BANK BRADESCO
Form 6-K
July 30, 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 July, 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 ___X___ 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 ___X____

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Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business. Such statements are based on management's current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: "believes," "anticipates," "plans," "expects," "intends," "aims," "evaluates," "predicts," "projects," "foresees," "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 applicablelegislation, 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.

Press Release

Highlights

The main figures obtained by Bradesco in the first half of 2012 are presented below:

1. Adjusted Net Income[(1)] in the first half of 2012 stood at R$5.712 billion (a 2.7% increase compared to the R$5.563 billion recorded in the same period last year), corresponding to earnings per share of R$2.97 in the last 12 months and Return on Average Shareholders' Equity[(2)] of 20.6%.

2. Adjusted Net Income is composed of R$3.926 billion from financial activities, representing 68.7% of the total, and R$1.786 billion from insurance, pension plan and capitalization bond operations, which accounted for 31.3%.

3. On June 30, 2012, Bradesco's market capitalization stood at R$104.869 billion [(3)].

4. Total Assets stood at R$830.520 billion in June 2012, a 20.5% increase over the same period in 2011. Return on Total Average Assets was 1.4%.

5. The Expanded Loan Portfolio[(4)] stood at R$364.963 billion in June 2012, up 14.1% on the same period in 2011. Operations with individuals totaled R$112.235 billion (up 9.1%), while operations with companies totaled R$252.728 billion (up 16.5%).

6. Assets under Management stood at R$1.131 trillion, up 21.0% on June 2011.

7. Shareholders' Equity stood at R$63.920 billion in June 2012, up 21.0% on June 2011. Capital Adequacy Ratio stood at 17.0% in June 2012, 11.8% 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 the first half of 2012 in the amount of R$1,916 million, of which R$1,122 million was paid as monthly and interim dividends and R$794 million was recorded in provision.

9. Financial Margin stood at R$21.729 billion, up 15.4% in comparison with the first half of 2011.

10. The Delinquency Ratio over 90 days stood at 4.2% on June 30, 2012 (3.7% on June 30, 2011).

11. The Efficiency Ratio[(5)] improved by 0.3 p.p. (from 42.7% in June 2011 to 42.4% in June 2012) and the "adjusted-to-risk" ratio stood at 53.1% (52.2% in June 2011).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R$20.988 billion the first half of 2012, up 20.1% over the same period in 2011. Technical Reserves stood at R$111.789 billion, up 19.0% on June 2011.

13. Investments in infrastructure, information technology and telecommunications amounted to R$1.986 billion in the first half of 2012, a 14.1% increase on the previous year.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R$11.483 billion, of which R$4.945 billion referred to taxes withheld and collected from third parties and R$6.538 billion from Bradesco Organization activities, equivalent to 114.5% of Adjusted Net Income [(1)].

15. Bradesco has an extensive customer service network in Brazil, comprising 7,893 service points (4,650 branches and 3,243 Service Branches - PAs). Customers can also use 1,476 PAEs – ATMs (Automatic Teller Machines) in companies, 40,476 Bradesco Expresso service points, 35,226 Bradesco *Dia & Noite* ATMs and 12,258 *Banco24Horas* ATMs.

(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$114.304 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; and (5) In the last 12 months.

Highlights

16. Payroll, plus charges and benefits, totaled R$5.002 billion. Social benefits provided to the 104,531 employees of the Bradesco Organization and their dependents amounted to R$1.202 billion, while investments in training and development programs totaled R$62.599 million.

17. Major Awards and Recognitions in the period:

- Bradesco was recognized as the "Best Brazilian Bank" and "Latin America's Best Bank" in the 2012 edition of the *Euromoney Awards for Excellence, which is annually granted by British magazine Euromoney*, renowned as one of the world's most important in the financial institution segment;

- Bradesco is one of the world's most solid banks. It ranked 13th among 20 global institutions, and is the only truly Brazilian bank in the ranking (Bloomberg News);

- Bradesco is the private company with the most valuable brand in Brazil. In general ranking (including government companies), it placed second among 480 brands in 32 categories, and placed first among Latin American companies (BrandAnalytics/ Millward Brown – *IstoÉ* magazine);

- Bradesco Organization stood out in the Best and Largest 2012 edition: it ranked first among the "200 Largest Groups" and "50 Largest Banks that Operate in Brazil," and it is also the private financial institution with highest number of demand deposits and rural loans, checking account holders and active credit cards. In the insurance segment, Grupo Bradesco Seguros e Previdência occupied three the top six positions in the insurance segment ranking in Brazil through Bradesco Saúde (first), Bradesco Vida e Previdência and Bradesco Auto/RE (*Exame* magazine);

- The Organization was granted the "Best Company to Launch a Career Award," in the "Young Talent Retention" category (*Você S/A* magazine in

- Bradesco won the "2012 *Consumidor Moderno*" Award for Excellence in Customer Service, in the "Premium Bank" and "Credit Card" categories (*Consumidor Moderno* magazine – *Grupo Padrão*); and

- The Investor Relations area was awarded the "Best Investor Relations of the Financial Sector," according to IR Magazine Awards Brazil 2012.

18. With regards to sustainability, Bradesco divides its actions into three pillars:
(i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and 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 2012, a projected budget of R$385.473 million will benefit 111,170 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 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 300,150 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 83,323 people will benefit from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the *Educa+Ação* Program and Technology courses (*Educar e Aprender* – Teach and Learn).

partnership with FIA – Fundação Instituto de Administração);

Press Release

Main Information

	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	Variation % 2Q12 x 1Q12	Variation % 2Q12 x2Q11
Income Statement for the Period - R$ million										
Book Net Income	2,833	2,793	2,726	2,815	2,785	2,702	2,987	2,527	1.4	1.7
Adjusted Net Income	2,867	2,845	2,771	2,864	2,825	2,738	2,684	2,518	0.8	1.5
Total Financial Margin	11,034	10,695	10,258	10,230	9,471	9,362	9,018	8,302	3.2	16.5
Gross Loan Financial Margin	7,362	7,181	7,162	6,928	6,548	6,180	6,143	5,833	2.5	12.4
Net Loan Financial Margin	3,955	4,087	4,501	4,149	4,111	3,820	3,848	3,774	(3.2)	(3.8)
Allowance for Loan Losses (ALL) Expenses	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)	(2,059)	10.1	39.8
Fee and Commission Income	4,281	4,118	4,086	3,876	3,751	3,510	3,568	3,427	4.0	14.1
Administrative and Personnel Expenses	(6,488)	(6,279)	(6,822)	(6,285)	(5,784)	(5,576)	(5,790)	(5,301)	3.3	12.2
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	11,570	9,418	11,138	9,025	9,628	7,845	9,012	7,673	22.8	20.2
Balance Sheet - R$ million										
Total Assets	830,520	789,550	761,533	722,289	689,307	675,387	637,485	611,903	5.2	20.5
Securities	322,507	294,959	265,723	244,622	231,425	217,482	213,518	196,081	9.3	39.4
Loan Operations (1)	364,963	350,831	345,724	332,335	319,802	306,120	295,197	272,485	4.0	14.1
- Individuals	112,235	109,651	108,671	105,389	102,915	100,200	98,243	93,038	2.4	9.1
- Corporate	252,728	241,181	237,053	226,946	216,887	205,920	196,954	179,447	4.8	16.5
Allowance for Loan Losses (ALL)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)	(16,019)	2.8	19.1
Total Deposits	217,070	213,877	217,424	224,664	213,561	203,822	193,201	186,194	1.5	1.6
Technical Reserves	111,789	106,953	103,653	97,099	93,938	89,980	87,177	82,363	4.5	19.0
Shareholders' Equity	63,920	58,060	55,582	53,742	52,843	51,297	48,043	46,114	10.1	21.0
Assets under Management	1,130,504	1,087,270	1,019,790	973,194	933,960	919,007	872,514	838,455	4.0	21.0
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)										
Adjusted Net aIncome per Share - R$ (2)	2.97	2.96	2.93	2.91	2.82	2.72	2.61	2.38	0.3	5.3
Book Value per Common and Preferred Share - R$	16.74	15.21	14.56	14.08	13.82	13.42	12.77	12.26	10.1	21.1
	20.6	21.4	21.3	22.4	23.2	24.2	22.2	22.5		

