328 billion in 2011, a 10.4% increase on the previous year.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$19.159 billion in 2011, R\$9.127 billion of which referred to taxes withheld and collected from third parties and R\$10.032 billion from Bradesco Organization activities, equivalent to 89.6% of Adjusted Net Income⁽¹⁾.
15. Continuing its strategy for organic growth, Bradesco launched 1,009 branches in the last twelve months, adding more than 9 thousand new employees.
16. Bradesco has an extensive customer service network in Brazil, comprising 7,586 service points (4,634 branches, 1,347 PABs - Banking Service Branches and 1,605 PAAs - Advanced Service Branches). Customers can also use 1,477 PAEs – ATMs (Automatic Teller Machines) in companies, 34,839 Bradesco Expresso service points, 34,516 Bradesco *Dia & Noite* ATMs and 12,455 ATMs shared with other banks⁽⁶⁾.

(1) According to non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity; (3) R\$117.4 billion considering the closing price of preferred shares (most traded share); (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; (5) In the last 12 months; and (6) Banco24Horas ATMs + ATMs shared among Bradesco, Banco do Brasil and Banco Santander.

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Highlights

17. Payroll, plus charges and benefits, totaled R\$9.298 billion. Social benefits provided to the 104,684 employees of the Bradesco Organization and their dependents amounted to R\$2.278 billion, while investments in training and development programs totaled R\$161.495 million.

18. On January 5, 2012, Bradesco became a signatory of the International Statement of Commitment by Financial Institutions on the Environment and Sustainable Development, formally marking its entrance into the United Nations Environment Programme – Finance Initiative (UNEP FI), a United Nations (UN) program for financial institutions committed to sustainable finances.

19. On January 16, 2012, Bradesco received authorization to increase the foreign interest in its common capital, from 14% to 30%, allowing the Bank to create an ADR (American Depositary Receipt) Program tied to common shares, in an effort to increase the liquidity and value thereof. The ADR program is currently being submitted for approval by authorities.

20. Main Awards and Acknowledgements in the period:

- Outstanding position in the ranking of the largest banks in the world, by market capitalization, placing 10th (Bloomberg);
- Largest private corporate group in Brazil (“Large Groups” annual publication *Valor Econômico* newspaper);
- One of the best companies to work for, according to the “Largest among the Best Companies of 2011” list (Great Place to Work® Institute, in partnership with *O Estado de São Paulo* newspaper);

- For the 5th consecutive year, the Bradesco Brand was the most valuable brand in Brazil (Superbrands – Brand Finance);

- Grupo Bradesco de Seguros won the “Professionals of the Year” award in the “National Campaign” category with the *Vai Que* campaign (Rede Globo); and

- For the 10th consecutive year, Bradesco Seguros won the “Folha Top of Mind” award in the Insurance category (Datafolha).

21. With regards to sustainability, Bradesco divides its actions into three pillars:

(i) Sustainable Finances, with a focus on banking inclusion, social and environmental variables for loan approvals and offering social and environmental products; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 55-year history of extensive social and educational work, with 40 schools in Brazil. In 2011, 112,081 students benefitted from its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 50 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco also aided another 382,329 students through its distance learning programs, found at its e-learning portal “Virtual School.” These students completed at least one of the many courses offered by the Virtual School. Furthermore, another 134,764 people

- Best company in personnel management, in the “More than 10,000 employees” category (*Valor Carreira – Valor Econômico* newspaper);
- For the 7th consecutive time, Bradesco was included in the Corporate Sustainability Index (ISE) portfolio of the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa);

benefitted from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the *Educa+Ação* Program and Technology courses (*Educar e Aprender – Teach and Learn*). To support these social commitments, Fundação Bradesco invested a total of R\$291.892 million in its educational activities and will invest an estimated total of R\$385.473 million in 2012.

Bradesco _____

Press Release**Main Information**

	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10
Income Statement for the Period - R\$ million							
Book Net Income	2,726	2,815	2,785	2,702	2,987	2,527	2,527
Adjusted Net Income	2,771	2,864	2,825	2,738	2,684	2,518	2,518
Total Financial Margin	10,258	10,230	9,471	9,362	9,018	8,302	8,302
Gross Loan Financial Margin	7,162	6,928	6,548	6,180	6,143	5,833	5,833
Net Loan Financial Margin	4,501	4,149	4,111	3,820	3,848	3,774	3,774
Allowance for Loan Losses (ALL) Expenses	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)	(2,059)	(2,059)
Fee and Commission Income	4,086	3,876	3,751	3,510	3,568	3,427	3,427
Administrative and Personnel Expenses	(6,822)	(6,285)	(5,784)	(5,576)	(5,790)	(5,301)	(5,301)
Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income	11,133	9,049	9,661	7,850	9,022	7,697	7,697
Balance Sheet - R\$ million							
Total Assets	761,533	722,289	689,307	675,387	637,485	611,903	555,100
Securities	265,723	244,622	231,425	217,482	213,518	196,081	155,100
Loan Operations ⁽¹⁾	345,724	332,335	319,802	306,120	295,197	272,485	255,100
- Individuals	108,671	105,389	102,915	100,200	98,243	93,038	88,100
- Corporate	237,053	226,946	216,887	205,920	196,954	179,447	167,000
Allowance for Loan Losses (ALL)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)	(16,019)	(15,100)
Total Deposits	217,424	224,664	213,561	203,822	193,201	186,194	177,100
Technical Reserves	103,653	97,099	93,938	89,980	87,177	82,363	77,100
Shareholders' Equity	55,582	53,742	52,843	51,297	48,043	46,114	44,100
Assets under Management	1,019,884	973,194	933,960	919,007	872,514	838,455	765,100
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)							
Adjusted Net Income per Share - R\$ ⁽²⁾	2.93	2.91	2.82	2.72	2.61	2.38	2.38
Book Value per Common and Preferred Share - R\$	14.56	14.08	13.82	13.42	12.77	12.26	12.26
Annualized Return on Average Shareholders' Equity ^{(3) (4)}	21.3	22.4	23.2	24.2	22.2	22.5	22.5
Annualized Return on Average Assets ⁽⁴⁾	1.6	1.7	1.7	1.7	1.7	1.7	1.7
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.8	8.0	7.8	8.2	8.3	7.9	7.9
Fixed Assets Ratio - Total Consolidated	21.0	16.7	17.3	17.4	18.1	16.7	16.7
Combined Ratio - Insurance ⁽⁵⁾	83.6	86.2	85.8	86.1	85.1	85.3	85.3
Efficiency Ratio (ER) ⁽²⁾	43.0	42.7	42.7	42.7	42.7	42.5	42.5
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) ⁽²⁾	62.2	62.7	63.5	63.6	64.2	65.1	65.1
Market Capitalization - R\$ million ⁽⁶⁾	106,971	96,682	111,770	117,027	109,759	114,510	88,100
Loan Portfolio Quality % ⁽⁷⁾							

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ALL / Loan Portfolio	7.3	7.3	6.9	7.0	7.1	7.4
Non-Performing Loans (>60 days ⁽⁸⁾ / Loan Portfolio)	4.8	4.6	4.5	4.4	4.3	4.6
Delinquency Ratio (> 90 days ⁽⁸⁾ / Loan Portfolio)	3.9	3.8	3.7	3.6	3.6	3.8
Coverage Ratio (> 90 days ⁽⁸⁾)	184.4	194.0	189.3	193.6	197.6	191.8
Coverage Ratio (> 60 days ⁽⁸⁾)	151.8	159.6	154.0	159.1	163.3	162.0
Operating Limits %						
Capital Adequacy Ratio - Total Consolidated	15.1	14.7	14.7	15.0	14.7	15.7
- Tier I	12.4	12.2	12.9	13.4	13.1	13.5
- Tier II	2.7	2.5	1.8	1.7	1.7	2.3
- Deductions	-	-	-	(0.1)	(0.1)	(0.1)

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Main Information

	Dec11	Sept11	Jun11	Mar11	Dec10	Sept10	Jun10	Mar10	Variation Dec11 x Sept11
Structural Information - Units									
Service Points ⁽⁹⁾	59,711	55,822	53,246	50,967	48,681	45,821	42,977	40,460	7.0
- Branches	4,634	3,945	3,676	3,651	3,628	3,498	3,476	3,455	17.5
- PAAs ⁽¹⁰⁾	1,605	1,660	1,659	1,660	1,660	1,643	1,592	1,451	(3.3)
- PABs ⁽¹⁰⁾	1,347	1,320	1,313	1,308	1,263	1,233	1,215	1,200	2.0
- PAEs ⁽¹⁰⁾	1,477	1,589	1,587	1,588	1,557	1,559	1,565	1,564	(7.0)
- Outplaced Bradesco Network ATMs ⁽¹¹⁾	3,913	3,953	3,962	3,921	3,891	4,104	3,827	3,664	(1.0)
- ATMs Shared with other Banks ^{(11) (12)}	10,753	10,815	10,856	10,326	9,765	8,113	7,358	6,912	(0.6)
- Bradesco Espresso (Correspondent Banks)	34,839	31,372	29,263	27,649	26,104	24,887	23,190	21,501	11.1
- Bradesco Promotora de Vendas	1,131	1,157	919	853	801	773	743	702	(2.2)
- Branches / Subsidiaries Abroad	12	11	11	11	12	11	11	11	9.1
ATMs	46,971	45,596	45,103	44,263	43,072	41,007	39,766	38,772	3.0
- Own Network	34,516	33,217	32,714	32,514	32,015	31,759	31,387	30,909	3.9
- Shared Network ⁽¹²⁾	12,455	12,379	12,389	11,749	11,057	9,248	8,379	7,863	0.6
- Debit and Credit Card ⁽¹³⁾ - in millions	155.7	153.0	150.4	147.5	145.2	140.7	137.8	135.6	1.8
Employees	104,684	101,334	98,317	96,749	95,248	92,003	89,204	88,080	3.3
Outsourced Employees and Interns	11,699	10,731	10,563	10,321	9,999	9,796	8,913	9,605	9.0
Foundation Employees ⁽¹⁴⁾	3,806	3,813	3,796	3,788	3,693	3,756	3,734	3,713	(0.2)
Customers - in millions									
Checking accounts	25.1	24.7	24.0	23.5	23.1	22.5	21.9	21.2	1.6
Savings Accounts ⁽¹⁵⁾	43.4	40.6	39.7	39.4	41.1	38.5	37.1	36.2	6.9
Insurance Group	40.3	39.4	38.0	37.0	36.2	34.6	33.9	33.8	2.3
- Policyholders	35.0	34.3	33.0	32.1	31.5	30.0	29.3	29.2	2.0
- Pension Plan Participants	2.2	2.1	2.1	2.1	2.0	2.0	2.0	2.0	4.8
- Savings Bond Customers	3.1	3.0	2.9	2.8	2.7	2.6	2.6	2.6	3.3
Bradesco Financiamentos	2.2	2.4	2.9	2.9	3.3	3.4	3.5	3.8	(8.3)

(1) Expanded Loan Portfolio: Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;

(2) In the last 12 months;

(3) Excluding mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity;

(4) Adjusted net income for the period;

(5) Excludes additional reserves;

(6) Number of shares (excluding treasury shares) multiplied by the closing price of the common and preferred shares on the period's last trading day;

- (7) Concept defined by Brazilian Central Bank (Bacen);
- (8) Credits overdue;
- (9) Not including Postal Bank;
- (10) PAB: Branch located on the premises of a company and with Bradesco employees; PAE: ATM located on the premises of a company; PAA: service point located in a municipality without a Bank branch;
- (11) Including overlapping ATMs within the Bank's own and shared network in: December 2011 – 2,019; September 2011 - 2,040; June 2011 – 2,045; March 2011 – 2,024; December 2010 – 1,999, September 2010 – 1,670, June 2010 - 1,547 and March 2010 – 1,490;
- (12) Shared ATM network: Banco24Horas ATMs + ATMs shared among Bradesco, Banco do Brasil and Banco Santander since November 2010;
- (13) Includes pre-paid, Private Label and Ibi México as of December 2010;
- (14) Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports and Recreation Center (ADC Bradesco); and
- (15) Number of accounts.

Bradesco _____

_____ Press Release

Ratings

Main Ratings

	Fitch Ratings								
	International Scale								Domestic Scale
Feasibility (1)	Support	Domestic Currency		Foreign Currency				Domestic Scale	
a -	2	Long Term	Short Term	Long Term	Short Term			Long Term Short Term	
		A -	F1	BBB +	F2			AAA (bra) F1	
	Moody's Investors Service								R&I International Scale
Financial Strength	International Scale						Domestic Scale		Issuer Rating
	Foreign Currency Debt	Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency			
B -	Long Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	BBB	
	Baa1	A1	P - 1	Baa2	P-2	Aaa.br	BR - 1		
	Standard & Poor's				Domestic Scale		Austin Rating		
	International Scale - Counterparty Rating				Counterparty Rating		Corporate Governance	Domestic Scale Long Term	Domestic Scale Short Term
	Foreign Currency		Domestic Currency		Long Term	Short Term			
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	AA+	AAA	A -1
	BBB	A - 3	BBB	A - 3	brAAA	brA - 1			

(1) In replacement for the individual rating (B/C).