Annualized Return on Average Shareholders' Equity (3)(4)									(0.8) p.p.	(2.6) p.p.
Annualized Return on Average Assets (4)	1.4	1.5	1.6	1.7	1.7	1.7	1.7	1.7	(0.1) p.p.	(0.3) p.p.
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.9	7.9	7.8	8.0	7.8	8.2	8.3	7.9	-	0.1 p.p.
Fixed Assets Ratio - Total Consolidated	18.2	19.9	21.0	16.7	17.3	17.4	18.1	16.7	(1.7) p.p.	0.9 p.p.
Combined Ratio - Insurance (5)	85.0	85.6	83.6	86.2	85.8	86.1	85.1	85.3	(0.6) p.p.	(0.8) p.p.
Efficiency Ratio (ER) (2)	42.4	42.7	43.0	42.7	42.7	42.7	42.7	42.5	(0.3) p.p.	(0.3) p.p.
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) (2)	63.2	62.9	62.2	62.7	63.5	63.6	64.2	65.1	0.3 p.p.	(0.3) p.p.
Market Capitalization - R$ million (6)	104,869	113,021	106,971	96,682	111,770	117,027	109,759	114,510	(7.2)	(6.2)
Loan Portfolio Quality % (7)										
ALL / Loan Portfolio	7.4	7.5	7.3	7.3	6.9	7.0	7.1	7.4	(0.1) p.p.	0.5 p.p.
Non-Performing Loans (>60 days (8) / Loan Portfolio)	5.1	5.1	4.8	4.6	4.5	4.4	4.3	4.6	-	0.6 p.p.
Delinquency Ratio (> 90 days (8) / Loan Portfolio)	4.2	4.1	3.9	3.8	3.7	3.6	3.6	3.8	0.1 p.p.	0.5 p.p.
Coverage Ratio (> 90 days (8))	177.4	181.7	184.4	194.0	189.3	193.6	197.6	191.8	(4.3) p.p.	(11.9) p.p.
Coverage Ratio (> 60 days (8))	144.0	146.6	151.8	159.6	154.0	159.1	163.3	162.0	(2.6) p.p.	(10.0) p.p.
Operating Limits %										
Capital Adequacy Ratio - Total Consolidated	17.0	15.0	15.1	14.7	14.7	15.0	14.7	15.7	2.0 p.p.	2.3 p.p.
- Tier I	11.8	12.0	12.4	12.2	12.9	13.4	13.1	13.5	(0.2) p.p.	(1.1) p.p.
- Tier II	5.2	3.0	2.7	2.5	1.8	1.7	1.7	2.3	2.2 p.p.	3.4 p.p.
- Deductions	-	-	-	-	-	(0.1)	(0.1)	(0.1)	-	-

Main Information

	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10	Sept10	Variation % Jun12 xMar12	Variation % Jun12 xJun11
Structural Information - Units										
Service Points	65,370	62,759	59,721	55,832	53,256	50,977	48,691	45,831	4.2	22.7
- Branches	4,650	4,636	4,634	3,945	3,676	3,651	3,628	3,498	0.3	26.5
- PAs (9)	3,243	2,986	2,962	2,990	2,982	2,978	2,933	2,886	8.6	8.8
- PAEs(9)	1,476	1,497	1,477	1,589	1,587	1,588	1,557	1,559	(1.4)	(7.0)
- Outplaced Bradesco Network ATMs (10)	3,992	3,974	3,913	3,953	3,962	3,921	3,891	4,104	0.5	0.8
- *Banco24Horas* Network ATMs (10)	10,459	10,583	10,753	10,815	10,856	10,326	9,765	8,113	(1.2)	(3.7)
- Bradesco Expresso (Correspondent Banks)	40,476	38,065	34,839	31,372	29,263	27,649	26,104	24,887	6.3	38.3
- Bradesco Promotora de Vendas	1,061	1,005	1,131	1,157	919	853	801	773	5.6	15.5
- Branches / Subsidiaries Abroad	13	13	12	11	11	11	12	11	-	18.2
ATMs	47,484	47,330	46,971	45,596	45,103	44,263	43,072	41,007	0.3	5.3
- Bradesco Network	35,226	35,007	34,516	33,217	32,714	32,514	32,015	31,759	0.6	7.7
- *Banco24Horas* Network	12,258	12,323	12,455	12,379	12,389	11,749	11,057	9,248	(0.5)	(1.1)
Credit and Debit Cards (11) - in million	150	160	156	153	150	148	145	141	(6.1)	(0.2)
- Credit Cards	95.3	93.8	91.4	90.1	89.0	87.4	86.5	83.4	1.6	7.1
- Debit Cards (12)	55	66	64	63	61	60	59	57	(17.1)	(10.7)
Employees	104,531	105,102	104,684	101,334	98,317	96,749	95,248	92,003	(0.5)	6.3
Outsourced Employees and Interns	12,661	12,659	11,699	10,731	10,563	10,321	9,999	9,796	0.0	19.9
Foundations Employees (13)	3,912	3,877	3,806	3,813	3,796	3,788	3,693	3,756	0.9	3.1
Customers - in millions										
Checking accounts	25.6	25.4	25.1	24.7	24.0	23.5	23.1	22.5	0.8	6.7
Savings Accounts (14)	45.2	41.3	43.4	40.6	39.7	39.4	41.1	38.5	9.4	13.9
Insurance Group	41.9	40.8	40.3	39.4	38.0	37.0	36.2	34.6	2.7	10.3
- Policyholders	36.3	35.4	35.0	34.3	33.0	32.1	31.5	30.0	2.5	10.0
- Pension Plan Participants	2.2	2.2	2.2	2.1	2.1	2.1	2.0	2.0	-	4.8
- Capitalization Bond Customers	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.6	6.3	17.2

Bradesco Financiamentos (15)	3.8	3.8	3.8	4.0	4.2	4.5	4.9	4.9	-	(9.5)

(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 common and preferred shares on the period's last trading day;

(7) Concept defined by the Brazilian Central Bank (Bacen);

(8) Credits overdue;

(9) PA (Service Branch), a result from the consolidation of PAB, PAA and Exchange Points, according to CMN Resolution 4,072 of April 26, 2012; and PAE: ATM located in the premises of a company;

(10) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011; 2,045 in June 2011; 2,024 in March 2011; 1,999 in December 2010 and 1,670 in September 2010;

(11) Includes pre-paid, Private Label and Ibi México as of December 2010;

(12) The debit card base related to idle cards reduced in the second quarter of 2012;

(13) Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports and Recreation Center (ADC Bradesco);

(14) Number of accounts; and

(15) The customer base measurement criterion was changed in June 2012.

Press Release

Ratings

Main Ratings

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

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

Standard & Poor's (2)						Austin Rating		
International Scale - Counterparty Rating				Domestic Scale		Corporate Governance	Domestic Scale	
Foreign Currency		Domestic Currency		Counterparty Rating			Long Term	Short Term
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term			
BBB	A - 2	BBB	A - 2	brAAA	brA - 1	AA+	AAA	A -1

(1) On June 27, 2012, due to changes in its methodology, the risk classifying agency Moody´s Investors Service changed three Bradesco ratings, as follows: (i) financial strength, from 'B-' to 'C-;' (ii) domestic currency deposits – long term, from 'A1' to 'A3;' and (iii) domestic currency deposit – short term, from 'P-1' to 'P-2.' These downgrades are due to agency's evaluation on the correlation between sovereign credit risk and rating of several entities in Brazil, accordingly, not referring to any change in Bank's financial bases.

(2) On July 11, 2012, the risk classifying agency Standard & Poor´s upgraded Bradesco short-term foreign and domestic currency ratings from 'A3' to 'A2,' as a result of the upgrade of sovereign short-term foreign currency rating after the agency changed its criteria of the connection between long and short-term ratings attributed to sovereign governments.

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

	1H12	1H11	2Q12	1Q12
Book Net Income	**5,626**	**5,487**	**2,833**	**2,793**
Non-Recurring Events	**86**	**76**	**34**	**52**
- Civil Provision	143	123	57	86
- Tax Effects	(57)	(47)	(23)	(34)
Adjusted Net Income	**5,712**	**5,563**	**2,867**	**2,845**
ROAE% (1)	**20.3**	**22.9**	**20.6**	**21.0**
Adjusted ROAE% (1)	**20.6**	**23.2**	**20.9**	**21.4**

(1) Annualized.

Summarized Analysis of Adjusted Income

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

								R$ million
	Adjusted Income Statement							
	1H12	**1H11**	**Variation 1H12 x 1H11 Amount**	**%**	**2Q12**	**1Q12**	**Variation 2Q12 x 1Q12 Amount**	**%**
Financial Margin	**21,729**	**18,833**	**2,896**	**15.4**	**11,034**	**10,695**	**339**	**3.2**
- Interest	20,740	18,016	2,724	15.1	10,518	10,222	296	2.9
- Non-interest	989	817	172	21.1	516	473	43	9.1
ALL	(6,501)	(4,797)	(1,704)	35.5	(3,407)	(3,094)	(313)	10.1
Gross Income from Financial Intermediation	**15,228**	**14,036**	**1,192**	**8.5**	**7,627**	**7,601**	**26**	**0.3**
Income from Insurance, Pension Plan and Capitalization Bond Operations (1)	1,830	1,573	257	16.3	953	877	76	8.7
Fee and Commission Income	8,399	7,261	1,138	15.7	4,281	4,118	163	4.0
Personnel Expenses	(5,925)	(5,041)	(884)	17.5	(3,047)	(2,878)	(169)	5.9
Other Administrative Expenses	(6,842)	(6,319)	(523)	8.3	(3,441)	(3,401)	(40)	1.2
Tax Expenses	(2,003)	(1,793)	(210)	11.7	(991)	(1,012)	21	(2.1)
Equity in the Earnings (Losses) of Unconsolidated Companies	59	50	9	18.0	19	40	(21)	(52.5)
Other Operating Income/Expenses	(2,031)	(1,686)	(345)	20.5	(1,035)	(996)	(39)	3.9
Operating Result	**8,715**	**8,081**	**634**	**7.8**	**4,366**	**4,349**	**17**	**0.4**
Non-Operating Income	(40)	(11)	(29)	-	(22)	(18)	(4)	22.2
Income Tax / Social Contribution	(2,929)	(2,409)	(520)	21.6	(1,461)	(1,468)	7	(0.5)
Non-controlling Interest	(34)	(98)	64	(65.3)	(16)	(18)	2	(11.1)
Adjusted Net Income	**5,712**	**5,563**	**149**	**2.7**	**2,867**	**2,845**	**22**	**0.8**

(1)

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

Press Release

Summarized Analysis of Adjusted Income

Adjusted Net Income and Profitability

In the second quarter of 2012, Bradesco posted adjusted net income of R$2,867 million, up 0.8%, or R$22 million, on the previous quarter, mainly driven by: (i) growth in financial margin, as a result of higher income, both from the interest portion, arising from the increased volume of transactions, and non-interest portion; (ii) greater fee and commission income; (iii) higher insurance operating income; offset by: (iv) an increase in the allowance for loan losses; (v) higher personnel and administrative expenses; and (vi) an increase in other operating expenses (net of other operating income).