Book Net Income vs. Adjusted Net Income

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

				R\$ million
	12M11	12M10	4Q11	3Q11

Book Net Income	11,028	10,022	2,726	2,815
Non-Recurring Events	170	(218)	45	49
- Provision for/ (Reversal of) Tax Risks	(2,126)	397	-	(2,126)
- Additional ALL/Change in Drag Calculation Parameters	1,006	(220)	-	1,006
- Labor Provision	501	-	-	501
- Civil Provision ⁽²⁾	482	268	79	280
- Records of Tax Credits	-	(336)	-	-
- Other ^{(3) (4)}	187	(215)	(14)	201
- Tax Effects	120	(112)	(20)	187
Adjusted Net Income	11,198	9,804	2,771	2,864
ROAE % ⁽¹⁾	21.0	22.7	21.2	22.7
Adjusted ROAE % ⁽¹⁾	21.3	22.2	21.5	23.1

(1) Annualized;

(2) Mainly refers to the provision for Economic Plans;

(3) In 2011, including: (i) the partial sale of Ibi Promotora, in the amount of R\$58 million; (ii) impairment, in the amount of R\$157 million; and (iii) other operating provisions, in the amount of R\$88 million; and

(4) In 2010, including: (i) partial sale/capital gain of investments (CPM Braxis/Fidelity/Other), in the amount of R\$224 million; (ii) REFIS, in the amount of R\$18 million; and (iii) impairment, in the amount of R\$27 million.

Press Release**Summarized Analysis of Adjusted Income**

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

Note that the Adjusted Income Statement serves as the basis adopted for the analysis and comments made in chapters 1 and 2 of this report.

	Adjusted Income Statement						Variation
			Variation				
	12M11	12M10	12M11 x 12M10	4Q11	3Q11	4Q11	
		Amount	%	Amount	Amount	Amount	
Financial Margin	39,321	33,056	6,265	19.0	10,258	10,230	
- Interest	37,670	31,525	6,145	19.5	9,985	9,669	3
- Non-interest	1,651	1,531	120	7.8	273	561	(288)
ALL	(10,237)	(8,703)	(1,534)	17.6	(2,661)	(2,779)	118
Gross Income from Financial Intermediation	29,084	24,353	4,731	19.4	7,597	7,451	146
Income from Insurance, Pension Plan and Savings Bond Operations ⁽¹⁾	3,370	2,772	598	21.6	933	864	69
Fee and Commission Income	15,223	13,372	1,851	13.8	4,086	3,876	210
Personnel Expenses	(11,061)	(9,302)	(1,759)	18.9	(3,140)	(2,880)	(260)
Other Administrative Expenses	(13,406)	(11,532)	(1,874)	16.3	(3,682)	(3,405)	(277)
Tax Expenses	(3,664)	(3,120)	(544)	17.4	(1,005)	(866)	(139)
Equity in the Earnings (Losses) of Unconsolidated Companies	144	127	17	13.4	53	41	12
Other Operating Income/Expenses	(3,401)	(2,382)	(1,019)	42.8	(808)	(907)	99
Operating Result	16,289	14,288	2,001	14.0	4,034	4,174	(140)
Non-Operating Income	3	(8)	11	-	4	10	(7)
Income Tax / Social Contribution	(4,954)	(4,353)	(601)	13.8	(1,241)	(1,304)	63
Non-controlling Interest	(140)	(123)	(17)	13.8	(26)	(16)	(10)
Adjusted Net Income	11,198	9,804	1,394	14.2	2,771	2,864	(93)

(1) Income from Insurance, Pension Plan and Savings Bond Operations = Insurance Retained Premiums, Pension Plans and Savings Bonds - Variation in Technical Reserves of Insurance, Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Pension Plans and Savings Bonds.

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Summarized Analysis of Adjusted Income

Adjusted Net Income and Profitability

In the fourth quarter of 2011, Bradesco's adjusted net income was R\$2,771 million, down 3.2% from the previous quarter, mainly due to: (i) lower revenue from non-interest financial margin; and (ii) greater personnel and administrative expenses, mainly resulting from accelerated organic growth in the year, marked by the expansion of 11,030 service points, including the opening of 1,009 branches.

In the comparison of 2011 and 2010, adjusted net income increased by R\$1,394 million, or 14.2%, for Return on Average Shareholders' Equity (ROAE) of 21.3%. The main reasons for this result are described in this chapter, among which the aforementioned organic growth demands our attention.

Shareholders' Equity stood at R\$55,582 million in December 2011, up 15.7% on the balance on December 2010. The Capital Adequacy Ratio stood at 15.1%, of which, 12.4% fell under Tier I Reference Shareholders' Equity.

Total Assets came to R\$761,533 million in December 2011, up 19.5% over December 2010, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) hovered around 1.6%.

Summarized Analysis of Adjusted Income**Efficiency Ratio (ER)**

The ER was impacted by the following events in the period: (i) accelerated organic growth in the year, especially in the second half of 2011, marked by the expansion of 11,030 service points, including the inauguration of 1,009 branches, which impacted personnel and administrative expenses; and (ii) greater expenses with advertising and marketing, brought on by the seasonal effect in the quarter.

With regards to the “adjusted to risk” ER, which reflects the impact of risk associated with loan operations⁽²⁾ and the aforementioned events, it was also affected by the increase in delinquency in the period.

(1) $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Financial Margin} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$. Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), our ER in the fourth quarter of 2011 would be 45.8%; and

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

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Summarized Analysis of Adjusted Income

Financial Margin

The R\$28 million increase in the fourth quarter of 2011 compared to the third quarter of 2011 was due to:

- a R\$316 million increase in interest-earning operations, mainly due to higher gains with “Loan” and “Securities/Other” margins; and

was offset by:

- a R\$288 million decrease in the non-interest margin, due to lower treasury/securities gains.

Financial margin posted a R\$6,265 million improvement between the 2011 fiscal year and that of 2010, for growth of 19.0%, mainly driven by:

- a R\$6,145 million increase in income from interest-earning operations due to an increase in business volume, driven by:
 - (i) “Loans;” and (ii) “Funding;” and
- greater income from the non-interest margin, in the amount of R\$120 million, due to higher treasury/securities gains.

Summarized Analysis of Adjusted Income**Interest Financial Margin – Annualized Average Rates**

	12M11			12M10			R\$ million
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	26,818	254,812	10.5%	23,362	209,292	11.2%	
Funding	4,562	301,122	1.5%	3,029	236,549	1.3%	
Insurance	3,388	94,561	3.6%	2,827	80,444	3.5%	
Securities/Other	2,902	234,205	1.2%	2,307	194,624	1.2%	
Financial Margin	37,670	-	7.4%	31,525	-	7.5%	
	4Q11			3Q11			
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	7,162	269,071	11.1%	6,928	260,140	11.1%	
Funding	1,169	319,408	1.5%	1,252	313,201	1.6%	
Insurance	770	100,978	3.1%	800	95,865	3.4%	
Securities/Other	884	257,613	1.4%	689	244,470	1.1%	
Financial Margin	9,985	-	7.6%	9,669	-	7.6%	

The annualized interest financial margin rate stood at 7.6% in the fourth quarter of 2011, in line with the figure recorded in the previous quarter.

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio⁽¹⁾

In December 2011, Bradesco's loan operations totaled R\$345.7 billion. The 4.0% increase in the quarter was due to growth of: (i) 6.2% in Small and Medium-sized Entities (SMEs); (ii) 3.1% in Individuals; and (iii) 3.1% in Corporations.

Over the last 12 months, the portfolio expanded by 17.1%, driven by: (i) 22.6% growth in SMEs; (ii) 18.6% growth in Corporations; and (iii) 10.6% growth in Individuals.

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

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

For more information, see page 38 of chapter 2 of this Report.

Allowance for Loan Losses (ALL)

In the fourth quarter of 2011, ALL expenses stood at R\$2,661 million, down 4.2% from the previous quarter, mainly as a result of: (i) adequate provision levels in comparison with the expected losses from certain operations with corporate customers, which offset: (ii) the increased delinquency in the period; and (iii) the growth in loan operation volume.

(1) In the 3Q11, includes exceeding ALL in the total amount of R\$1.0 billion.

In comparison with 2010, ALL expenses in 2011 increased by 17.6%, mainly due to: (i) growth in loan operations; and (ii) greater delinquency in the period, especially among individuals.

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Summarized Analysis of Adjusted Income

Delinquency Ratio > 90 days

The delinquency ratio of over 90 days posted a slight increase of 0.1 p.p. in the quarter, mainly due to: (i) a 0.2 p.p. increase in the SME ratio; and (ii) a 0.1 p.p. increase in the Individuals ratio.

Coverage Ratios

The following graph presents the evolution of the coverage ratio of the ALL for loans overdue for more than 60 and 90 days. In December 2011 these ratios reached 151.8% and 184.4%, respectively, pointing to a comfortable level of provisioning.

The ALL, totaling R\$19.5 billion in December 2011, was made up of: (i) R\$15.5 billion required by the Brazilian Central Bank; and (ii) R\$4.0 billion in additional provisions.

Summarized Analysis of Adjusted Income**Income from Insurance, Pension Plan and Savings Bond Operations**

Net Income for the fourth quarter of 2011 came to R\$860 million, up 10.3% from the previous quarter.

Net Income for 2011 came to R\$3.201 billion, up 10.2% on the previous year.

	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	R\$ m
Net Income	860	780	800	761	779	721	701	701	
Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income ⁽¹⁾	11,133	9,049	9,661	7,850	9,022	7,697	7,163	7,163	
Technical Reserves	103,653	97,099	93,938	89,980	87,177	82,363	79,308	79,308	
Financial Assets	112,979	107,244	103,847	99,594	96,548	92,599	88,515	88,515	
Claims Ratio	68.6	71.5	72.2	72.0	71.1	72.4	71.8	71.8	
Combined Ratio	83.6	86.2	85.8	86.1	85.1	85.3	84.7	84.7	
Policyholders / Participants and Customers (in thousands)	40,304	39,434	37,972	37,012	36,233	34,632	33,908	33,908	
Market Share of Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income ⁽²⁾	N/A	24.9	25.0	23.2	24.7	24.7	24.8	24.8	

Note: For comparison purposes, we have excluded the build in Technical Reserves for benefits to be granted – Remission (Health) from the calculation of ratios for the first quarter of 2010, and the effects of Normative Resolution (RN) 206/09 issued by the National Supplementary Health Plan Agency (ANS) on health revenues from the calculation of combined ratio.

(1) Excluding the effects of ANS RN 206/09, which as of January 2010 extinguished the unearned premium reserve (PPNG) (Susep Statistics System (SES)) and income from premiums are now recorded on a *pro-rata temporis* basis. This accounting change did not affect Earned Premiums; and

(2) 3Q11 considers the latest data made available by the Insurance Superintendence (Susep) (July 2011).

Summarized Analysis of Adjusted Income

In the fourth quarter of 2011, the Group's total revenue increased by 23.0% on the previous quarter, led by the "Life and Pension Plan" segment, which was driven by a greater concentration of pension plan contributions in the period in question.

In 2011, revenue was up 21.3% in comparison with 2010, driven by the performance of "Life and Pension Plan," "Health" and "Savings Bond" products, which posted respective growth of 23.8%, 22.0% and 22.7% in the period.

Net income increase in the quarter was mainly due to: (i) a 23.0% increase in revenues; (ii) improved equity income; and (iii) a drop in the claims ratio.

Net income increase in the 2011 fiscal year was the result of: (i) 21.3% growth in revenues; (ii) a 1.1 p.p. decrease in the claims ratio; (iii) improved financial result and equity in the earnings (losses) of unconsolidated subsidiaries; and partially offset by: (iv) an increase in personnel expenses, mainly driven by the collective bargaining agreement in January 2011.

In terms of solvency, Grupo Bradesco de Seguros e Previdência complies with Insurance Superintendence (Susep) rules effective as of January 1, 2008, and international standards (Solvency II). The Group's financial leverage ratio stood at 2.7 times its Shareholders' Equity.

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Summarized Analysis of Adjusted Income**Fee and Commission Income**

In the fourth quarter of 2011, fee and commission income totaled R\$4,086 million, up 5.4% or R\$210 million from the previous quarter. This increase was mainly driven by: (i) higher credit card revenue, resulting from the increase in the cards/customer base; (ii) greater checking account revenue; and (iii) greater gains from capital market operations (underwriting/ financial advisory services).

When comparing 2011 with 2010, the R\$1,851 million, or 13.8%, increase in fee and commission income was mainly due to: (i) the performance of the credit card segment, driven by the growth in card base and revenues; (ii) higher income from checking accounts, which was driven by growth in business volume and an increase in checking account holder base, which posted net growth of 2.0 million accounts in the period; (iii) greater income from loan operations, resulting from an increase in the volume of contracted operations; (iv) greater income from collections; and (v) the increase in income from consortium management.

Summarized Analysis of Adjusted Income

Personnel Expenses

In the fourth quarter of 2011, the R\$260 million increase from the previous quarter was due to the following:

- structural expenses – R\$127 million growth, mainly resulting from: (i) higher expenses with salaries, social charges and benefits due to the Bank's organic growth, which led to the opening of new service points and the consequent increase in staff; and (ii) an adjustment to salary levels, pursuant to the collective bargaining agreement; and
- non-structural expenses – R\$133 million increase, mainly due to expenses with employee and management profit sharing.