In comparison with the same half a year earlier, adjusted net income increased by R$149 million, or 2.7% in the first half of 2012, for Return on Average Shareholders' Equity (ROAE) of 20.6%. Main items included in the Statement of Adjusted Income are addressed below.

Shareholders' Equity stood at R$63,920 million in June 2012, up 21.0% on the balance of June 2011. It is worth pointing out the R$4,105 million increase in the surplus amount of some former “Held to Maturity” securities classified to “Available for Sale” category due to the adoption of CPCs 38 and 40 by the Insurance Group. The Capital Adequacy Ratio stood at 17.0%, 11.8% of which fell under Tier I Reference Shareholders' Equity.

Total Assets came to R$830,520 million in June 2012, up 20.5% over June 2011, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) reached 1.4%.

Summarized Analysis of Adjusted Income

Efficiency Ratio (ER)

The Efficiency Ratio in the last 12 months(1) improved by 0.3 p.p. over the previous quarter, reaching 42.4% in the second quarter of 2012, lowest recorded in the last eight quarters. The improvement in ER was mainly driven by the growth in financial margin and fee and commission income, which was mainly due to an increase in average business volume, resulting from accelerated organic growth, which began in the second half of 2011, and higher treasury gains, partially impacted by an increase in personnel and administrative expenses in the period.

With regards to the quarterly ER, the indicator was stable when compared to the previous quarter.

The "adjusted to risk" ER, which reflects the impact of risk associated with loan operations(2), stood at 53.1% in the second quarter of 2012, a 0.5 p.p. improvement over the previous quarter, mainly resulting from the adequate provisioning levels regarding the estimated loss from certain corporate customers.

(1) ER = (Personnel Expenses – Employee Profit Sharing + Administrative Expenses) / (Financial Margin + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income – 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 second quarter of 2012 would be 45.2%; and
(2) Including ALL expenses, adjusted for granted discounts, loan recovery and sale of foreclosed assets, among others.

Summarized Analysis of Adjusted Income

Financial Margin

The R$339 million increase between the second quarter of 2012 and the first quarter of 2012 was mainly due to:

- a R$296 million increase in interest-earning operations, mainly due to higher gains with “Loans”, due to increased volume of transactions in the period, and “Securities/Other” margins; and

- a R$43 million increase in the non-interest margin, due to greater “Treasury/Securities” gains.

Financial margin posted a R$2,896 million improvement between the first half of 2012 and the same period in 2011, for growth of 15.4%, mainly driven by:

- a R$2,724 million increase in income from interest-earning operations due to an increase in business volume, mainly from:
(i) “Loans;” and (ii) “Securities/Other;” and

- higher income from the non-interest margin, in the amount of R$172 million, due to higher “Treasury/Securities” gains.

Summarized Analysis of Adjusted Income

Interest Financial Margin – Annualized Average Rates

R$ million

	1H12			1H11		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	14,543	277,005	10.9%	12,728	245,018	10.7%
Funding	2,209	334,070	1.3%	2,141	285,939	1.5%
Insurance	1,577	107,966	2.9%	1,818	90,700	4.0%
Securities/Other	2,411	283,699	1.7%	1,329	216,454	1.2%
Financial Margin	**20,740**	**-**	**7.6%**	**18,016**	**-**	**7.6%**

	2Q12			1Q12		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,362	281,442	10.9%	7,181	272,481	11.0%
Funding	1,041	336,954	1.2%	1,168	331,186	1.4%
Insurance	726	110,120	2.7%	851	105,811	3.3%
Securities/Other	1,389	283,763	2.0%	1,022	283,634	1.4%
Financial Margin	**10,518**	**-**	**7.5%**	**10,222**	**-**	**7.6%**

The annualized interest financial margin rate stood at 7.5% in the second quarter of 2012, down 0.1 p.p. on the previous quarter, mainly due to: (i) the shrinkage in the average “Insurance” margin rate impacted by: (a) a lower profitability of assets indexed to IPCA; and (b) the performance of multimarket funds, which were affected by the 15.7% Ibovespa devaluation in the quarter; (ii) the drop in the average “Funding” margin rate due to the decrease in Selic interest rates; and (iii) the reduction in the average “Loan” margin rate due to the decrease in interest rates in effect resulting from the change in the mix loan portfolio.

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio (1)

In June 2012, Bradesco's loan operations totaled R$365.0 billion. The 4.0% increase in the quarter was due to growth of: (i) 7.0 in Corporations; (ii) 2.4% in Individuals; and (iii) 2.0% in Small and Medium-sized Entities (SMEs).

Over the last 12 months, the expanded portfolio increased 14.1.%, driven by: (i) 17.3% growth in SMEs; (ii) 15.9% growth in Corporations; and (iii) 9.1% 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) payroll-deductible loans; and (iii) BNDES/Finame onlending. In the Corporate segment, growth was led by: (i) real estate financing – corporate plan; (ii) operations bearing credit risk - commercial portfolio; 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 Chapter 2 of this Report.

Allowance for Loan Losses (ALL)

In the second quarter of 2012, ALL expenses stood at R$3,407 million, up 10.1% from the previous quarter, mainly as a result of: (i) the 3.5% increase in the volume of loan operations – concept defined by Bacen; and (ii) adequate provisioning levels regarding the estimated losses from certain corporate customers under the process of debt restructuring.

In comparison with the first half of 2011, ALL expenses in the same period in 2012 increased by 35.5%, mainly due to: (i) an 11.3% growth in loan operations - concept defined by Bacen, in the period; and (ii) greater delinquency ratio in the period.

Summarized Analysis of Adjusted Income

Delinquency Ratio > 90 days (1)

The delinquency ratio of over 90 days posted a slight increase of 0.1 p.p. in the quarter. It is worth highlighting the stabilization of Individuals and SMEs, which accounted for 6.2% and 4.2%, respectively, in the period.

(1) Concept defined by Bacen.

Coverage Ratios (1)

The following graph presents the evolution of the coverage ratio of the ALL for loans overdue for more than 60 and 90 days. In June 2012, these ratios stood at 144.0% and 177.4%, respectively, pointing to a comfortable level of provisioning.

(1) Concept defined by Bacen.

The ALL, totaling R$20.7 billion in June 2012, was made up of: (i) R$16.7 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 Capitalization Bond Operations

Net income in the second quarter of 2012 stood at R$881 million (R$905 million in the first quarter of 2012), with an annualized Return on Shareholders' Equity of 26.0%.

Net income totaled R$1.786 billion, up 14.4% in the first half of 2012 in comparison with the same period a year earlier (R$1.561 billion), with a 25.6% Return on Shareholders' Equity.

(1) Excluding additional provisions.

R$ million (unless otherw ise stated)

	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	Variation % 2Q12 x 1Q12	Variation % 2Q12 x 2Q11
Net Income	881	905	860	780	800	761	779	721	(2.7)	10.1
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	11,570	9,418	11,138	9,025	9,628	7,845	9,012	7,673	22.8	20.2
Technical Reserves	111,789	106,953	103,653	97,099	93,938	89,980	87,177	82,363	4.5	19.0
Financial Assets (1)	128,526	122,147	116,774	110,502	106,202	102,316	100,038	92,599	5.2	21.0
Claims Ratio	71.3	71.9	68.6	71.5	72.2	72.0	71.1	72.4	(0.6) p.p.	(0.9) p.p.
Combined Ratio	85.0	85.6	83.6	86.2	85.8	86.1	85.1	85.3	(0.6) p.p.	(0.8) p.p.
Policyholders / Participants and Customers (in thousands)	41,898	40,785	40,304	39,434	37,972	37,012	36,233	34,632	2.7	10.3
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (2)	24.5	23.4	25.6	24.9	25.0	23.2	24.7	24.7	1.1 p.p.	(0.5) p.p.

(1) As of the fourth quarter of 2010, held-to-maturity securities were reclassified to available for sale category, for adoption CPCs 38 and 40; and
(2) The second quarter of 2012 includes the latest data released by Susep (May 2012).

Summarized Analysis of Adjusted Income

In a year-on-year comparison, revenue in the second quarter of 2012 was up 22.8%, leveraged by the performance of Life and Pension Plan and Capitalization products that grew by 34.5% and 17.9%, respectively.

In the first half of 2012, total revenue increased by 20.1% over the same period in 2011, which was driven by the performance of all segments that posted an over double-digit growth in the period.

Net income remained stable when compared to the previous quarter, and the main performance indicators improved, as a result of the company's focus on more profitable products, pointing out the 0.6 p.p. drop in claims ratio.

Net income in the first half of 2012 was up 14.4% over the same period in 2011, due to: (i) a 20.1% increase in revenue; (ii) the focus on more profitable products; (iii) the 0.5 p.p. drop in claim ratios; (iv) improved equity income; and (v) a reduction in general and administrative expenses, even when accounting for the collective bargaining agreement in the sector in January 2012; partially offset: (vi) by a decreased financial income.

With regards to solvency, Grupo Bradesco de Seguros e Previdência complies with all Susep rules, effective as of January 1, 2008, and has adjusted to meet global standards (Solvency II). The Group posted leverage of 2.4 times its Shareholders' Equity in the period.

Summarized Analysis of Adjusted Income

Fee and Commission Income

In the second quarter of 2012, fee and commission income came to R$4,281 million, up R$163 million, or 4.0% over the previous quarter. The increase in income was driven by: (i) an increase in card income; (ii) higher income from checking accounts and (iii) higher volume of loan operations.

In comparison with the same period a year earlier, the R$1,138 million increase, or 15.7%, in fee and commission income in the first half of 2012 was mainly due to: (i) the performance of the credit card segment, driven by the growth in credit card base and revenue; (ii) higher income from checking accounts, which was a result of the growth in business volume and an increase in the checking account holder base, which posted net growth of 1.6 million accounts in the period;
(iii) greater income from fund management;
(iv) greater income from loan operations, resulting from an increase in the volume of contracted operations and surety and guarantee operations; and (v) greater gains with capital market operations (underwriting / financial advisory).

Summarized Analysis of Adjusted Income

Personnel Expenses

In the second quarter of 2012, the R$169 million increase from the previous quarter was due to the following:

- structural expenses – up R$85 million, basically due to the lower concentration of holidays in the second quarter of 2012; and

- non-structural expenses – R$84 million increase, mainly due to higher expenses with: (i) provision for labor claims; (ii) employee and management profit sharing; and (iii) training.

In comparison with the same period a year earlier, the R$884 million increase in the first half of 2012 was mainly the result of:

- R$689 million in structural expenses, resulting from: (i) increased expenses with salaries, social charges and benefits, due to higher salary levels (2011 collective bargaining agreement); and (ii) the net increase in the number of employees by 6,214 professionals, due to organic growth and the expansion of service points in the period; and

- R$195 million in non-structural expenses, mainly driven by greater expenses with: (i) employee and management profit sharing; and (ii) provision for labor claims.

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.

Summarized Analysis of Adjusted Income

Administrative Expenses

In the second quarter of 2012, the 1.2% increase in administrative expenses from the previous quarter was mainly the result of higher expenses with: (i) rent; (ii) marketing and advertising;
(iii) communication; (iv) data processing; and
(v) depreciation and amortization.

In comparison with the first half of 2012 and the same period a year earlier, the 8.3% increase in the first quarter of 2012 was mainly due to:
(i) contractual adjustments; (ii) increase in business and service volume; (iii) the opening of 12,114 service points, mainly the increase to 974 branches and 11,213 Bradesco Expresso points, for a total of 65,370 service points on June 30, 2012; which was partially offset by lower expenses with: (iv) outsourced services; and
(v) marketing and advertising.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R$1,035 million in the second quarter of 2012, up R$39 million over the previous quarter, and R$345 million in comparison with the first half of 2012.

Compared with the same quarter last year and the previous quarter, the increase in other operating expenses, net of other operating income, was mainly the result of greater expenses with: (i) operating provisions, particularly those for tax and civil contingencies; (ii) sundry losses; and (iii) the amortization of intangible assets due to acquisition of banking rights.

Summarized Analysis of Adjusted Income

Income Tax and Social Contributions

In the quarter-on-quarter comparison, income tax and social contribution expenses remained practically steady, mainly due to the fact that the taxable result remained the same in the period.

In the year-on-year comparison, the increase in these expenses is mainly the result of: (i) greater taxable result; 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$21,544 million in the second quarter of 2012, a R$5,414 million increase from the previous quarter. This was mainly due to: (i) the appreciation of fixed-income securities due to mark-to-market accounting; (ii) the appreciation of investments, particularly the Cielo investment, which saw a 14.6% increase in share value in the quarter; (iii) the increase in unrealized gains from loan and leasing operations, deriving from reduction of market rates in effect; and partially offset by: (iv) the devaluation of equity securities due to mark-to-market accounting, resulting from the 15.7% drop of Ibovespa.

Economic Outlook

In the second quarter of 2012, concerns over the global scenario mounted due to the synchronized slowdown of the leading economies, accompanied by increased financial volatility and risk aversion. The eurozone remained the center of attention, given the increasingly consolidated perception that a definitive solution for the bloc's fiscal imbalances is no easy task. At the bloc's most recent summit, leaders took the first step towards banking union and the European rescue fund was authorized to capitalize ailing banks directly, heading off the immediate risk of a meltdown. Nevertheless, there are still doubts regarding the sufficiency of funds for the bailout and the pace of the monetary union's recovery in the coming years.

Faced with these risks, global growth remained low, adversely impacting the confidence of the economic agents. In a direct response to this scenario, long-term U.S. and German treasury bond interest rates fell to their lowest ever level following a flight to quality. Commodity prices have also been declining throughout the year, despite short-term upward pressure from agricultural produce (adverse weather conditions) and oil (geopolitical tensions).

In Brazil, the deteriorating international scenario has been fueling the slowdown in activity since 2011, which was in turn triggered by the adoption of economic policies focused on reducing inflationary pressure at the beginning of last year. Following the sequence of shocks that has hit Brazil's economy since then, growth has slowed more than expected, especially in the manufacturing sector.

Although Brazil is still not immune to global events, it is certainly much better prepared to face the materialization of existing risks than it was in 2008. In response to the hefty domestic slowdown, the economic authorities have adopted a number of stimulus measures, including: (i) a series of interest rate cuts, which was facilitated by the changes in the base rate to its lowest ever level; (ii) fiscal and tax incentives for consumer goods and industrial segments; (iii) the implementation of a government purchase program focused on capital goods; and (iv) a reduction in the capital cost of BNDES operations.

The depreciation of the real in recent months may bring some relief to national industry, albeit partially offset by the deceleration of global demand. Moreover, the country's ample foreign reserves (US$374 billion, versus US$208 billion in September 2008) and the volume of reserve requirements (R$390 billion, versus R$272 billion four years ago) constitute lines of defense that can be called upon rapidly if necessary. Given all these stimuli, Brazil's economy should respond favorably, accelerating the pace of growth throughout the second half.

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 expanding job market, while investments are likely to benefit from the reduction in the cost of capital and the opportunities generated by pre-salt oil exploration and the sporting events in the coming years. Given this expected recovery in domestic activity, together 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.

rules governing savings account returns, has
already reduced the Selic

Press Release

Main Economic Indicators

Main Indicators (%)	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	1H12	1H11
Interbank Deposit Certificate (CDI)	2.09	2.45	2.67	3.01	2.80	2.64	2.56	2.61	4.59	5.52
Ibovespa	(15.74)	13.67	8.47	(16.15)	(9.01)	(1.04)	(0.18)	13.94	(4.23)	(9.96)
USD– Commercial Rate	10.93	(2.86)	1.15	18.79	(4.15)	(2.25)	(1.65)	(5.96)	7.76	(6.31)
General Price Index - Market (IGP-M)	2.56	0.62	0.91	0.97	0.70	2.43	3.18	2.09	3.19	3.15
Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE)	1.08	1.22	1.46	1.06	1.40	2.44	2.23	0.50	2.32	3.87
Federal Government Long-TermInterest Rate (TJLP)	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	2.98	2.98
Reference Interest Rate (TR)	0.07	0.19	0.22	0.43	0.31	0.25	0.22	0.28	0.26	0.55
Savings Accounts	1.58	1.70	1.73	1.95	1.82	1.76	1.73	1.79	3.31	3.61
Business Days (number)	62	63	62	65	62	62	63	65	125	124
Indicators (Closing Rate)	**Jun12**	**Mar12**	**Dec11**	**Sept11**	**Jun 11**	**Mar11**	**Dec10**	**Sept10**	**Jun12**	**Jun11**
USD– Commercial Selling Rate - (R$)	2.0213	1.8221	1.8758	1.8544	1.5611	1.6287	1.6662	1.6942	2.0213	1.5611
Euro - (R$)	2.5606	2.4300	2.4342	2.4938	2.2667	2.3129	2.2280	2.3104	2.5606	2.2667
Country Risk (points)	208	177	223	275	148	173	189	206	208	148
Basic Selic Rate Copom(% p.a.)	8.50	9.75	11.00	12.00	12.25	11.75	10.75	10.75	8.50	12.25
BM&F Fixed Rate (% p.a.)	7.57	8.96	10.04	10.39	12.65	12.28	12.03	11.28	7.57	12.65

Projections through 2014

%	2012	2013	2014
USD - Commercial Rate (year-end) - R$	1.95	2.00	2.10
Extended Consumer Price Index (IPCA)	4.90	5.50	5.00
General Price Index - Market (IGP-M)	5.20	4.60	4.50
Selic (year-end)	7.50	8.50	8.50
Gross Domestic Product (GDP)	2.10	4.00	4.50

Press Release

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)(2)	**14 to 18%**
Individuals (3)	12 to 16%
Companies (4)	14 to 18%
SMEs (5)	16 to 20%
Corporations	13 to 17%
Products	
Vehicles (6)	2 to 6%
Cards (7)(8)	10 to 14%
Real Estate Financing (origination) (9)	R$ 14.0 bi
Payroll Deductible Loans	26 to 30%
Financial Margin (10)	**10 to 14%**
Fee and Commission Income (11)	**10 to 14%**
Operating Expenses (12)	**8 to 12%**
Insurance Premiums (13)	**15 to 19%**

(1) Expanded Loan Portfolio;

(2) Changed from 18–22% to 14–18%.

(3) Changed from 16–20% to 12–16%.

(4) Changed from 18–22% to 14–18%.

(5) Changed from 23–27% to 16–20%.

(6) Changed from 4–8% to 2–6%.