- R\$478 million in non-structural expenses, mainly driven by: (i) greater expenses with employee and management profit sharing; and (ii) greater expenses with the provision for labor claims.

Growth between 2011 and 2010 of R\$1,759 million is mainly due to:

- R\$1,281 million in structural expenses, resulting from: (i) increased expenses with salaries, social charges and benefits, due to higher salary levels; and (ii) the net increase in the number of employees by 9,436 professionals; and

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

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

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Summarized Analysis of Adjusted Income

Administrative Expenses

In the fourth quarter of 2011, administrative expenses increased by 8.1% on the previous quarter, mainly due to: (i) greater expenses with advertising and marketing; and (ii) expenses related to accelerated organic growth (i.e. transportation, security and surveillance, maintenance and preservation of goods, etc.), which led to the inauguration of 689 branches.

The 16.3% increase between 2011 and 2010 was mainly due to greater expenses with:

(i) outsourced services, mainly related variable expenses tied to revenues/business volume (i.e. correspondent banks, Call Center, etc.); (ii) contract adjustments; and (iii) accelerated organic growth in the period, marked by the expansion of 11,030 service points, including the inauguration of 1,009 branches.

(1) Does not include Postal Bank.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R\$808 million in the fourth quarter of 2011, down R\$99 million from the previous quarter, mainly due to less expenses with the recording of operating provisions, particularly those with civil provisions.

Compared with the previous year, the increase in other operating expenses, net of other operating income, by R\$1,019 million in 2011 is mainly the result of: (i) higher expenses with the recording of operating provisions, especially civil provisions; and (ii) higher expenses with amortization of intangible assets – acquisition of banking rights.

Summarized Analysis of Adjusted Income

Income Tax and Social Contributions

Income tax and social contribution expenses in the fourth quarter of 2011 were down 4.8%, or R\$63 million, from the previous quarter, due to lower taxable income in the period.

In 2011, the increase in these expenses over 2010 is mainly the result of: (i) an increase in taxable income; and (ii) the termination of tax credits resulting from the increase in the social contribution rate from 9% to 15% in the first quarter of 2011.

Unrealized Gains

Unrealized gains totaled R\$10,618 million in the fourth quarter of 2011, a R\$1,561 million increase from the previous quarter. This was mainly due to: (i) the appreciation of investments, particularly the Cielo investment, which saw a 15.0% increase in share value in the quarter; (ii) the valuation of mark-to-market securities in both fixed income and equities; and (iii) mark-to-market effect of subordinated debt.

Economic Scenario

Economic activity indicators in the USA were better than expected in the fourth quarter of 2011, but failed to completely ward off uncertainties regarding the pace and sustainability of growth in the coming months. At the same time, the constant downward revisions of projected Chinese growth lost momentum, despite persisting doubts in relation to the country's banking system and real estate market. However, concern with the fiscal imbalance in many European nations mounted, given that the European Central Bank's recent measures to promote liquidity in the Eurozone banking system were insufficient to dispel existing fears.

Faced with these risks, global growth remained low, adversely impacting the confidence of the economic agents. This trend has had two relevant effects: (i) the normalization of monetary policy by the main central banks will most likely be delayed, ensuring high international liquidity, as long as there are no major breakdowns in the banking systems of the major economies, an event we believe to be unlikely; and (ii) the average of commodity prices should also continue on a downward trajectory throughout 2012, despite short-term pressures, especially in relation to agricultural produce (unfavorable weather conditions) and oil (geo-political tensions).

Brazil is not immune to global events, although it is certainly much better prepared to face the materialization of existing risks than it was three years ago. Faced with a deteriorating international scenario and the current leveling-off of domestic activity in the second half of 2011, the economic authorities have adopted a number of stimulus measures, including: (i) a series of interest rate reductions, a process that should continue into the first quarter of 2012; (ii) the partial reversal of the macroprudential measures adopted in December 2010; and (iii) tax incentives for the consumer goods and industrial segments. At the same time, the country's foreign reserves (currently US\$355 billion, versus US\$208 billion in September 2008) and the

Although the prospective global scenario should have a deflationary impact on Brazil's economy, there are still a number of challenges related to the handling of monetary policy, given the mismatch between supply and demand, the economy's high level of indexation and the buoyant job market.

Bradesco is maintaining its positive long-term outlook for Brazil. Despite the country's undeniable export vocation, domestic demand has been and will continue to be the main engine of economic performance. Household consumption has been driven by the buoyant job market, while investments have benefited from the opportunities generated by pre-salt oil exploration and the sporting events in the coming years. With no signs of excessive income commitment by borrowers and with continuing upward social mobility, the outlook for the Brazilian banking system also remains favorable.

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

volume of reserve requirements held by Bacen (R\$448 billion, versus R\$272 billion three years ago) constitute an excellent line of defense that can be tapped into quickly if needed. Given these measures and the expected increase in public investments, the Brazilian economy should respond favorably, accelerating the pace of growth in the coming months. This improvement should become even more evident in the second quarter, when the industrial inventory adjustments will have run their course.

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Main Economic Indicators

Main Indicators (%)	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	12
Interbank Deposit Certificate (CDI)	2.67	3.01	2.80	2.64	2.56	2.61	2.22	2.02	1
Ibovespa	8.47	(16.15)	(9.01)	(1.04)	(0.18)	13.94	(13.41)	2.60	(1
USD – Commercial Rate	1.15	18.79	(4.15)	(2.25)	(1.65)	(5.96)	1.15	2.29	1
General Price Index - Market (IGP-M)	0.91	0.97	0.70	2.43	3.18	2.09	2.84	2.78	
Extended Consumer Price Index (IPCA) – Brazilian									
Institute of Geography and Statistics (IBGE)	1.46	1.06	1.40	2.44	2.23	0.50	1.00	2.06	
Federal Government Long-Term Interest Rate (TJLP)	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	
Reference Interest Rate (TR)	0.22	0.43	0.31	0.25	0.22	0.28	0.11	0.08	
Savings Accounts	1.73	1.95	1.82	1.76	1.73	1.79	1.62	1.59	
Business Days (number)	62	65	62	62	63	65	62	61	
Indicators (Closing Rate)									
USD – Commercial Selling Rate - (R\$)	Dec11	Sept11	Jun11	Mar11	Dec10	Sept10	Jun10	Mar10	D
Euro - (R\$)	1.8758	1.8544	1.5611	1.6287	1.6662	1.6942	1.8015	1.7810	1
Country Risk (points)	2.4342	2.4938	2.2667	2.3129	2.2280	2.3104	2.2043	2.4076	2
Basic Selic Rate Copom (% p.a.)	223	275	148	173	189	206	248	185	
BM&F Fixed Rate (% p.a.)	11.00	12.00	12.25	11.75	10.75	10.75	10.25	8.75	1
	10.04	10.39	12.65	12.28	12.03	11.28	11.86	10.85	1

Projections through 2014

%	2012	2013	2014
USD - Commercial Rate (year-end) - R\$	1.80	1.86	1.92
Extended Consumer Price Index (IPCA)	5.30	5.10	5.00
General Price Index - Market (IGP-M)	4.00	4.60	4.50
Selic (year-end)	9.50	9.50	9.00
Gross Domestic Product (GDP)	3.70	4.70	4.70

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Guidance**Bradesco's Outlook for 2012**

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

Loan Portfolio ⁽¹⁾	18 to 22%
Individuals	16 to 20%
Corporate	18 to 22%
SMEs	23 to 27%
Corporations	13 to 17%
Products	
Vehicles	4 to 8%
Cards ⁽²⁾	13 to 17%
Real Estate Financing (origination)	R\$11.4 bi
Payroll Deductible Loans	26 to 30%
Financial Margin ⁽³⁾	10 to 14%
Fee and Commission Income	8 to 12%
Operating Expenses ⁽⁴⁾	8 to 12%
Insurance Premiums	13 to 16%

(1) Expanded Loan Portfolio;

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

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

(4) Administrative and Personnel Expenses.

Income Statements vs. Managerial Income vs. Adjusted Income**Analytical Breakdown of Income Statement vs. Managerial Income vs. Adjusted Income****Fourth Quarter of 2011**

	R\$ million											
	4Q11											
	Book	Reclassifications						Fiscal	Managerial	Non-Recurring	Adjusted	
	Income	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Hedge	Income	Events (9)	Statement
	Statement								(8)	Statement		of Income
Financial Margin	10,813	(169)	39	(329)	(593)	179	-	-	318	10,258	-	10,258
ALL	(2,958)	-	-	-	356	(59)	-	-	-	(2,661)	-	(2,661)
Gross Income from Financial Intermediation	7,855	(169)	39	(329)	(237)	120	-	-	318	7,597	-	7,597
Income from Insurance, Pension Plan and Savings Bond Operations (10)	933	-	-	-	-	-	-	-	-	933	-	933
Fee and Commission Income	3,963	-	-	-	-	-	123	-	-	4,086	-	4,086
Personnel Expenses	(3,140)	-	-	-	-	-	-	-	-	(3,140)	-	(3,140)
Other Administrative Expenses	(3,574)	-	-	-	-	-	-	(108)	-	(3,682)	-	(3,682)
Tax Expenses	(1,061)	-	-	-	78	-	-	-	(34)	(1,017)	11	(1,005)
Equity in the Earnings (Losses) of Unconsolidated Companies	53	-	-	-	-	-	-	-	-	53	-	53
Other Operating Income/Expenses	(1,473)	169	(39)	329	159	-(123)	108	-	-	(870)	62	(808)
Operating Result	3,556	-	-	-	-	120	-	-	284	3,960	73	4,034
Non-Operating Income	124	-	-	-	-(120)	-	-	-	-	4	-	4
Income Tax / Social Contribution and Non-controlling Interest	(954)	-	-	-	-	-	-	-	(284)	(1,238)	(31)	(1,267)
Net Income	2,726	-	-	-	-	-	-	-	-	2,726	45	2,771

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

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Income Statement vs. Managerial Income vs. Adjusted Income

Third Quarter of 2011

	R\$ million											
	Book	Reclassifications						3Q11	Fiscal Managerial	Non-Recurring	Adjusted	
	Income	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Hedge	Income	Events (9)	Statement
	Statement								(8)	Statement		of Income
Financial Margin	8,693	(141)	37	(142)	(430)	-	-	-	2,213	10,230	-	10,230
ALL	(3,906)	-	-	-	178	(57)	-	-	-	(3,785)	1,006	(2,779)
Gross Income from Financial Intermediation	4,787	(141)	37	(142)	(252)	(57)	-	-	2,213	6,445	1,006	7,451
Income from Insurance, Pension Plan and Savings Bond Operations (10)	864	-	-	-	-	-	-	-	-	864	-	864
Fee and Commission Income	3,772	-	-	-	-	-	104	-	-	3,876	-	3,876
Personnel Expenses	(3,380)	-	-	-	-	-	-	-	-	(3,380)	501	(2,880)
Other Administrative Expenses	(3,314)	-	-	-	-	-	-	(91)	-	(3,405)	-	(3,405)
Tax Expenses	(695)	-	-	-	69	-	-	-	(240)	(866)	-	(866)
Equity in the Earnings (Losses) of Unconsolidated Companies	41	-	-	-	-	-	-	-	-	41	-	41
Other Operating Income/Expenses	264	141	(37)	142	183	-(104)	91	-	-	680	(1,587)	(907)
Operating Result	2,339	-	-	-	-(57)	-	-	-	1,973	4,255	(80)	4,174
Non-Operating Income	10	-	-	-	-	57	-	-	-	67	(58)	10
Income Tax / Social Contribution and Non-controlling Interest	466	-	-	-	-	-	-	-	(1,973)	(1,507)	187	(1,320)
Net Income	2,815	-	-	-	-	-	-	-	-	2,815	49	2,864

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

Income Statement vs. Managerial Income vs. Adjusted Income

2011 Fiscal Year

	R\$ mill											
	12M11											
	Book Income Statement	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
Financial Margin	40,211	(513)	121	(611)	(1,859)	179	-	-	1,793	39,321	-	39,321
ALL	(12,083)	-	-	-	1,074	(234)	-	-	-	(11,243)	1,006	(10,237)
Gross Income from Financial Intermediation	28,128	(513)	121	(611)	(785)	(55)	-	-	1,793	28,078	1,006	29,084
Income from Insurance, Pension Plan and Savings Bond Operations (10)	3,370	-	-	-	-	-	-	-	-	3,370	-	3,370
Fee and Commission Income	14,778	-	-	-	-	-	445	-	-	15,223	-	15,223
Personnel Expenses	(11,560)	-	-	-	-	-	-	-	-	(11,560)	501	(11,059)
Other Administrative Expenses	(13,018)	-	-	-	-	-	(388)	-	-	(13,406)	-	(13,406)
Tax Expenses	(3,680)	-	-	-	197	-	-	-	(194)	(3,677)	11	(3,666)
Equity in the Earnings (Losses) of Unconsolidated Companies	144	-	-	-	-	-	-	-	-	144	-	144
Other Operating Income/Expenses	(3,535)	513	(121)	611	588	(445)	388	-	-	(2,001)	(1,402)	(3,403)
Operating Result	14,628	-	-	-	-	(55)	-	-	1,599	16,172	117	16,289
Non-Operating Income	4	-	-	-	-	55	-	-	-	60	(58)	2
Income Tax / Social Contribution and Non-controlling Interest	(3,605)	-	-	-	-	-	-	-	(1,599)	(5,205)	109	(5,096)
Net Income	11,028	-	-	-	-	-	-	-	-	11,028	170	11,198

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

(2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other

Operating Income/Expenses” to the item “Financial Margin;”

(3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Financial Margin;”

(4) Income from Loan Recovery classified under the item “Financial Margin”, Expenses with Discounts Granted classified under the item “Other Operating Income/Expenses”, and Expenses with Write-offs of Leasing Operations classified under the item “Financial Margin” were reclassified to the item “ALL Expenses - Allowance for Loan Losses”, and Tax Expenses were reclassified to “Other Operating Expenses;”

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item “Non-Operating Result” were reclassified to the item “ALL Expenses - Allowance for Loan Losses” / “Financial Margin;”

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

(7) Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”

(8) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;

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

(10) Income from Insurance, Pension Plan and Savings Bond Operations = Insurance, Pension Plan and Savings Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Pension Plans and Savings Bonds.