(7) Changed from 13–17% to 10–14%.

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

(9) Changed from R$$11.4 billion to R$$14.0 billion.

(10) Under current criterion, Guidance for Interest Financial Margin.

(11) Changed from 8–12% to 10–14%;

(12) Administrative and Personnel Expenses; and

(13) Changed from 13–16% to 15–19%.

Income Statements vs. Managerial Income vs. Adjusted Income

Analytical Breakdown of Income Statement vs. Managerial Income vs. Adjusted Income

Second Quarter of 2012

R$ million

	2Q12											
	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
Financial Margin	**10,304**	**(271)**	**37**	**22**	**(618)**	**-**	**-**	**-**	**1,560**	**11,034**	**-**	**11,034**
ALL	(3,650)	-	-	-	342	(98)	-	-	-	(3,407)	-	(3,407)
Gross Income from Financial Intermediation	**6,654**	**(271)**	**37**	**22**	**(276)**	**(98)**	**-**	**-**	**1,560**	**7,627**	**-**	**7,627**
Income fromInsurance, Pension Plan and Capitalization Bond Operations (10)	953	-	-	-	-	-	-	-	-	953	-	953
Fee and Commission Income	4,174	-	-	-	-	-	107	-	-	4,281	-	4,281
Personnel Expenses	(3,047)	-	-	-	-	-	-	-	-	(3,047)	-	(3,047)
Other Administrative Expenses	(3,322)	-	-	-	-	-	-	(119)	-	(3,441)	-	(3,441)
Tax Expenses	(813)	-	-	-	(8)	-	-	-	(170)	(991)	-	(991)
Equity in the Earnings (Losses) of Unconsolidated Companies	19	-	-	-	-	-	-	-	-	19	-	19
Other Operating Income/Expenses	(1,620)	271	(37)	(22)	284	20	(107)	119	-	(1,092)	57	(1,035)
Operating Result	**2,998**	**-**	**-**	**-**	**-**	**(78)**	**-**	**-**	**1,390**	**4,310**	**57**	**4,366**
Non-Operating Income	(100)	-	-	-	-	78	-	-	-	(22)	-	(22)
Income Tax / Social Contribution and Non-controlling Interest	(65)	-	-	-	-	-	-	-	(1,390)	(1,455)	(23)	(1,477)
Net Income	**2,833**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,833**	**34**	**2,867**

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

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

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

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

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

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

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

Press Release

Income Statements vs. Managerial Income vs. Adjusted Income

First Quarter of 2012

R$ million

	1Q12											
	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
Financial Margin	**11,773**	**(186)**	**59**	**(70)**	**(515)**	**29**	**-**	**-**	**(395)**	**10,695**	**-**	**10,695**
ALL	(3,298)	-	-	-	265	(61)	-	-	-	(3,094)	-	(3,094)
Gross Income from Financial Intermediation	**8,475**	**(186)**	**59**	**(70)**	**(250)**	**(32)**	**-**	**-**	**(395)**	**7,601**	**-**	**7,601**
Income fromInsurance, Pension Plan and Capitalization Bond Operations (10)	877	-	-	-	-	-	-	-	-	877	-	877
Fee and Commission Income	3,995	-	-	-	-	-	122	-	-	4,118	-	4,118
Personnel Expenses	(2,878)	-	-	-	-	-	-	-	-	(2,878)	-	(2,878)
Other Administrative Expenses	(3,290)	-	-	-	-	-	-	(110)	-	(3,401)	-	(3,401)
Tax Expenses	(1,122)	-	-	-	68	-	-	-	43	(1,012)	-	(1,012)
Equity in the Earnings (Losses) of Unconsolidated Companies	40	-	-	-	-	-	-	-	-	40	-	40
Other Operating Income/Expenses	(1,488)	186	(59)	70	182	38	(122)	110	-	(1,082)	86	(996)
Operating Result	**4,609**	**-**	**-**	**-**	**-**	**6**	**-**	**-**	**(352)**	**4,263**	**86**	**4,349**
Non-Operating Income	(12)	-	-	-	-	(6)	-	-	-	(18)	-	(18)
Income Tax / Social Contribution and Non-controlling Interest	(1,804)	-	-	-	-	-	-	-	352	(1,452)	(34)	(1,486)
Net Income	**2,793**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,793**	**52**	**2,845**

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

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

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

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

reclassified under the item “Tax Expenses;”

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

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

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

Income Statements vs. Managerial Income vs. Adjusted Income

First Half of 2012

R$ million

	1H12											
	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
Financial Margin	**22,077**	**(457)**	**96**	**(48)**	**(1,133)**	**29**	**-**	**-**	**1,165**	**21,729**	**-**	**21,729**
ALL	(6,948)	-	-	-	607	(159)	-	-	-	(6,501)	-	(6,501)
Gross Income from Financial Intermediation	**15,129**	**(457)**	**96**	**(48)**	**(526)**	**(130)**	**-**	**-**	**1,165**	**15,228**	**-**	**15,228**
Income fromInsurance, Pension Plan and Capitalization Bond Operations (10)	1,830	-	-	-	-	-	-	-	-	1,830	-	1,830
Fee and Commission Income	8,169	-	-	-	-	-	229	-	-	8,399	-	8,399
Personnel Expenses	(5,925)	-	-	-	-	-	-	-	-	(5,925)	-	(5,925)
Other Administrative Expenses	(6,612)	-	-	-	-	-	-	(229)	-	(6,842)	-	(6,842)
Tax Expenses	(1,935)	-	-	-	60	-	-	-	(127)	(2,003)	-	(2,003)
Equity in the Earnings (Losses) of Unconsolidated Companies	59	-	-	-	-	-	-	-	-	59	-	59
Other Operating Income/Expenses	(3,108)	457	(96)	48	466	58	(229)	229	-	(2,175)	143	(2,031)
Operating Result	**7,607**	**-**	**-**	**-**	**-**	**(72)**	**-**	**-**	**1,038**	**8,573**	**143**	**8,715**
Non-Operating Income	(112)	-	-	-	-	72	-	-	-	(40)	-	(40)
Income Tax / Social Contribution and Non-controlling Interest	(1,869)	-	-	-	-	-	-	-	(1,038)	(2,907)	(57)	(2,963)
Net Income	**5,626**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,626**	**86**	**5,712**

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

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

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

(4)

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

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

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

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

Press Release

Income Statements vs. Managerial Income vs. Adjusted Income

First Half of 2011

R$ million

	1H11											
	Book Income Statement	**Reclassifications**							**Fiscal Hedge (8)**	**Managerial Income Statement**	**Non-Recurring Events (9)**	**Adjusted Statement of Income**
		(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**				
Financial Margin	**20,706**	**(203)**	**44**	**(140)**	**(836)**	**-**	**-**	**-**	**(738)**	**18,833**	**-**	**18,833**
ALL	(5,219)	-	-	-	540	(118)	-	-	-	(4,797)	-	(4,797)
Gross Income from Financial Intermediation	**15,487**	**(203)**	**44**	**(140)**	**(296)**	**(118)**	**-**	**-**	**(738)**	**14,036**	**-**	**14,036**
Income fromInsurance, Pension Plan and Capitalization Bond Operations (10)	1,573	-	-	-	-	-	-	-	-	1,573	-	1,573
Fee and Commission Income	7,043	-	-	-	-	-	218	-	-	7,261	-	7,261
Personnel Expenses	(5,041)	-	-	-	-	-	-	-	-	(5,041)	-	(5,041)
Other Administrative Expenses	(6,130)	-	-	-	-	-	-	(189)	-	(6,319)	-	(6,319)
Tax Expenses	(1,923)	-	-	-	50	-	-	-	80	(1,793)	-	(1,793)
Equity in the Earnings (Losses) of Unconsolidated Companies	50	-	-	-	-	-	-	-	-	50	-	50
Other Operating Income/Expenses	(2,325)	203	(44)	140	246	-	(218)	189	-	(1,809)	123	(1,686)
Operating Result	**8,734**	**-**	**-**	**-**	**-**	**(118)**	**-**	**-**	**(658)**	**7,958**	**123**	**8,081**
Non-Operating Income	(129)	-	-	-	-	118	-	-	-	(11)	-	(11)
Income Tax / Social Contribution and Non-controlling Interest	(3,118)	-	-	-	-	-	-	-	658	(2,460)	(47)	(2,507)
Net Income	**5,487**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,487**	**76**	**5,563**

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

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

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

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

reclassified under the item “Tax Expenses;”