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Press Release**Income Statement vs. Managerial Income vs. Adjusted Income****2010 Fiscal Year**

		12M10										R\$ mill
	Book Income Statement	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge Income Statement (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
Financial Margin	35,893	(422)	143	(307)	(1,658)	-	-	-	(681)	32,968	88	33,0
ALL	(9,037)	-	-	-	940	(386)	-	-	-	(8,483)	(220)	(8,7
Gross Income from Financial Intermediation	26,856	(422)	143	(307)	(718)	(386)	-	-	(681)	24,485	(132)	24,3
Income from Insurance, Pension Plan and Savings Bond Operations (10)	2,772	-	-	-	-	-	-	-	-	2,772	-	2,7
Fee and Commission Income	13,103	-	-	-	-	-	270	-	-	13,372	-	13,3
Personnel Expenses	(9,302)	-	-	-	-	-	-	-	-	(9,302)	-	(9,3
Other Administrative Expenses	(11,194)	-	-	-	-	-	(339)	-	-	(11,532)	-	(11,5
Tax Expenses	(3,180)	-	-	-	(31)	-	-	-	74	(3,137)	17	(3,1
Equity in the Earnings (Losses) of Unconsolidated Companies	127	-	-	-	-	-	-	-	-	127	-	1
Other Operating Income/Expenses	(4,410)	422	(143)	307	749	-(270)	339	-	-	(3,007)	626	(2,3
Operating Result	14,771	-	-	-	-(386)	-	-	(607)	13,777	511	14,2	
Non-Operating Income	(171)	-	-	-	-	386	-	-	-	215	(224)	
Income Tax / Social Contribution and Non-controlling Interest	(4,578)	-	-	-	-	-	-	-	607	(3,971)	(505)	(4,4
Net Income	10,022	-	-	-	-	-	-	-	10,022	(218)	9,8	

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"

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

(3) Interest Income/Expenses from the financial segment were reclassified from the item "Other

Operating Income/Expenses” to the item “Financial Margin;”

(4) Income from Loan Recovery classified under the item “Financial Margin”, Expenses with Discounts Granted classified under the item “Other Operating Income/Expenses”, and Expenses with Write-offs of Leasing Operations classified under the item “Financial Margin” were reclassified to the item “ALL Expenses - Allowance for Loan Losses”, and Tax Expenses were reclassified to “Other Operating Expenses;”

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item “Non-Operating Result” were reclassified to the item “ALL Expenses - Allowance for Loan Losses” / “Financial Margin;”

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

(7) Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”

(8) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;

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

(10) Income from Insurance, Pension Plan and Savings Bond Operations = Insurance, Pension Plan and Savings Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Pension Plans and Savings Bonds.

— Report on Economic and Financial Analysis – December 2011

Economic and Financial Analysis

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

	Dec11	Sept11	Jun11	Mar11	Dec10	Sept10	Jun10	Mar10
								R\$ million
Assets								
Current and Long-Term Assets	746,090	710,238	677,571	663,599	625,783	601,180	547,868	522,709
Cash and Cash Equivalents	22,574	10,018	7,715	6,785	15,738	9,669	6,877	8,705
Interbank Investments	82,303	85,963	86,147	100,159	73,232	92,567	96,478	97,165
Securities and Derivative Financial Instruments	265,723	244,622	231,425	217,482	213,518	196,081	156,755	157,309
Interbank and Interdepartmental Accounts	72,906	71,951	67,033	67,292	66,326	50,781	50,427	36,674
Loan and Leasing Operations	248,719	241,812	231,862	222,404	213,532	200,092	191,248	181,490
Allow ance for Loan Losses (ALL)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)	(16,019)	(15,782)	(15,836)
Other Receivables and Assets	73,405	74,963	70,754	66,217	59,727	68,009	61,864	57,202
Permanent Assets	15,443	12,051	11,736	11,788	11,702	10,723	10,232	9,917
Investments	2,052	1,721	1,699	1,675	1,577	1,616	1,553	1,537
Premises and Leased Assets	4,413	3,812	3,658	3,666	3,766	3,401	3,427	3,244
Intangible Assets	8,978	6,518	6,379	6,447	6,359	5,706	5,252	5,136
Total	761,533	722,289	689,307	675,387	637,485	611,903	558,100	532,626
Liabilities								
Current and Long-Term Liabilities	704,664	667,312	635,360	623,069	588,610	564,794	512,790	488,431
Deposits	217,424	224,664	213,561	203,822	193,201	186,194	178,453	170,722
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	197,448	171,458	164,204	178,989	171,497	157,009	131,134	128,172
Funds from Issuance of Securities	41,522	32,879	29,044	21,701	17,674	13,749	12,729	8,550
	4,614	2,974	3,037	2,647	3,790	2,451	2,777	2,063

Interbank and Interdepartmental Accounts								
Borrowing and Onlending	53,247	49,057	45,207	41,501	38,196	37,998	35,033	30,208
Derivative Financial Instruments	735	1,724	1,221	2,358	730	1,878	1,097	2,469
Reserves for Insurance, Pension Plans and Savings Bonds								
	103,653	97,099	93,938	89,980	87,177	82,363	79,308	77,685
Other Liabilities	86,021	87,457	85,148	82,071	76,345	83,152	72,259	68,562
Deferred Income	672	622	505	447	360	312	337	292
Non-controlling Interest in Subsidiaries								
	615	613	599	574	472	683	678	816
Shareholders' Equity	55,582	53,742	52,843	51,297	48,043	46,114	44,295	43,087
Total	761,533	722,289	689,307	675,387	637,485	611,903	558,100	532,626

Economic and Financial Analysis

Consolidated Balance Sheet and Adjusted Income Statement

Adjusted Income Statement

	R\$ million							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Financial Margin	10,258	10,230	9,471	9,362	9,018	8,302	8,047	7,689
Interest	9,985	9,669	9,167	8,849	8,553	7,904	7,663	7,406
Non-Interest	273	561	304	513	465	398	384	283
ALL	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)	(2,059)	(2,161)	(2,188)
Gross Income from Financial Intermediation	7,597	7,451	7,034	7,002	6,723	6,243	5,886	5,501
Income from Insurance, Pension Plan and Savings Bond Operations ⁽¹⁾	933	864	788	785	700	703	786	583
Fee and Commission Income	4,086	3,876	3,751	3,510	3,568	3,427	3,253	3,124
Personnel Expenses	(3,140)	(2,880)	(2,605)	(2,436)	(2,533)	(2,411)	(2,238)	(2,120)
Other Administrative Expenses	(3,682)	(3,405)	(3,179)	(3,140)	(3,257)	(2,890)	(2,738)	(2,647)
Tax Expenses	(1,005)	(866)	(913)	(880)	(858)	(779)	(734)	(749)
Equity in the Earnings (Losses) of Unconsolidated Companies	53	41	16	34	60	19	19	29
Other Operating Income and Expenses	(808)	(907)	(764)	(922)	(646)	(598)	(588)	(550)
- Other Operating Income	388	468	413	370	410	318	294	265
- Other Operating Expenses	(1,196)	(1,375)	(1,177)	(1,292)	(1,056)	(916)	(882)	(815)
Operating Result	4,034	4,174	4,128	3,953	3,757	3,714	3,646	3,171
Non-Operating Income	4	10	(7)	(4)	10	(10)	(12)	4
Income Tax and Social Contribution	(1,241)	(1,304)	(1,271)	(1,138)	(1,059)	(1,123)	(1,161)	(1,010)
Non-controlling Interest	(26)	(16)	(25)	(73)	(24)	(63)	(18)	(18)
Adjusted Net Income	2,771	2,864	2,825	2,738	2,684	2,518	2,455	2,147

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

Financial Margin – Interest and Non-Interest

Financial Margin Breakdown

Economic and Financial Analysis

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

					R\$ million	
	Financial Margin				Variation	
	12M11	12M10	4Q11	3Q11	YTD	Quarter
Interest - due to volume					6,765	345
Interest - due to spread					(620)	(29)
- Financial Margin - Interest	37,670	31,525	9,985	9,669	6,145	316
- Financial Margin - Non-Interest	1,651	1,531	273	561	120	(288)
Financial Margin	39,321	33,056	10,258	10,230	6,265	28
Average Margin Rate (1)	7,7%	7,9%	7,8%	8,0%		

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

In the fourth quarter of 2011, financial margin was R\$10,258 million. Compared with the previous quarter there was R\$28 million increase. This variation was the result of: (i) the R\$316 million increase in the interest margin, reflecting the increase in the volume of operations; and offset by: (ii) the reduction in the non-interest margin in the amount of R\$288 million.

Financial margin grew by 19.0% or R\$6,265 million when compared to the same period in the previous year. This variation is due to: (i) the R\$6,145 million increase in interest margin, of which: (a) R\$6,765 million corresponds to the increase in volume of operations; and partially offset by: (b) the decrease in spread of R\$620 million; and (ii) the increase in non-interest margin in the amount of R\$120 million.

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

					R\$ million	
	Interest Financial Margin Breakdown				Variation	
	12M11	12M10	4Q11	3Q11	YTD	Quarter
Loans	26,818	23,362	7,162	6,928	3,456	234
Funding	4,562	3,029	1,169	1,252	1,533	(83)
Insurance	3,388	2,827	770	800	561	(30)

Securities/Other	2,902	2,307	884	689	595	195
Financial Margin	37,670	31,525	9,985	9,669	6,145	316

The interest financial margin reached R\$9,985 million in the fourth quarter of 2011, versus R\$9,669 million posted in the third quarter of 2011, for a positive result of R\$316 million. The business lines that most contributed to this result in the quarter were: (i) "Loans;" and (ii) "Securities/Other."

Year on year, interest financial margin posted growth of 19.5%, or R\$6,145 million. In this period, all business segments posted gains, particularly "Loans" and "Funding."

Economic and Financial Analysis

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

The annualized interest financial margin rate versus total average assets stood at 7.6% in the fourth quarter of 2011, stable in comparison with the third quarter of 2011.

Interest Financial Margin – Annualized Average Rates

	12M11			12M10			R\$ million
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	26,818	254,812	10.5%	23,362	209,292	11.2%	
Funding	4,562	301,122	1.5%	3,029	236,549	1.3%	
Insurance	3,388	94,561	3.6%	2,827	80,444	3.5%	
Securities/Other	2,902	234,205	1.2%	2,307	194,624	1.2%	
Financial Margin	37,670	-	7.4%	31,525	-	7.5%	

	4Q11			3Q11			
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	
Loans	7,162	269,071	11.1%	6,928	260,140	11.1%	
Funding	1,169	319,408	1.5%	1,252	313,201	1.6%	
Insurance	770	100,978	3.1%	800	95,865	3.4%	
Securities/Other	884	257,613	1.4%	689	244,470	1.1%	
Financial Margin	9,985	-	7.6%	9,669	-	7.6%	

Economic and Financial Analysis

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

	Financial Margin - Loan				R\$ million	
	12M11	12M10	4Q11	3Q11	Variation	
					YTD	Quarter
Interest - due to volume					4,791	238
Interest - due to spread					(1,335)	(4)
Interest Financial Margin	26,818	23,362	7,162	6,928	3,456	234
Income	49,077	39,663	12,782	13,399	9,414	(617)
Expenses	(22,259)	(16,301)	(5,620)	(6,471)	(5,958)	851

In the fourth quarter of 2011, financial margin with loan operations reached R\$7,162 million, up 3.4% or R\$234 million over the previous quarter. The variation was mainly the result of the R\$238 million growth in average business volume.

Year on year, there was an increase of 14.8% or R\$3,456 million in the financial margin, mainly resulting from: (i) the 21.7%, or R\$4,791 million, increase in the average volume of operations; and (ii) a R\$1,335 million decrease in average spread, impacted by: (a) the increase in funding costs, due to higher interest rates in the period; and (b) a change in the portfolio mix, as a result of the greater share of Corporate segment and its lower margins, up 20.4% in the last twelve months, versus an increase of 10.6% of the Individual segment in the same period.

Economic and Financial Analysis

Loan Financial Margin - Interest

Loan Financial Margin – Net Margin

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

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

The net margin curve presents the result of loan interest income, net of ALL, which, in the fourth quarter of 2011, recorded an 8.5% increase from the previous quarter, due to: (i) a 3.4% growth in gross margin; and (ii) a 4.3% decrease in ALL expenses, resulting from adequate provision levels in relation to expected losses from certain operations with corporate customers. Comparing 2011 to 2010, loan interest income grew by 13.1%, or R\$1,921 million, as a result of: (i) a 14.8% gain in gross margin; and (ii) the 17.6% increase in ALL expenses, mainly due to: (a) growth of loan operations; and (b) increase in delinquency, mainly among individuals.

Economic and Financial Analysis

Loan Financial Margin - Interest**Expanded Loan Portfolio⁽¹⁾**

The expanded loan portfolio amounted to R\$345.7 billion in December 2011, recording growth of 4.0% in the quarter, led by SMEs, which grew by 6.2% in the period. The expanded loan portfolio increased 17.1% over the last 12 months, mainly due the 22.6% growth in the SME portfolio in 2011.

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

For further information, refer to page 38 hereof.

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

A breakdown of loan products for Individuals is presented below:

Individuals	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Vehicles - CDC	28,761	27,554	24,867	4.4	15.7
Credit Card	18,633	17,454	17,184	6.8	8.4
Payroll-Deductible Loans ⁽¹⁾	17,807	17,509	15,008	1.7	18.7
Personal Loans	13,212	12,977	11,493	1.8	15.0
Real Estate Financing ⁽²⁾	7,248	6,372	4,370	13.7	65.9
Rural Loans	6,641	6,414	5,798	3.5	14.5
BNDES/Finame Onlending	5,336	5,177	4,394	3.1	21.4
Leasing	4,225	5,011	7,954	(15.7)	(46.9)
Overdraft Facilities	2,746	3,035	2,481	(9.5)	10.7
Sureties and Guarantees	856	690	535	24.1	60.0
Other ⁽³⁾	3,206	3,196	4,158	0.3	(22.9)

Total	108,671	105,389	98,243	3.1	10.6
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Including:

(1) Loan assignment (FIDC): R\$514 million in December 2011, R\$442 million in September 2011 and R\$408 million in December 2010;

(2) Loan assignment (CRI): R\$216 million in December 2011, R\$232 million in September 2011 and R\$287 million in December 2010; and

(3) Loan assignment (FIDC) for the acquisition of assets: R\$2 million in December 2011, R\$3 million in September 2011 and R\$8 million in December 2010; and Rural loan assignment: R\$111 million in December 2011, R\$122 million in September 2011 and R\$121 million in December 2010.

Loans for Individuals grew by 10.6% in the last 12 months, led by the following products: (i) real estate financing; (ii) BNDES/Finame onlending; and (iii) payroll-deductible loans. When compared to the third quarter of 2011, these operations grew by 3.1%, and the products that most contributed to this growth were: (i) real estate financing; (ii) credit card; and (iii) rural loans.

Economic and Financial Analysis

Loan Financial Margin - Interest

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

Corporate	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Working Capital	41,863	38,590	34,729	8.5	20.5
BNDES/Finame Onlending	30,062	29,895	25,160	0.6	19.5
Operations Abroad	22,659	23,083	17,927	(1.8)	26.4
Credit Card	13,533	12,962	11,073	4.4	22.2
Export Financing	9,824	9,123	7,133	7.7	37.7
Overdraft Account	9,670	9,989	8,387	(3.2)	15.3
Real Estate Financing - Corporate Plan ⁽¹⁾	9,253	8,319	6,484	11.2	42.7
Leasing	7,325	7,530	8,411	(2.7)	(12.9)
Vehicles - CDC	5,443	5,092	3,936	6.9	38.3
Rural Loans	4,395	4,714	4,241	(6.8)	3.6
Sureties and Guarantees ⁽²⁾	47,624	43,699	40,231	9.0	18.4
Operations bearing Credit Risk - Commercial Portfolio ⁽³⁾	23,798	22,799	19,328	4.4	23.1
Other ⁽⁴⁾	11,605	11,151	9,914	4.1	17.1
Total	237,053	226,946	196,954	4.5	20.4

Including:

(1) Loan assignment (CRI): R\$285 million in December 2011, R\$293 million in September 2011 and R\$312 million in December 2010;

(2) 91.6% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R\$1,754 million in December 2011, R\$1,946 million in September 2011 and R\$1,501 million in December 2010.

Loan and financing for corporate customers grew by 20.4% in the last 12 months and 4.5% in the quarter. The main highlights in the last 12 months were the following: (i) real estate financing – corporate plan; (ii) working capital; and (iii) export financing. In the quarter, the following portfolios posted significant growth: (i) real estate financing – corporate plan; (ii) working capital; and (iii) export financing.

Loan Portfolio – Consumer Financing

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

Consumer financing totaled R\$83.0 billion, which corresponded to a 2.6% increase in the quarter and a 7.0% increase in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing); and (ii) payroll-deductible loans, which together totaled R\$50.8 billion, accounting for 61.2% of the consumer financing balance. Given their guarantees and characteristics, these products provide a reduced level of credit risk to this group of operations.

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Economic and Financial Analysis

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

	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
CDC Portfolio	34,204	32,646	28,803	4.8	18.8
Individuals	28,761	27,554	24,867	4.4	15.7
Corporate	5,443	5,092	3,936	6.9	38.3
Leasing Portfolio	8,223	9,238	13,151	(11.0)	(37.5)
Individuals	4,225	5,011	7,954	(15.7)	(46.9)
Corporate	3,998	4,227	5,197	(5.4)	(23.1)
Finame Portfolio	10,311	10,173	8,125	1.4	26.9
Individuals	1,000	1,061	887	(5.7)	12.7
Corporate	9,311	9,112	7,238	2.2	28.6
Total	52,738	52,057	50,079	1.3	5.3
Individuals	33,986	33,626	33,708	1.1	0.8
Corporate	18,752	18,431	16,371	1.7	14.5

Vehicle financing operations (individual and corporate customers) totaled R\$52.7 billion in December 2011, increasing 1.3% in the quarter and 5.3% on the same period last year. Of the total vehicle portfolio, 64.9% corresponds to CDC, 15.6% to Leasing and 19.5% to Finame. Individuals represented 64.4% of the portfolio, while corporate customers accounted for the remaining 35.6%.

Loan Portfolio – By Type

The table below presents all operations bearing credit risk by type, which increased by 4.6% in the quarter and 18.7% in the last 12 months.

	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Loans and Discounted Securities	129,519	125,883	110,316	2.9	17.4

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Financing	92,149	87,952	73,046	4.8	26.2
Rural and Agribusiness Financing	15,499	15,435	13,804	0.4	12.3
Leasing Operations	11,551	12,542	16,366	(7.9)	(29.4)
Advances on Exchange Contracts	6,235	6,185	4,189	0.8	48.9
Other Loans	13,714	12,474	12,893	9.9	6.4
Total Loan Operations ⁽¹⁾	268,668	260,471	230,614	3.1	16.5
Sureties and Guarantees Granted (Memorandum Accounts)	48,479	44,389	40,766	9.2	18.9
Credit Letters (Memorandum Accounts)	1,754	1,946	1,501	(9.8)	16.8
Advances from Credit Card Receivables	1,879	1,619	1,833	16.0	2.5
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	1,017	969	1,014	5.0	0.3
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	130	142	141	(8.5)	(8.0)
Operations bearing Credit Risk - Commercial Portfolio ⁽²⁾	23,798	22,799	19,328	4.4	23.1
Total Operations bearing Credit Risk - Expanded Portfolio	345,724	332,335	295,197	4.0	17.1
Other Operations bearing Credit Risk ⁽³⁾	19,339	16,675	12,267	16.0	57.7
Total Operations bearing Credit Risk	365,063	349,010	307,464	4.6	18.7

(1) Concept defined by Bacen;

(2) Including operations with debentures and promissory notes; and

(3) Including operations involving interbank deposit certificates (CDI), international treasury, euronotes, swaps, forward currency contracts and investments in receivables-backed investment funds (FIDC) and mortgage-backed receivables (CRI).

It is worth noting that growth in the Corporation portfolio in the past 12 months was impacted by funds raised by customers on the capital markets. Therefore, it is worth pointing out the R\$4.5 billion increase in balance of operations with debentures and promissory notes for corporate customers in the last 12 months, representing an increase of 23.1% in the total balance of the period, mainly due to operations with Corporations, which grew by 20.7% on the same period in 2010, resulting in lower growth of traditional loan operations for this type of customer.

Economic and Financial Analysis

Loan Financial Margin - Interest**Loan Portfolio Concentration⁽¹⁾ – by Sector**

The loan portfolio by economic activity sector posted a slight variation in the period. In both the quarter and the last 12 months, there was a greater share of the “Services” and “Commerce” segments.

Activity Sector	R\$ million					
	Dec11	%	Sept11	%	Dec10	%
Public Sector	1,046	0.4	1,407	0.5	973	0.4
Private Sector	267,622	99.6	259,064	99.5	229,641	99.6
Corporate	160,650	59.8	155,163	59.6	132,757	57.6
Industry	51,700	19.2	51,431	19.7	45,268	19.6
Commerce	43,021	16.0	40,860	15.7	34,519	15.0
Financial Intermediaries	628	0.2	688	0.3	566	0.2
Services	61,859	23.0	58,398	22.4	49,496	21.5
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	3,443	1.3	3,786	1.5	2,908	1.3
Individuals	106,972	39.8	103,901	39.9	96,884	42.0
Total	268,668	100.0	260,471	100.0	230,614	100.0

(1) Concept defined by Bacen.

Changes in the Loan Portfolio⁽¹⁾

Of the R\$38.1 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$24.8 billion, or 65.1%, representing 9.2% of the portfolio on December 31, 2011.

(1) Concept defined by Bacen.

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Economic and Financial Analysis

Loan Financial Margin - Interest**Changes in the Loan Portfolio⁽¹⁾ - By Rating**

The chart below shows that both new borrowers and remaining debtors from December 2010 (customers that remained in the loan portfolio for at least 12 months) presented a good level of credit quality (AA-C rating), demonstrating the adequacy and consistency of the loan policy and processes, as well as required guarantees and credit ranking instruments used by Bradesco.

Changes in the Portfolio by Rating from December 2010 to 2011

Rating	Total Loans as of December 2011		New Customers from January to December 2011		Remaining Debtors as of December 2010	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	247,025	91.9	23,521	94.9	223,504	91.6
D	5,847	2.2	393	1.6	5,454	2.2
E - H	15,796	5.9	868	3.5	14,928	6.2
Total	268,668	100.0	24,782	100.0	243,886	100.0

(1) Concept defined by Bacen.

Loan Portfolio⁽¹⁾ – By Customer Profile

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

Type of Customer	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Corporations	65,007	65,071	55,235	(0.1)	17.7
SMEs	96,689	91,499	78,495	5.7	23.2
Individuals	106,972	103,901	96,884	3.0	10.4
Total Loan Operations	268,668	260,471	230,614	3.1	16.5

(1) Concept defined by Bacen.

Loan Portfolio⁽¹⁾ – By Customer Profile and Rating (%)

AA-C rated loans dropped slightly in both quarter-on-quarter and year-on-year comparisons, mainly due to

operations with SMEs and Individuals.

Type of Customer	By Rating								
	Dec11			Sept11			Dec10		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.1	0.9	1.0	98.1	1.1	0.8	97.3	1.6	1.1
SMEs	91.2	3.0	5.8	91.5	2.7	5.8	92.3	2.2	5.5
Individuals	88.9	2.2	8.9	89.2	2.0	8.8	89.8	1.8	8.4
Total	91.9	2.2	5.9	92.2	2.0	5.8	92.4	1.9	5.7

(1) Concept defined by Bacen.

Economic and Financial AnalysisLoan Financial Margin - InterestLoan Portfolio⁽¹⁾ - By Business Segment

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

Business Segments	R\$ million						Variation %	
	Dec11	%	Sept11	%	Dec10	%	Quarter	12M
Retail	92,672	34.5	90,324	34.7	78,699	34.1	2.6	17.8
Corporate ⁽²⁾	75,575	28.1	76,084	29.2	66,464	28.8	(0.7)	13.7
Middle Market	39,054	14.5	35,616	13.7	31,049	13.5	9.7	25.8
Prime	12,082	4.5	11,152	4.2	8,896	3.9	8.3	35.8
Other / Non-account holders ⁽³⁾	49,285	18.4	47,295	18.2	45,506	19.7	4.2	8.3
Total	268,668	100.0	260,471	100.0	230,614	100.0	3.1	16.5

(1) Concept defined by Bacen;

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

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

Loan Portfolio⁽¹⁾ - By Currency

The balance of U.S. dollar-indexed and/or denominated loan and onlending operations (excluding ACCs – Advances on Foreign Exchange Contracts) totaled US\$13.1 billion (US\$13.5 billion in September 2011 and US\$11.7 billion in December 2010), representing a 3.0% drop in the quarter and growth of 11.3% in the last 12 months. In reais, these same foreign currency operations totaled R\$24.5 billion in December 2011 (R\$25.0 billion in September 2011 and R\$19.6 billion in December 2010, a decrease, in reais, of 1.9% and an increase of 25.3%, respectively).