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

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

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

Consolidated Statement of Financial Position and Adjusted Income Statement

Statement of Financial Position

								R$ million
	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10	Sept10
Assets								
Current and Long-Term Assets	**815,063**	**773,896**	**746,090**	**710,238**	**677,571**	**663,599**	**625,783**	**601,180**
Cash and Cash Equivalents	13,997	25,069	22,574	10,018	7,715	6,785	15,738	9,669
Interbank Investments	92,858	84,690	82,303	85,963	86,147	100,159	73,232	92,567
Securities and Derivative Financial Instruments	322,507	294,959	265,723	244,622	231,425	217,482	213,518	196,081
Interbank and Interdepartmental Accounts	62,510	61,576	72,906	71,951	67,033	67,292	66,326	50,781
Loan and Leasing Operations	258,242	250,201	248,719	241,812	231,862	222,404	213,532	200,092
Allowance for Loan Losses (ALL)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)	(16,019)
Other Receivables and Assets	85,631	77,518	73,405	74,963	70,754	66,217	59,727	68,009
Permanent Assets	**15,457**	**15,654**	**15,443**	**12,051**	**11,736**	**11,788**	**11,702**	**10,723**
Investments	1,889	2,076	2,052	1,721	1,699	1,675	1,577	1,616
Premises and Leased Assets	4,523	4,551	4,413	3,812	3,658	3,666	3,766	3,401
Intangible Assets	9,045	9,027	8,978	6,518	6,379	6,447	6,359	5,706
Total	**830,520**	**789,550**	**761,533**	**722,289**	**689,307**	**675,387**	**637,485**	**611,903**
Liabilities								
Current and Long-Term Liabilities	**765,398**	**730,214**	**704,664**	**667,312**	**635,360**	**623,069**	**588,610**	**564,794**
Deposits	217,070	213,877	217,424	224,664	213,561	203,822	193,201	186,194
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	225,974	213,930	197,448	171,458	164,204	178,989	171,497	157,009
Funds from Issuance of Securities	51,158	48,482	41,522	32,879	29,044	21,701	17,674	13,749
Interbank and Interdepartmental Accounts	3,618	3,231	4,614	2,974	3,037	2,647	3,790	2,451
Borrowing and Onlending	47,895	47,112	53,247	49,057	45,207	41,501	38,196	37,998
Derivative Financial Instruments	3,568	2,703	735	1,724	1,221	2,358	730	1,878
Reserves for Insurance, Pension Plans and Capitalization Bonds	111,789	106,953	103,653	97,099	93,938	89,980	87,177	82,363
Other Liabilities	104,326	93,926	86,021	87,457	85,148	82,071	76,345	83,152
Deferred Income	**615**	**646**	**672**	**622**	**505**	**447**	**360**	**312**
Non-controlling Interest in Subsidiaries	**587**	**630**	**615**	**613**	**599**	**574**	**472**	**683**
Shareholders' Equity	**63,920**	**58,060**	**55,582**	**53,742**	**52,843**	**51,297**	**48,043**	**46,114**
Total	**830,520**	**789,550**	**761,533**	**722,289**	**689,307**	**675,387**	**637,485**	**611,903**

Consolidated Statement of Financial Position and Adjusted Income Statement

Adjusted Income Statement

R$ million

	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10
Financial Margin	**11,034**	**10,695**	**10,258**	**10,230**	**9,471**	**9,362**	**9,018**	**8,302**
Interest	10,518	10,222	9,985	9,669	9,167	8,849	8,553	7,904
Non-Interest	516	473	273	561	304	513	465	398
ALL	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)	(2,059)
Gross Income from Financial Intermediation	**7,627**	**7,601**	**7,597**	**7,451**	**7,034**	**7,002**	**6,723**	**6,243**
Income from Insurance, Pension Plan and Capitalization Bond Operations (1)	953	877	933	864	788	785	700	703
Fee and Commission Income	4,281	4,118	4,086	3,876	3,751	3,510	3,568	3,427
Personnel Expenses	(3,047)	(2,878)	(3,140)	(2,880)	(2,605)	(2,436)	(2,533)	(2,411)
Other Administrative Expenses	(3,441)	(3,401)	(3,682)	(3,405)	(3,179)	(3,140)	(3,257)	(2,890)
Tax Expenses	(991)	(1,012)	(1,005)	(866)	(913)	(880)	(858)	(779)
Equity in the Earnings (Losses) of Unconsolidated Companies	19	40	53	41	16	34	60	19
Other Operating Income and Expenses	(1,035)	(996)	(808)	(907)	(764)	(922)	(646)	(598)
Operating Result	**4,366**	**4,349**	**4,034**	**4,174**	**4,128**	**3,953**	**3,757**	**3,714**
Non-Operating Income	(22)	(18)	4	10	(7)	(4)	10	(10)
Income Tax and Social Contribution	(1,461)	(1,468)	(1,241)	(1,304)	(1,271)	(1,138)	(1,059)	(1,123)
Non-controlling Interest	(16)	(18)	(26)	(16)	(25)	(73)	(24)	(63)
Adjusted Net Income	**2,867**	**2,845**	**2,771**	**2,864**	**2,825**	**2,738**	**2,684**	**2,518**

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

Financial Margin – Interest and Non-Interest

Financial Margin Breakdown

Financial Margin – Interest and Non-Interest

Average Financial Margin Rate

						R$ million
	Financial Margin					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Interest - due to volume					2,821	281
Interest - due to spread					(97)	15
- Financial Margin - Interest	20,740	18,016	10,518	10,222	2,724	296
- Financial Margin - Non-Interest	989	817	516	473	172	43
Financial Margin	**21,729**	**18,833**	**11,034**	**10,695**	**2,896**	**339**
Average Margin Rate (1)	**7.9%**	**7.9%**	**7.9%**	**7.9%**		

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

In the second quarter of 2012, financial margin was R$11,034 million. Compared with the previous quarter there was a 3.2%, or R$339 million, increase. This variation was due to higher: (i) interest margin, totaling R$296 million; and (ii) non-interest margin, totaling R$43 million.

Year on year, financial margin grew by 15.4%, or R$2,896 million, in the first half of 2012, as a result of: (i) a R$2,724 million increase in interest margin, of which: (a) R$2,821 million corresponds to the increase in volume of operations; partially offset by: (b) the spread reduction, totaling R$97 million; and (ii) increase in non-interest financial margin, in the amount of R$172 million, due to higher Treasury/Securities gains.

Financial Margin – Interest

Interest Financial Margin - Breakdown

						R$ million
	Interest Financial Margin Breakdown					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Loans	14,543	12,728	7,362	7,181	1,815	181
Funding	2,209	2,141	1,041	1,168	68	(127)
Insurance	1,577	1,818	726	851	(241)	(125)
Securities/Other	2,411	1,329	1,389	1,022	1,082	367

Financial Margin	**20,740**	**18,016**	**10,518**	**10,222**	**2,724**	**296**

The interest financial margin in the second quarter of 2012 stood at R$10,518 million, versus R$10,222 million in the first quarter of 2012, for a R$296 million increase, or 2.9%. Between the first half of 2012 and the same period in 2011, there was a 15.1% increase, or R$2,724 million.

In quarter-on-quarter and year-on-year comparisons, the increase in interest margin was mainly driven by the following business lines: (i) "Loans;" and (ii) "Securities/Other."

Financial Margin - Interest

Interest Financial Margin - Breakdown

The annualized interest financial margin rate versus total average assets stood at 7.5% in the second quarter of 2012, posting a 0.1 p.p. decrease in relation to the previous quarter, mainly due to (i) the downturn in the Insurance margin average rate, impacted by (a) a lower profitability of assets indexed to IPCA; and
(b) the performance of multimarket funds, which was affected by the 15.7% depreciation of Ibovespa in the quarter; (ii) the decrease in the Funding margin average rate, as a result of reduced interest rates (Selic); and (iii) the decrease in the Loan margin average rate, as a result of lower interest rates in effect, combined with the change in the loan portfolio mix.

Interest Financial Margin – Annualized Average Rates

R$ million

	1H12			1H11		
	Interest	**Average Balance**	**Average Rate**	**Interest**	**Average Balance**	**Average Rate**
Loans	14,543	277,005	10.9%	12,728	245,018	10.7%
Funding	2,209	334,070	1.3%	2,141	285,939	1.5%
Insurance	1,577	107,966	2.9%	1,818	90,700	4.0%
Securities/Other	2,411	283,699	1.7%	1,329	216,454	1.2%
Financial Margin	**20,740**	**-**	**7.6%**	**18,016**	**-**	**7.6%**

	2Q12			1Q12		
	Interest	**Average Balance**	**Average Rate**	**Interest**	**Average Balance**	**Average Rate**
Loans	7,362	281,442	10.9%	7,181	272,481	11.0%
Funding	1,041	336,954	1.2%	1,168	331,186	1.4%
Insurance	726	110,120	2.7%	851	105,811	3.3%
Securities/Other	1,389	283,763	2.0%	1,022	283,634	1.4%
Financial Margin	**10,518**	**-**	**7.5%**	**10,222**	**-**	**7.6%**

Loan Financial Margin – Interest

Loan Financial Margin – Breakdown

R$ million

Financial Margin - Loan

	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Interest - due to volume					1,679	234

Interest - due to spread					136	(53)
Interest Financial Margin	**14,543**	**12,728**	**7,362**	**7,181**	**1,815**	**181**

Income	25,963	22,896	13,318	12,645	3,067	673
Expenses	(11,420)	(10,168)	(5,956)	(5,464)	(1,252)	(492)

In the second quarter of 2012, financial margin with loan operations reached R$7,362 million, up R$181 million or 2.5% over the previous quarter. The variation is the result of: (i) the R$234 million increase in average business volume; and offset by: (ii) the R$53 million decrease in the average spread, due to lower interest rates in effect, combined with the change in the loan portfolio mix.

Between the first half of 2012 and the same period in 2011, there was an increase of 14.3% or R$1,815 million in the loan financial margin, resulting from: (i) an R$1,679 million increase in the volume of operations; and (ii) the increase in average spread, in the amount of R$136 million,mainly impacted by: (a) reduced funding costs, due to the decrease in the interest rates (Selic) in the period; and partially mitigated by: (b) the change in the portfolio mix, due to the greater share of the Corporate segment, which has lower margins, accounting for an increase of 16.5% in the last 12 months, versus a 9.1% increase in the Individual segment in the same period.

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 second quarter of 2012, recorded a 3.2% decrease from the first quarter of 2012, in view of the increase of ALL. Between the first half of 2012 and the same period of 2011, the figure was up 1.4%, mainly due to the adequacy of provisioning level, for expected loss in some corporate customers, which are undergoing a debt restructuring process.