In December 2011, total loan operations, in reais, stood at R\$244.2 billion (R\$235.5 billion in September 2011 and R\$211.1 billion in December 2010), up 3.7% on the previous quarter and 15.7% over the last 12 months.

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Economic and Financial Analysis

Loan Financial Margin - Interest

Loan Portfolio⁽¹⁾ - By Debtor

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

Economic and Financial Analysis

Loan Financial Margin - Interest

Loan Portfolio⁽¹⁾ - By Flow of Maturities

At the end of 2011, performing loan operations presented a slightly longer debt maturity profile, mainly as a result of the increased volume of BNDES and real-estate loan operations. It is worth noting that these operations are subject to lower risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

Economic and Financial Analysis

Loan Financial Margin - Interest

Loan Portfolio⁽¹⁾ – Delinquency over 90 days

Total delinquency ratio over 90 days increased 0.1 p.p. in the quarter, mainly due to the increase of 0.2 p.p. and 0.1 p.p. in SME and Individual ratios, respectively.

The graph below details that the delinquency for operations overdue from 61 to 90 days remained practically steady over the last three and twelve months.

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Loan Financial Margin - Interest

The graph below shows that delinquency rates by type of customer in operations overdue from 61 to 90 days and over 90 days presented a slight increase for Individuals in the quarter.

For corporate customers, delinquency rates of operations overdue from 61 to 90 days remained practically steady, while over 90 days saw a slight increase in the quarter.

Economic and Financial Analysis

Loan Financial Margin – Interest

Renegotiated Portfolio – Delinquency over 90 days and ALL

The loan portfolio, excluding renegotiation, stood at R\$260.0 billion in December 2011, up 3.1% in the quarter. The graph below presents the behavior of the total portfolio and delinquency over 90 days, including and excluding renegotiation, both of which present similar trends, proof that renegotiation does not have a material effect on delinquency.

In December 2011, the renegotiated portfolio totaled R\$8.7 billion, a 4.4% increase in the quarter. The renegotiated share in the total loan portfolio was 3.2% in December 2011 (3.2% in September 2011). It is worth noting that, in December 2010, for an existing provision of 62.8% of the portfolio, net loss over the subsequent 12 months was 23.2%, meaning that the existing provision exceeded the loss recorded in the following 12 months by over 170%. Furthermore, the Company's provisions remained stable in the period.

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Loan Financial Margin - Interest

Allowance for Loan Losses (ALL) vs. Delinquency vs. Losses

An ALL of R\$19.5 billion, representing 7.3% of the total portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing operations) and the excess provision (internal criteria).

Bradesco's provision levels reflect a cautious approach aimed at supporting potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

Economic and Financial Analysis

Loan Financial Margin - Interest

It is worth mentioning the assertiveness of adopted provisioning criteria, which are proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in December 2010, for an existing provision of 7.1% of the portfolio, the effective gross loss in the subsequent twelve-month period was 3.8%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 84%, as shown in the graph below.

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In December 2010, for an existing provision of 7.1% of the portfolio, the net loss in the subsequent twelve-month period was 2.6%, meaning that the existing provision covered the loss in the subsequent 12 months by 170%.

Economic and Financial Analysis

Loan Financial Margin - Interest

Allowance for Loan Losses

The Non-Performing Loan ratio (operations overdue for over 60 days) posted a slight increase in the quarter, from 4.6% in September 2011 to 4.8% in December 2011. Coverage ratios for the allowance for loans overdue for over 60 and 90 days stood at very comfortable levels.

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

Economic and Financial Analysis

Loan Financial Margin - Interest**Loan Portfolio⁽¹⁾ – Portfolio Indicators**

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

	R\$ million (except %)		
	Dec11	Sept11	Dec10
Total Loan Operations	268,668	260,471	230,614
- Individuals	106,972	103,901	96,884
- Corporate	161,696	156,570	133,730
Existing Provision	19,540	19,091	16,290
- Specific	9,875	9,173	7,898
- Generic	5,654	5,909	5,390
- Excess	4,011	4,009	3,002
Specific Provision / Existing Provision (%)	50.5	48.1	48.5
Existing Provision / Loan Operations (%)	7.3	7.3	7.1
AA - C Rated Loan Operations / Loan Operations (%)	91.9	92.2	92.4
D Rated Operations under Risk Management / Loan Operations (%)	2.2	2.0	1.9
E - H Rated Loan Operations / Loan Operations (%)	5.9	5.8	5.7
D Rated Loan Operations	5,847	5,268	4,285
Existing Provision for D Rated Loan Operations	1,572	1,419	1,121
D Rated Provision / Loan Operations (%)	26.9	26.9	26.2
D - H Rated Non-Performing Loans	14,592	13,381	11,172
Existing Provision/D - H Rated Non-Performing Loans (%)	133.9	142.7	145.8
E - H Rated Loan Operations	15,796	14,967	13,100
Existing Provision for E - H Rated Loan Operations	13,859	13,142	11,579
E - H Rated Provision / Loan Operations (%)	87.7	87.8	88.4
E - H Rated Non-Performing Loans	11,949	11,020	9,403
Existing Provision/E - H Rated Non-Performing Loan (%)	163.5	173.2	173.2
Non-Performing Loans ⁽²⁾	12,870	11,963	9,973
Non-Performing Loans ⁽²⁾ / Loan Operations (%)	4.8	4.6	4.3
Existing Provision / Non-Performing Loans ⁽²⁾ (%)	151.8	159.6	163.3
Loan Operations Overdue for over 90 days	10,598	9,839	8,243
Existing Provision/Operations Overdue for over 90 days (%)	184.4	194.0	197.6

(1) Concept defined by Bacen; and

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

Economic and Financial Analysis

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

	Financial Margin - Funding				R\$ million	
	12M11	12M10	4Q11	3Q11	Variation YTD	Quarter
Interest - due to volume					979	23
Interest - due to spread					554	(106)
Interest Financial Margin	4,562	3,029	1,169	1,252	1,533	(83)

Comparing the fourth quarter of 2011 with the previous quarter, there was a decrease of 6.6% or R\$83 million in the interest funding financial margin. This variation was due to: (i) the drop in the average spread in the amount of R\$106 million, resulting from the reduction in the interest rate in the period; and partially offset by: (ii) higher volume of operations, which contributed to growth of R\$23 million.

In 2011, the interest funding financial margin reached R\$4,562 million, versus R\$3,029 million last year, for growth of 50.6% or R\$1,533 million. The increase was driven by: (i) an increase in average business volume, contributing with R\$979 million, as a result of the efforts put in by Bradesco to obtain new customers and diversify products, which led to an increase in the average volume; and (ii) greater spread gains of R\$554 million, mainly due to: (a) an improvement in the funding mix; and (b) an increase in interest rates (Selic) in the period.

Economic and Financial Analysis

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

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

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

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

Funding vs. Investments	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Demand Deposits	33,121	31,862	37,332	4.0	(11.3)
Sundry Floating	2,322	3,660	1,870	(36.5)	24.2
Savings Deposits	59,656	56,584	53,436	5.4	11.6
Time Deposits + Debentures ⁽¹⁾	173,904	183,374	148,941	(5.2)	16.8
Financial Bills	27,120	19,285	7,820	40.6	246.8
Other	18,671	16,594	15,410	12.5	21.2
Customer Funds	314,794	311,359	264,809	1.1	18.9
(-) Compulsory Deposits/Available Funds ⁽²⁾	(81,096)	(69,208)	(74,329)	17.2	9.1
Customer Funds Net of Compulsory Deposits	233,698	242,151	190,480	(3.5)	22.7
Onlending	32,832	32,930	29,819	(0.3)	10.1
Foreign Lines of Credit	11,930	12,412	10,126	(3.9)	17.8
Funding Abroad	47,207	46,237	21,785	2.1	116.7
Total Funding (A)	325,667	333,730	252,210	(2.4)	29.1
Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) ⁽³⁾	305,868	295,146	233,181	3.6	31.2
B/A (%)	93.9	88.4	92.5	5.5 p.p.	1.4 p.p.

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

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

(3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to interbank deposit certificates (CDI) to rebate from compulsory deposits and debentures.

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Economic and Financial Analysis

Funding Financial Margin – Interest**Main Funding Sources**

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Demand Deposits	33,121	31,862	37,332	4.0	(11.3)
Savings Deposits	59,656	56,584	53,436	5.4	11.6
Time Deposits	124,127	135,848	102,158	(8.6)	21.5
Debentures ⁽¹⁾	49,777	47,526	46,040	4.7	8.1
Borrowing and Onlending	53,247	49,057	38,197	8.5	39.4
Funds from Issuance of Securities	14,402	13,594	9,854	5.9	46.2
Financial Bills	27,120	19,285	7,820	40.6	246.8
Subordinated Debts	26,910	26,180	26,315	2.8	2.3
Total	388,360	379,936	321,152	2.2	20.9

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

Demand Deposits

The 4.0% or R\$1,259 million increase recorded in the fourth quarter of 2011 compared to the previous quarter is mainly due to the seasonal effect in the period.

(1) Additional installments are not included.

Demand deposits were down by R\$4,211 million, or 11.3%, when compared to the same period of the previous year, mainly due to migration to other funding sources.

Savings Deposits

Savings deposits recorded growth of 5.4% quarter on quarter and of 11.6% over the last 12 months, mainly as a result of greater funding volume. Balances were remunerated (TR + 0.5% p.m.) at 1.7% in the quarter and 7.4% in the last 12 months.

Bradesco is always increasing its savings accounts base and posted net growth of 2.3 million new savings accounts over the last 12 months.

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Economic and Financial Analysis

Funding Financial Margin - Interest

Time Deposits

In the fourth quarter of 2011, time deposits dropped by 8.6%, or R\$11,721 million, over the previous quarter, basically due to the migration to other funding sources, mainly Financial Bills, thereby extending average funding terms.

In 2011 versus the previous year, there was an increase of 21.5% or R\$21,969 million, mainly due to: (i) increased funding volume from institutional investors and the branch network; and (ii) the restatement of the deposit portfolio.

Debentures

On December 31, 2011, the balance of Bradesco's debentures was R\$49,777 million, up by 4.7% quarter on quarter and 8.1% over the last 12 months.

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

Borrowing and Onlending

The 8.5%, or R\$4,190 million, increase in the quarter is mainly due to: (i) new funding in the period and the 1.2% increase in foreign exchange variation that impacted borrowing and onlending obligations denominated in and/or indexed to foreign currency, which increased from R\$13,304 million in September 2011 to R\$17,340 million in December 2011; and (ii) the R\$154 million increase in the

volume of funding from borrowing and onlending in Brazil, mainly through Finame operations.

The balance grew 39.4%, or R\$15,050 million, in 2011 versus 2010 comparison, mainly driven by: (i) the R\$9,344 million increase in borrowing and onlending denominated in and/or indexed to foreign currency, the balance of which was up from R\$7,996 million in December 2010 to R\$17,340 million in December 2011, mainly due to new funding and a positive foreign exchange variation of 12.6% in the period; and (ii) the R\$5,706 million increase in the volume of funds from borrowing and onlending in Brazil, basically through Finame and BNDES operations.

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Funding Financial Margin - Interest**Funds from Issuance of Securities**

The 26.3% or R\$8,643 million increase in the quarter is mainly due to: (i) the R\$7,835 million increase in the volume of Financial Bills; (ii) an increase in Mortgage Bonds, in the amount of R\$394 million; (iii) the increased volume of securities issued abroad of R\$259 million; and (iv) higher volume of Letters of Credit for Agribusiness, in the amount of R\$185 million.

When compared to the previous year, 2011 posted growth of 134.9% or R\$23,848 million, mainly the result of: (i) new issuances of Financial Bills, up by R\$19,300 million, from R\$7,820 million in December 2010 to R\$27,120 million in December 2011; (ii) the increased volume of securities issued abroad of R\$3,053 million, a result of the positive foreign exchange variation of 12.6% and new issuances carried out in the period; (iii) the higher volume of Mortgage Bonds, in the amount of R\$1,367 million; (iv) the higher volume of Letters of Credit for Agribusiness, in the amount of R\$839 million; and partially offset by: (v) the R\$743 million decrease in the balance of debentures, due to the maturity of these securities.

Subordinated Debt

Subordinated Debt totaled R\$26,910 million in December 2011 (R\$6,404 million abroad and R\$20,506 million in Brazil). In the last 12 months, Bradesco issued R\$9,626 million in Subordinated Debt (R\$815 million abroad and R\$8,811 million in Brazil) and R\$12,017 million came due (R\$293 million abroad and R\$11,724 million in Brazil).

Additionally, it is worth pointing out that, in the fourth quarter of 2011, the Brazilian Central Bank authorized the use of Subordinated Financial Bills amounting to R\$1,828 million (R\$5,239 million in the third quarter) to compose Tier II of the Capital Adequacy Ratio, of which only R\$15,630 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.

Economic and Financial Analysis

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

	Financial Margin - Securities / Other					R\$ million	
	12M11	12M10	4Q11	3Q11	Variation		
					YTD	Quarter	
Interest - due to volume					490	45	
Interest - due to spread					105	150	
Interest Financial Margin	2,902	2,307	884	689	595	195	
Income	33,956	19,002	8,233	13,624	14,954	(5,391)	
Expenses	(31,054)	(16,695)	(7,349)	(12,935)	(14,359)	5,586	

In the comparison between the fourth quarter of 2011 and the previous quarter, the interest financial margin from Securities/Other was up by R\$195 million. This variation was due to: (i) the increase in the average spread in the amount of R\$150 million, which includes gains from derivative financial instruments in the management of the fixed-rated commercial portfolio; and (ii) the increase in operation volume, which contributed with R\$45 million.

In 2011, the interest financial margin with Securities/Other stood at R\$2,902 million, versus R\$2,307 million recorded the previous year, up 25.8% or R\$595 million. This is the result of: (i) an increase in the volume of operations, which affected the result in R\$490 million; and (ii) the R\$105 million raise in the average spread.

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

	Financial Margin - Insurance					R\$ million	
	12M11	12M10	4Q11	3Q11	Variation		
					YTD	Quarter	
Interest - due to volume					506	39	
Interest - due to spread					55	(69)	
Interest Financial Margin	3,388	2,827	770	800	561	(30)	
Income	10,310	9,047	2,891	2,428	1,263	463	
Expenses	(6,922)	(6,220)	(2,121)	(1,628)	(702)	(493)	

In the fourth quarter of 2011, interest financial margin from insurance operations posted a drop of R\$30

million or 3.8% from the previous quarter, impacted by: (i) a R\$69 million decrease in the average spread; and partially offset by: (ii) a R\$39 million increase in the volume of operations.

By comparing 2011 to 2010, interest financial margin from insurance operations was up by 19.8%, or R\$561 million, mainly due to: (i) the increase in volume of operations, amounting to R\$506 million; and (ii) further average spread gains totaling R\$55 million.

Economic and Financial Analysis

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

	Non-Interest Financial Margin					R\$ million	
	12M11	12M10	4Q11	3Q11	Variation	Quarter	
					YTD		
Funding	(294)	(262)	(75)	(75)	(32)	-	
Insurance	214	557	72	42	(343)	30	
Securities/Other	1,731	1,236	276	594	495	(318)	
Total	1,651	1,531	273	561	120	(288)	

The non-interest financial margin in the fourth quarter of 2011 stood at R\$273 million, versus R\$561 million in the third quarter of 2011. The margin posted a R\$120 million gain in the year-on-year comparison. Main variations in the non-interest financial margin are due to:

- “Funding,” represented by expenses with the Credit Guarantee Fund (FGC), due to increased funding volume;
- “Insurance,” represented by gains from equity instruments. The variations in both periods are associated with market conditions, which enabled a greater/lower opportunity of obtaining gains; and
- “Securities/Other,” down by R\$318 million in the fourth quarter of 2011 when compared to the previous quarter, resulting in lower income from Treasury/securities, offset by gains from the partial sale of CETIP shares, in the amount of R\$179 million. In the year-on-year comparison, there was a higher result from Treasury/Securities in the amount of R\$495 million.

Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

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

Consolidated Balance Sheet

	Dec11	Sept11	R\$ million Dec10
Assets			
Current and Long-Term Assets	120,643	114,730	102,707
Securities	112,979	107,244	96,548
Insurance Premiums Receivable	1,753	1,748	1,375
Other Loans	5,911	5,738	4,784
Permanent Assets	3,241	2,616	2,302
Total	123,884	117,346	105,009
Liabilities			
Current and Long-Term Liabilities	109,509	104,119	92,600
Tax, Civil and Labor Contingencies	2,042	1,950	1,737
Payables on Insurance, Pension Plan and Savings Bond Operations	363	367	281
Other Liabilities	3,451	4,703	3,405
Insurance Technical Reserves	8,074	7,982	7,170
Life and Pension Plan Technical Reserves	91,008	84,788	76,283
Savings Bond Technical Reserves	4,571	4,329	3,724
Non-controlling Interest	647	646	496
Shareholders' Equity	13,728	12,581	11,913
Total	123,884	117,346	105,009

Consolidated Income Statement

	12M11	12M10	4Q11	R\$ million 3Q11
Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income ⁽¹⁾	37,693	31,078	11,133	9,049
Premiums Earned from Insurance, Pension Plan Contribution and Savings Bond Income	19,100	16,138	5,037	4,956
Financial Result from the Operation	3,411	3,277	827	812
Sundry Operating Income	1,001	896	228	275
Retained Claims	(11,167)	(9,577)	(2,850)	(2,875)
Savings Bond Drawing and Redemptions	(2,651)	(2,186)	(725)	(735)
Selling Expenses	(1,912)	(1,604)	(528)	(482)

General and Administrative Expenses	(2,084)	(1,849)	(525)	(544)
Other (Operating Income/Expenses)	(277)	(149)	(65)	(60)
Tax Expenses	(476)	(369)	(137)	(114)
Operating Result	4,945	4,577	1,262	1,233
Equity Result	316	245	129	69
Non-Operating Income	(37)	(38)	(10)	(9)
Income before Taxes and Profit Sharing	5,224	4,784	1,381	1,293
Income Tax and Contributions	(1,816)	(1,740)	(478)	(480)
Profit Sharing	(60)	(70)	(16)	(15)
Non-controlling Interest	(147)	(70)	(27)	(18)
Net Income	3,201	2,904	860	780

(1) Not considering, in all periods, the effect of ANS Normative Resolution 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums on a *pro-rata temporis* basis. This accounting change did not affect Earned Premiums.

Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds**Income Distribution of Grupo Bradesco de Seguros e Previdência**

	R\$ million							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Life and Pension Plans	535	486	470	442	485	450	443	409
Health	181	132	200	201	177	131	122	148
Savings Bonds	87	86	79	86	63	50	57	65
Basic Lines and Other	57	76	51	32	54	90	79	81
Total	860	780	800	761	779	721	701	703

Performance Ratios

	%							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Claims Ratio ⁽¹⁾	68.6	71.5	72.2	72.0	71.1	72.4	71.8	73.3
Expense Ratio ⁽²⁾	11.1	10.5	10.8	10.0	10.8	10.7	10.2	10.6
Administrative Expenses Ratio ⁽³⁾	4.5	5.8	5.4	6.1	5.8	6.3	6.1	5.6
Combined Ratio ^{(4) (5)}	83.6	86.2	85.8	86.1	85.1	85.3	84.7	85.2

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

Written Premiums, Pension Plan Contributions and Savings Bond Income ⁽¹⁾

(1) Not considering, in all periods, the effect of ANS Normative Resolution 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums on a *pro-rata temporis* basis. This accounting change did not affect Earned Premiums.

The total revenue from the Insurance Group was up by 23.0% in the fourth quarter of 2011 versus the previous quarter, mainly due to the Life and Pension Plan segment, which was boosted by a greater concentration of pension plan contributions in the period.

In 2011, written premiums, pension plan contributions and savings bond income increased by 21.3% in comparison with 2010. Leading growth in the year were the "Life and Pension Plan," "Health" and "Savings Bond" products, which posted gains of 23.8%, 22.0% and 22.7%, respectively.

Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

Written Premiums, Pension Plan Contributions and Savings Bond Income ⁽¹⁾

(1) Not considering, in all periods, the effect of ANS Normative Resolution 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums on a *pro-rata temporis* basis. This accounting change did not affect Earned Premiums.

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Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

Retained Claims by Insurance Line

Note: for comparison purposes, we have excluded Technical Reserve complements on benefits to be granted – Remission from the calculation of claims ratio (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

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Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

Insurance Expense Ratio by Insurance Line

Note: for comparison purposes, we have excluded Technical Reserve complements on benefits to be granted – Remission from the expense ratio calculation (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

(1) In compliance with Susep Circular Letter 424/11, in the second quarter of 2011 we have reclassified the Risk Evaluation expenses from “Other Operating Expenses” account to “Other Selling Expenses”, in the amount of R\$21,511 thousand (Auto/RE). Should this expense be taken in consideration, expense ratio for Auto/RCF and Basic Lines would stand at 17.5 and 18.6, respectively.

Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

Efficiency Ratio

Year on year, the efficiency ratio decreased 1.3 p.p. due to the 23.4% increase in revenue for the period.

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Economic and Financial Analysis

Insurance, Pension Plans and Savings Bonds

Insurance Technical Reserves

(1) According to ANS Normative Resolution 206/09, as of January 2010, reserves for unearned premiums (PPNG) were excluded.

Economic and Financial Analysis

Bradesco Vida e Previdência

	R\$ million (unless otherwise indicated)							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Net Income	535	486	470	442	485	450	443	443
Premium and Contribution Income ⁽¹⁾	6,886	4,708	5,493	4,059	5,385	4,096	3,690	3,910
- Income from Pension Plans and VGBL	5,926	3,829	4,713	3,317	4,617	3,403	3,052	3,220
- Income from Life/Personal Accidents Insurance Premiums	960	879	780	742	768	693	638	690
Technical Reserves	91,008	84,788	81,991	78,547	76,283	71,775	68,975	67,500
Investment Portfolio	93,257	89,234	86,220	82,916	80,147	75,974	72,507	70,900
Claims Ratio	38.3	44.4	47.4	43.6	44.1	49.8	44.7	44.4
Expense Ratio	19.1	18.5	19.2	19.2	19.5	19.8	17.5	17.5
Combined Ratio	66.1	71.3	75.4	71.9	74.7	79.9	71.5	71.9
Participants / Policyholders (in thousands)	24,582	24,051	23,109	22,698	22,186	21,346	21,109	21,346
Premium and Contribution Income Market Share (%) ⁽²⁾	N/A	31.8	32.0	28.1	31.2	31.5	32.0	31.8
Life/AP Market Share - Insurance Premiums (%) ⁽²⁾	N/A	16.5	16.3	16.0	17.3	17.0	16.8	16.8

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

(2) 3Q11 includes the last data made available by Susep (July 2011).

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência maintained its leadership, holding a market share of 32.0% in terms of pension plan and VGBL income (source: Fenaprevi - November 2011 data).

In the fourth quarter of 2011, net income grew by 10.1% from the previous quarter, basically due to: (i) the 46.3% revenue increase; (ii) the 6.1 p.p. decrease in "Life" product claims; and (iii) the improve in the management efficiency ratio.

Net income for 2011 was up 8.2% from that of 2010, mainly resulting from: (i) the increase in revenue; (ii) a 2.8 p.p. decrease in "Life" product claims; (iii) an improved financial result; and partially offset by: (iv) the increase in administrative and personnel expenses, impacted by the collective bargaining agreement dated January 2011.

Economic and Financial Analysis

Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical reserves stood at R\$91.0 billion in December 2011, made up of R\$86.7 billion from pension plans and VGBL and R\$4.3 billion from life, personal accident and other lines, up 19.3% over December 2010.

The Pension Plan and VGBL Investment Portfolio totaled R\$89.7 billion in November 2011, equal to 33.8% of all market funds (source: Fenaprevi).

Growth of Participants and Life and Personal Accident Policyholders

In December 2011, the number of Bradesco Vida e Previdência customers grew by 10.8% compared to December 2010, surpassing a total of 2.1 million pension plan and VGBL plan participants and 22.4 million personal accident

participants, totaling around 24.6 million customers. This impressive growth was fueled by the strength of the Bradesco brand and the improvement of selling and management policies.

Economic and Financial Analysis

Bradesco Saúde and Mediservice

	R\$ million (unless otherwise indicated)							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Net Income	181	132	200	201	177	131	122	148
Net Written Premiums ⁽¹⁾	2,165	2,137	2,050	1,945	1,818	1,780	1,679	1,583
Technical Reserves	3,984	3,942	3,848	3,708	3,481	3,455	3,438	3,337
Claims Ratio	83.4	87.3	87.7	87.6	84.0	84.2	84.9	85.7
Expense Ratio	4.7	4.4	4.3	4.2	4.2	4.3	4.2	4.2
Combined Ratio	96.1	98.9	99.6	100.0	100.2	93.4	98.9	96.2
Policyholders (in thousands)	3,458	3,384	3,244	3,144	3,100	2,993	2,893	2,857
Written Premiums Market Share (%) ⁽²⁾	N/A	47.5	47.4	49.4	49.5	49.0	48.3	47.6

(1) Not considering the effect of ANS Normative Resolution 206/09 in the total of R\$57 million (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums on a *pro-rata temporis* basis. This accounting change did not affect Earned Premiums; and

(2) 3Q11 considers the last data made available by ANS (July 2011).

Note: for comparison purposes, we have excluded Technical Reserve complements for benefits to be granted – Remission from the calculation of 1Q10 ratios, amounting to R\$149 million.

Net income for the fourth quarter of 2011 was 37.1% greater quarter on quarter, mainly due to: (i) a 3.9 p.p. drop in the claims ratio; and (ii) an improved financial result.