Loan Financial Margin - Interest

Expanded Loan Portfolio(1)

The expanded loan portfolio amounted to R$365.0 billion in June 2012, recording growth of 4.0% in the quarter, led by Corporations, which grew by 7.0% in the period. The expanded loan portfolio increased 14.1% over the last 12 months, mainly due to the 17.3% growth in the SME portfolio and 15.9% in the Corporations portfolio.

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

For further information, refer to page 42 herein.

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

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

Individuals	R$ million			Variation %	
	Jun12	Mar12	Jun11	Quarter	12M
Vehicles - CDC	29,324	29,075	26,804	0.9	9.4
Payroll-Deductible Loans (1)	19,243	18,398	16,886	4.6	14.0
Credit Card	18,545	17,903	17,141	3.6	8.2
Personal Loans	14,465	13,771	12,658	5.0	14.3
Real Estate Financing (2)	8,768	7,994	5,521	9.7	58.8
Rural Loans	6,367	6,599	6,009	(3.5)	6.0
BNDES/Finame Onlending	5,515	5,494	4,930	0.4	11.9
Overdraft Facilities	3,204	3,217	3,013	(0.4)	6.4
Leasing	2,871	3,510	5,946	(18.2)	(51.7)
Sureties and Guarantees	650	598	641	8.6	1.4
Other (3)	3,282	3,091	3,366	6.2	(2.5)
Total	**112,235**	**109,651**	**102,915**	**2.4**	**9.1**
Including:					

(1) Loan assignment (FIDC): R$339 million in June 2012, R$420 million in March 2012, R$439 million in June 2011;

(2) Loan assignment (CRI): R$182 million in June 2012, R$198 million in March 2012 and R$248 million in June 2011; and

(3) Loan assignment (FIDC) for the acquisition of assets: R$2 million in June 2012, R$2 million in March 2012 and R$3 million in June 2011; and rural loan assignment: R$112 million in June 2012, R$112 million in March 2012 and R$121 million in June 2011.

Operations with loan risks for individuals – expanded portfolio grew by 2.4% in the quarter, led by the following products: (i) real estate financing; (ii) payroll-deductible loans; and (iii) credit card. As for the last 12 months, there was a 9.1% increase, and the products that most contributed to this growth were: (i) real estate financing; (ii) payroll-deductible loans; and (iii) BNDES/Finame onlending.

Loan Financial Margin – Interest

A breakdown of loan risk products in the Corporate Segment – expanded portfolio is presented below:

Corporate	R$ million			Variation %	
	Jun12	Mar12	Jun11	Quarter	12M
Working Capital	42,533	41,551	37,863	2.4	12.3
BNDES/Finame Onlending	29,474	29,812	28,359	(1.1)	3.9
Operations Abroad	23,615	21,670	19,650	9.0	20.2
Credit Card	14,385	13,916	12,069	3.4	19.2
Export Financing	12,408	10,479	9,367	18.4	32.5
Real Estate Financing - Corporate Plan (1)	11,047	10,068	7,687	9.7	43.7
Overdraft Account	10,437	10,631	10,073	(1.8)	3.6
Leasing	6,722	7,008	7,773	(4.1)	(13.5)
Vehicles - CDC	6,245	5,965	4,568	4.7	36.7
Rural Loans	4,539	4,358	4,738	4.1	(4.2)
Sureties and Guarantees (2)	52,226	50,334	42,802	3.8	22.0
Operations bearing Credit Risk - Commercial Portfolio (3)	28,043	25,403	21,473	10.4	30.6
Other (4)	11,054	9,983	10,465	10.7	5.6
Total	**252,728**	**241,181**	**216,887**	**4.8**	**16.5**

Including:

(1) Loan assignment (CRI): R$239 million in June 2012, R$280 million in March 2012, R$304 million in June 2011;

(2) 91.5% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R$1,779 million in June 2012, R$1,556 million in March 2012 and R$1,630 million in June 2011.

Operations with loan risk for corporate customers – expanded portfolio, grew by 4.8% in the quarter and 16.5% in the last 12 months. The main highlights in the quarter and in the last 12 months were the following: (i) real estate financing – corporate plan; (ii) operations bearing credit risk – commercial portfolio; and
(iii) export financing.

Expanded Loan Portfolio - Consumer Financing

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

Consumer financing totaled R$84.8 billion, up 2.2% in the quarter and 6.1% in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing) (R$32.2 billion); and (ii) payroll-deductible loans (R$19.2 billion), which together totaled R$51.4 billion, accounting for 60.6% of the consumer financing balance. Given their guarantees and characteristics, these products provide a reduced level of credit risk to this group of operations.

Loan Financial Margin – Interest

Breakdown of the Vehicle Portfolio

	R$ million			Variation %	
	Jun12	Mar12	Jun11	Quarter	12M
CDC Portfolio	**35,569**	**35,040**	**31,372**	**1.5**	**13.4**
Individuals	29,324	29,075	26,804	0.9	9.4
Corporate	6,245	5,965	4,568	4.7	36.7
Leasing Portfolio	**6,305**	**7,222**	**10,522**	**(12.7)**	**(40.1)**
Individuals	2,871	3,510	5,946	(18.2)	(51.7)
Corporate	3,434	3,712	4,576	(7.5)	(25.0)
Finame Portfolio	**10,294**	**9,970**	**9,996**	**3.2**	**3.0**
Individuals	1,032	931	1,069	10.8	(3.5)
Corporate	9,262	9,039	8,927	2.5	3.8
Total	**52,168**	**52,232**	**51,890**	**(0.1)**	**0.5**
Individuals	33,227	33,516	33,819	(0.9)	(1.8)
Corporate	18,941	18,716	18,071	1.2	4.8

Vehicle financing operations (individual and corporate customers) totaled R$52.2 billion in June 2012, remaining stable both in quarter-on-quarter and year-on-year comparisons. Of the total vehicle portfolio, 68.2% corresponds to CDC, 19.7% to Finame and 12.1% to Leasing. Individuals represented 63.7% of the portfolio, while corporate customers accounted for the remaining 36.3%.

Expanded Loan Portfolio Concentration – by Sector

The expanded loan portfolio by economic activity sector posted a slight variation. In the quarter, “Commerce” and “Financial Intermediaries” posted greater shares, while “Services" posted the greatest growth in the last 12 months.

Activity Sector	R$ million					
	Jun12	%	Mar12	%	Jun11	%
Public Sector	**1,770**	**0.5**	**1,844**	**0.5**	**1,810**	**0.6**
Private Sector	**363,193**	**99.5**	**348,987**	**99.5**	**317,992**	**99.4**
Corporate	**250,958**	**68.8**	**239,336**	**68.2**	**215,077**	**67.3**

Industry	78,798	21.6	75,436	21.5	70,452	22.0
Commerce	57,251	15.7	54,144	15.4	49,085	15.3
Financial Intermediaries	5,746	1.6	4,871	1.4	4,343	1.4
Services	105,188	28.8	101,243	28.9	87,352	27.3
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	3,975	1.1	3,642	1.0	3,844	1.2
Individuals	**112,235**	**30.8**	**109,651**	**31.3**	**102,915**	**32.2**
Total	**364,963**	**100.0**	**350,831**	**100.0**	**319,802**	**100.0**

Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio

Of the R$45.2 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R$31.3 billion, or 69.4%, representing 8.6% of the portfolio in June 2012.

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

Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio – By Rating

The chart below shows that both new borrowers and remaining debtors from June 2011 (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 Extended Loan Portfolio by Rating from June 2011 to 2012

Rating	Total Loans as of June 2012		New Customers from July 2011 to June 2012		Remaining Debtors as of June 2011	
	R$ million	%	R$ million	%	R$ million	%
AA - C	340,909	93.4	29,837	95.2	311,072	93.2
D	6,453	1.8	509	1.6	5,944	1.8
E - H	17,601	4.8	1,004	3.2	16,597	5.0
Total	**364,963**	**100.0**	**31,350**	**100.0**	**333,613**	**100.0**

Expanded Loan Portfolio – By Customer Profile

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

Type of Customer	R$ million			Variation %	
	Jun12	Mar12	Jun11	Quarter	12M
Corporations	143,830	134,451	124,057	7.0	15.9
SMEs	108,898	106,730	92,830	2.0	17.3
Individuals	112,235	109,651	102,915	2.4	9.1
Total Loan Operations	**364,963**	**350,831**	**319,802**	**4.0**	**14.1**

The increase in the Corporations portfolio, both in the quarter and in the last 12 months, was mainly originated by: (i) the appreciation of the U.S. dollar against the real; and (ii) the growth in loan risk operations – commercial portfolio, which include debenture and promissory note operations.

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

AA-C rated loans remained virtually steady in comparison with the previous quarter and slightly decreased in the year-on-year comparison.