Net income for 2011 was 23.5% higher than that of the same period of the previous year, due to: (i) a 20.9% increase in revenue; (ii) improved financial result performance; partially offset by: (iii) the 1.7 p.p. increase in claims; and (iv) increased administrative and personnel expenses, impacted by the collective bargaining agreement dated January 2011.

In December 2011, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 41 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans. Of the 100 largest companies in Brazil, in terms of revenue, 45 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine's Best and Major Companies (*Melhores e Maiores*) ranking, July 2011).

Number of Policyholders of Bradesco Saúde and Mediservice

Together, the two companies have over 3.4 million customers. The high share of corporate policies in the overall portfolio (94.0% in December 2011) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

Economic and Financial Analysis

Bradesco Capitalização

	R\$ million (unless otherwise indicated)							
	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Net Income	87	86	79	86	63	50	57	65
Savings Bond Income	798	849	751	649	706	658	594	526
Technical Reserves	4,571	4,329	4,096	3,891	3,724	3,483	3,317	3,141
Customers (in thousands)	3,097	3,024	2,888	2,794	2,691	2,610	2,583	2,553
Premium and Contribution Income Market Share (%) ⁽¹⁾	N/A	21.4	21.3	21.2	21.1	20.4	19.7	20.9

(1) 3Q11 considers the last data made available by Susep (July 2011).

Bradesco Capitalização's technical reserves stood at R\$4.6 billion, while its investment portfolio totaled R\$4.7 billion in the fourth quarter of 2011. Net income for the quarter remained virtually steady when compared to the previous quarter, a result of the main performance indicators at the same levels seen in the third quarter of 2011.

2011 posted a 43.8% higher net income versus 2010 due to: (i) the 22.7% increase in sales, recording revenue higher than R\$3.0 billion; (ii) an improved financial result performance; and (iii) an improved management efficiency ratio.

Economic and Financial Analysis

Bradesco Capitalização

Bradesco Capitalização ended 2011 in an outstanding position among private savings bond companies, due to its policy of transparency and of adjusting its products based on potential consumer demand.

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

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

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

The portfolio is composed of 20.2 million active bonds, of which: 35.4% is Traditional Bonds sold in the Branch Network and at Bradesco *Dia & Noite* service channels, up 25.3% over December 2010; and 64.6% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 11.7% over December 2010. Given that the purpose of this type of savings bond is to add value to the associated company or even encourage the performance of its customers, bonds have reduced maturity and grace terms and a lower sale price.

Economic and Financial Analysis

Bradesco Auto/RE

R\$ million (unless otherwise indicated)

	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Net Income	33	50	44	39	58	28	27	22
Net Written Premiums	983	1,042	1,061	871	865	941	952	935
Technical Reserves	3,920	3,853	3,828	3,688	3,554	3,525	3,455	3,402
Claims Ratio	65.9	61.3	61.0	68.1	69.3	69.7	69.9	70.7
Expense Ratio	19.3	18.5	20.1	17.2	17.6	17.3	17.6	17.7
Combined Ratio	106.5	103.3	99.1	108.7	106.9	105.2	105.3	104.3
Policyholders (in thousands)	3,694	3,632	3,567	3,330	3,337	3,208	2,980	2,814
Premium and Contribution Income Market Share (%) ⁽¹⁾	N/A	10.5	10.5	9.7	10.6	11.2	11.7	12.1

(1) 3Q11 considers the last data made available by Susep (July 2011).

Net income for the fourth quarter of 2011 was down by 34.0% from the previous quarter, mainly due to: (i) 4.6 p.p. growth in the claims ratio, a result of the increase in the frequency of claims and workforce in cases of repairs (vehicle segment); and (ii) occasional claims for the basic segment.

Net income for 2011 was 23.0% higher than that posted in 2010, mainly due to: (i) a 5.8 p.p. decrease in claims; (ii) increased financial and equity results; and partially offset by: (iii) an increase in administrative and personnel expenses, resulting from the collective bargaining agreement dated January 2011.

In the Property Insurance segment, Bradesco Auto/RE has renewed insurance programs with its main customers through partnerships with brokers that specialize in the segment and a close relationship with the Bradesco Corporate and Bradesco Empresas (Middle Market) segments. The excellent performance of the Oil industry and recovery of the Civil Construction industry have also contributed to Bradesco Auto/RE's growth in the segment.

In Aviation and Maritime Hull insurance, the increased exchange with Bradesco Corporate and Bradesco Empresas has been drawn on extensively,

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

Despite strong competition in the Auto/RCF line, the insurer has increased its customer base, mainly due to improvements to current products and the creation of products for a specific target-public. Among them, the Exclusive Bradesco Customer Insurance for Banco Bradesco account holder (*Bradesco Seguro Exclusivo Clientes Bradesco*) and *Auto Mulher* (car insurance for women) stand out.

For better service, Bradesco Auto/RE currently has 15 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

taking full advantage of the stronger sales of new aircraft and those of the maritime segment.

Bradesco Auto/RE

Number of Policyholders in Auto/RE

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to growth in the customer base, which increased by 10.7% in the last 12 months, to a total of 3.7 million customers.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with an approximate 41.2% growth in premiums in 2011, totaling approximately 1.9 million insured homes.

Economic and Financial Analysis

Fee and Commission Income

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

Fee and Commission Income	12M11	12M10	4Q11	3Q11	R\$ million	
					Variation YTD	Quarter
Card Income	5,097	4,202	1,406	1,299	895	107
Checking Account	2,786	2,361	748	708	425	40
Loan Operations	1,983	1,728	528	505	255	23
Fund Management	1,949	1,807	498	506	142	(8)
Collection	1,214	1,080	321	318	134	3
Consortium Management	527	433	137	139	94	(2)
Custody and Brokerage						
Services	420	449	102	108	(29)	(6)
Payments	312	287	81	78	25	3
Underwriting / Financial						
Advising Services	298	291	89	58	7	31
Other	637	732	176	157	(95)	19
Total	15,223	13,372	4,086	3,876	1,851	210

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

Fee and Commission Income**Card Income**

Card income stood at R\$1,406 million in the fourth quarter of 2011, up R\$107 million, or 8.2%, over the previous quarter. This performance is mainly due to the increase in number of transactions and in average ticket, with a consequent increase in revenue.

In 2011, the same figure posted year-on-year growth of 21.3%, or R\$894 million, mainly due to an increase in revenue from purchases and services, resulting from the expansion of the card base by 7.2%, from 145.2 million in December 2010 to 155.7 million in December 2011. This expansion led to an 18.6% increase in credit card revenue in the period, for a total of R\$89,624 million in 2011, as well as a 15.3% increase in transactions, from 959.0 million in the twelve months of 2010 to 1,105.7 million in 2011.

Economic and Financial Analysis

Fee and Commission Income

Checking Account


In the fourth quarter of 2011, income from checking accounts was up by 5.6% quarter on quarter, mainly due to: (i) a net increase of 430 thousand new checking accounts (392 thousand individual accounts and 38 thousand corporate accounts); and (ii) the expansion of the service portfolio provided to the Bank's customers.

Year on year, income increased by 18.0% or R\$425 million in 2011, mainly due to the expansion of the checking account base, which posted a net increase of 1,981 thousand new accounts (1,859 thousand new individual accounts and 122 thousand new corporate accounts).

Loan Operations

In the fourth quarter of 2011, income from loan operations amounted to R\$528 million, up 4.6% in comparison with the previous quarter, mainly due to the greater volume of loan operations in the period, in which the 9.2% increase in Sureties and Guarantees operations compared to the third quarter of 2011 stood out.

The 14.8% growth in 2011 compared with the previous year is mainly due to the increase in the volume of operations in 2011, mainly income from collateral, up 21.4%, mainly deriving from the 18.9% growth in the volume of Sureties and Guarantees.

 December 2011

Economic and Financial Analysis

Fee and Commission Income**Fund Management**

In the fourth quarter of 2011, revenue from fund management stood at R\$498 million, down R\$8 million from the previous quarter, mainly due to fewer business days in the quarter, partially offset by the 5.0% growth in the volume of funds raised and managed.

Year on year, the R\$142 million or 7.9% increase was mainly due to: (i) increases in funds raised and managed by Bradesco, which grew by 13.4%; partially offset by: (ii) the 18.1% drop in the Ibovespa index in the period, impacting revenue from managed funds and portfolios pegged to equities.

The highlight was income from fixed-income funds, which grew by 16.8% in the period, followed by the 8.4% growth in third-party funds.

Shareholders' Equity	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Investment Funds	310,104	293,578	269,978	5.6	14.9
Managed Portfolios	17,997	17,633	18,930	2.1	(4.9)
Third-Party Fund Quotas	7,269	8,240	6,800	(11.8)	6.9
Total	335,370	319,451	295,708	5.0	13.4
Asset Distribution	R\$ million			Variation %	
	Dec11	Sept11	Dec10	Quarter	12M
Investment Funds – Fixed Income	283,633	270,354	242,751	4.9	16.8
Investment Funds – Equities	26,471	23,224	27,227	14.0	(2.8)
Investment Funds – Third-Party Funds	6,103	7,102	5,629	(14.1)	8.4
Total - Investment Funds	316,207	300,680	275,607	5.2	14.7
Managed Portfolios - Fixed Income	10,550	10,403	10,460	1.4	0.9
Managed Portfolios – Equities	7,447	7,230	8,470	3.0	(12.1)
Managed Portfolios - Third-Party Funds	1,166	1,138	1,171	2.5	(0.4)
Total - Managed Funds	19,163	18,771	20,101	2.1	(4.7)
x					
Total Fixed Income	294,183	280,757	253,211	4.8	16.2
Total Equities	33,918	30,454	35,697	11.4	(5.0)

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Total Third-Party Funds	7,269	8,240	6,800	(11.8)	6.9
Overall Total	335,370	319,451	295,708	5.0	13.4

Bradesco

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Economic and Financial Analysis

Fee and Commission Income

Cash Management Solutions (Payments and Collections)

The R\$6 million, or 1.5%, growth in income in this segment in the fourth quarter of 2011 over the previous quarter is mainly due to the increase in business volume and number of processed documents, which remained practically steady when compared to the previous quarter.

Year on year, Payment and Collection income grew by 11.5%, or R\$158 million, mainly due to an increase in the number of processed documents, which grew from 1,508 million in 2010 to 1,750 million in 2011.

Consortium Management

In the fourth quarter of 2011, income from consortium management remained virtually stable compared to the third quarter. On December 31, 2011, Bradesco posted 625,763 active quotas (584,097 active quotas on September 30, 2011), ensuring its leading position in all segments it operates (real estate, auto, trucks/tractors).

Year on year, there was a 21.5% increase in income, resulting from: (i) the growth in the volume of bids; and (ii) the increase in sales of new quotas, from 471,620 net quotas sold on December 31, 2010 to 625,763 on December 31, 2011, an increase of 154,143 net quotas.

Fee and Commission Income

Custody and Brokerage Services

In the fourth quarter of 2011, total custody and brokerage service income decreased R\$6 million, or 5.6%, when compared to the previous quarter. This performance mainly results from the reduction in brokerage revenue, mainly due the lower volume traded on the BM&FBovespa.

In the comparison between 2011 and 2010, the 6.5% or R\$29 million income decrease is mainly related to: (i) the performance of capital markets in this period, which impacted brokerage income; and partially offset by: (ii) the increase in custody services, due to the R\$67 billion gain in assets under custody.

Underwriting/ Financial Advising Services

The R\$31 million increase in the quarter-on-quarter comparison mainly refers to increased revenue with capital market operations in the fourth quarter of 2011, particularly underwriting operations. Furthermore, changes in this income are often the result of volatile performance of capital markets.

From 2010 to 2011, there was an increase of R\$7 million as a result of a higher business volume in the year.

Economic and Financial Analysis

Administrative and Personnel Expenses

Administrative and Personnel Expenses	12M11	12M10	4Q11	3Q11	R\$ million	
					Variation	Quarter
					YTD	
Administrative Expenses						
Outsourced Services	3,610	3,131	961	936	479	25
Communication	1,579	1,408	402	408	171	(6)
Depreciation and Amortization	1,094	967	280	277	127	3
Advertising and Marketing	938	807	330	211	131	119
Data Processing	934	875	243	247	59	(4)
Transportation	784	643	224	201	141	23
Rental	666	568	176	170	98	6
Asset Maintenance	558	462	158	139	96	19
Financial System Services	516	368	147	135	148	12
Materials	379	296	98	105	83	(7)
Leased Assets	357	364	99	87	(7)	12
Security and Surveillance	333	274	94	84	59	10
Water, Electricity and Gas	227	210	59	53	17	6
Trips	161	124	48	42	37	6
Other	1,270	1,035	363	310	235	53
Total	13,406	11,532	3,682	3,405	1,874	277
Personnel Expenses						
Structural	8,798	7,517	2,415	2,288	1,281	127
Payroll/Social Charges	6,632	5,748	1,811	1,720	884	91
Benefits	2,166	1,769	604	568	397	36
Non-Structural	2,263	1,785	725	592	478	133
Management and Employee Profit Sharing	1,321	1,032	498	321	289	177
Provision for Labor Claims	663	543	145	199	120	(54)
Training	161	107	53	50	54	3
Termination Costs	118	102				