	By Rating								
Type of Customer	**Jun12**			**Mar12**			**Jun11**		
	AA-C	**D**	**E-H**	**AA-C**	**D**	**E-H**	**AA-C**	**D**	**E-H**
Corporations	98.6	0.3	1.1	98.5	1.0	0.5	98.9	0.6	0.5
SMEs	91.3	3.0	5.7	91.6	2.8	5.6	92.2	2.5	5.3
Individuals	88.8	2.4	8.8	89.0	2.3	8.7	89.4	2.1	8.5
Total	**93.4**	**1.8**	**4.8**	**93.4**	**2.0**	**4.6**	**93.9**	**1.6**	**4.5**

Loan Financial Margin – Interest

Expanded Loan Portfolio – By Business Segment

The table below shows growth in the expanded loan portfolio by business segment, in which growth in the assets of the Prime and Corporate 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 %	
	Jun12	%	Mar12	%	Jun11	%	Quarter	12M
Retail	100,538	27.5	96,914	27.6	88,182	27.6	3.7	14.0
Corporate (1)	151,847	41.6	143,751	41.0	135,545	42.4	5.6	12.0
Middle Market	45,447	12.5	44,686	12.7	37,746	11.8	1.7	20.4
Prime	13,768	3.8	12,935	3.7	10,441	3.2	6.4	31.9
Other / Non-account holders (2)	53,365	14.6	52,546	15.0	47,887	15.0	1.6	11.4
Total	**364,963**	**100.0**	**350,831**	**100.0**	**319,802**	**100.0**	**4.0**	**14.1**

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

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

Expanded Loan Portfolio – By Currency

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs – Advances on Foreign Exchange Contracts) totaled US$13.6 billion in June 2012 (US$13.4 billion in March 2012 and US$15.5 billion in June 2011), remaining stable in the quarter and representing a 12.3% drop, in dollars, in the last 12 months. In reais, these same foreign currency operations totaled R$27.5 billion in June 2012 (R$24.4 billion in March 2012 and R$24.2 billion in June 2011) a 12.7% growth in the quarter and 13.6% in the last 12 months.

In June 2012, total loan operations, in reais, stood at R$337.4 billion (R$326.4 billion in March 2012 and R$295.6 billion in June 2011), up 3.4% on the previous quarter and 14.1% over the last 12 months.

Loan Financial Margin - Interest

Expanded Loan Portfolio – by Debtor

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

Loan Portfolio – By Type

The table below presents all operations bearing credit risk by type, in the amount of R$387.2 billion, which increased by 4.4% in the quarter and 15.8% in the last 12 months.

	R$ million			Variation %	
	Jun12	**Mar12**	**Jun11**	**Quarter**	**12M**
Loans and Discounted Securities	135,873	130,587	121,142	4.0	12.2
Financing	97,156	93,491	82,178	3.9	18.2
Rural and Agribusiness Financing	15,624	15,609	14,823	0.1	5.4
Leasing Operations	9,588	10,514	13,720	(8.8)	(30.1)
Advances on Exchange Contracts	7,078	6,671	6,788	6.1	4.3
Other Loans	13,847	12,876	12,184	7.5	13.6
Subtotal of Loan Operations (1)	**279,166**	**269,749**	**250,834**	**3.5**	**11.3**
Sureties and Guarantees Granted (Memorandum Accounts)	52,876	50,932	43,443	3.8	21.7
Letters of Credit (Memorandum Accounts)	1,779	1,556	1,630	14.4	9.2
Advances from Credit Card Receivables	2,207	2,161	1,286	2.1	71.6
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	761	899	994	(15.4)	(23.4)
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	131	131	141	0.1	(7.3)
Operations bearing Credit Risk - Commercial Portfolio (2)	28,043	25,403	21,473	10.4	30.6
Subtotal of Operations bearing Credit Risk - Expanded Portfolio	**364,963**	**350,831**	**319,802**	**4.0**	**14.1**
Other Operations bearing Credit Risk (3)	22,284	20,142	14,590	10.6	52.7
Total Operations bearing Credit Risk	**387,247**	**370,974**	**334,392**	**4.4**	**15.8**

(1) Concept defined by Bacen;

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

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

Loan Financial Margin - Interest

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

Loan Portfolio[1] – By Flow of Maturities

In June 2012 versus June 2011, performing loan operations presented a 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.

(1) Concept defined by Bacen.

Loan Financial Margin - Interest

Loan Portfolio(1) – Delinquency over 90 days

Total delinquency ratio over 90 days had a slight increase of 0.1 p.p. in the quarter. It is worth noting that Individuals and SMEs remained stable, at 6.2% and 4.2%, respectively, in the period.

The graph below details that the total delinquency for operations overdue from 61 to 90 days remained stable in the quarter and posted a slight increase over the last twelve months. Loans to individuals overdue from 61 to 90 days increased by a mere 0.1 p.p. in the year. In the Corporate sector, this increase was 0.2 p.p. in the year, while this index remained practically stable in the last six months.

(1) Concept defined by Bacen.

Loan Financial Margin - Interest

Renegotiated Portfolio – Delinquency over 90 days and ALL[1]

The loan portfolio, excluding renegotiation, stood at R$270.0 billion in June 2012, up 3.5% 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 June 2012, the renegotiated portfolio totaled R$9.1 billion, a 2.8% increase in the quarter. The renegotiated share in the total loan portfolio[1] was 3.3% in June 2012 (3.3% in March 2012). It is worth noting that, in June 2011, for an existing provision of 62.2% of the portfolio, net loss over the subsequent 12 months was 24.8%, meaning that the existing provision exceeded the loss recorded in the following 12 months by over 150%. Furthermore, the Company's provisions remained stable in the period.

(1) Concept defined by Bacen.

Loan Financial Margin - Interest

Allowance for Loan Losses (ALL) x Delinquency x Losses[1]

An ALL of R$20.7 billion, representing 7.4% 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 has appropriate provisioning levels that, in our opinion, are sufficient to support potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

(1) Concept defined by Bacen.

Loan Financial Margin - Interest

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in June 2011, for an existing provision of 6.9% of the portfolio(1), the effective gross loss in the subsequent twelve-month period was 4.2%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 65%, as shown in the graph below.

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In June 2011, for an existing provision of 6.9% of the portfolio(1), the net loss in the subsequent twelve-month period was 3.0%, meaning that the existing provision covered the loss in the subsequent 12 months by more than 129%.

(1) Concept defined by Bacen.

Loan Financial Margin - Interest

Allowance for Loan Losses[1]

The Non-Performing Loan ratio (operations overdue for over 60 days) remained stable in the quarter-on-quarter comparison. Coverage ratios for the allowance for loans overdue for over 60 and 90 days stood at very comfortable levels.

(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.

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 %)	
	Jun12	**Mar12**	**Jun11**
Total Loan Operations [1]	**279,166**	**269,749**	**250,834**
- Individuals	110,952	108,321	101,462
- Corporate	168,215	161,427	149,372
Existing Provision	**20,682**	**20,117**	**17,635**
- Specific	10,809	10,576	8,669
- Generic	5,862	5,530	5,692
- Excess	4,010	4,012	3,003
Specific Provision / Existing Provision (%)	52.3	52.6	49.9
Existing Provision / Loan Operations (%)	7.4	7.5	6.9
AA - C Rated Loan Operations / Loan Operations (%)	91.4	91.5	92.3
D Rated Operations under Risk Management / Loan Operations (%)	2.3	2.5	2.0
E - H Rated Loan Operations / Loan Operations (%)	6.3	6.0	5.7
D Rated Loan Operations	6,356	6,807	5,095
Existing Provision for D Rated Loan Operations	1,738	1,871	1,379
D Rated Provision / Loan Operations (%)	27.3	27.5	27.1
D - H Rated Non-Performing Loans	16,105	15,400	12,639
Existing Provision/D - H Rated Non-Performing Loans (%)	128.4	130.6	137.4
E - H Rated Loan Operations	17,519	16,188	14,253
Existing Provision for E - H Rated Loan Operations	15,084	14,305	12,509
E - H Rated Provision / Loan Operations (%)	86.1	88.4	87.8
E - H Rated Non-Performing Loans	13,166	12,572	10,422
Existing Provision/E - H Rated Non-Performing Loan (%)	157.1	160.0	166.6
Non-Performing Loans [2]	14,365	13,718	11,272
Non-Performing Loans [2] / Loan Operations (%)	5.1	5.1	4.5
Existing Provision / Non-Performing Loans [2] (%)	144.0	146.6	154.0
Loan Operations Overdue for over 90 days	11,662	11,070	9,172
Existing Provision/Operations Overdue for over 90 days (%)	177.4	181.7	189.3

(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.

Funding Financial Margin- Interest

Funding Financial Margin – Breakdown

R$ million

	Financial Margin - Funding					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Interest - due to volume					318	18
Interest - due to spread					(250)	(145)
Interest Financial Margin	**2,209**	**2,141**	**1,041**	**1,168**	**68**	**(127)**

Comparing the second quarter of 2012 with the first quarter of 2012, the interest funding financial margin decreased 10.9% or R$127 million. The variation was due to: (i) the R$145 million decrease in average spread, due to lower Selic interest rate; and partially offset by: (ii) the R$18 million increase in volume of operations.

In the first half of 2012, the interest funding financial margin posted a result of R$2,209 million against R$2,141 million in the same period of 2011, increasing by 3.2%, or R$68 million, mainly driven by: (i) gains from average business volume, totaling R$318 million; and offset by: (ii) the decrease in the average spread of R$250 million.

Funding Financial Margin – Interest

Loans x 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 %	
	Jun12	Mar12	Jun11	Quarter	12M
Demand Deposits	32,529	31,955	33,036	1.8	(1.5)
Sundry Floating	4,122	6,948	4,308	(40.7)	(4.3)
Savings Deposits	62,308	59,924	54,811	4.0	13.7
Time Deposits + Debentures (1)	177,503	176,927	172,500	0.3	2.9
Financial Bills	31,124	32,405	17,422	(4.0)	78.6
Other	19,799	18,283	15,565	8.3	27.2
Customer Funds	**327,385**	**326,442**	**297,642**	**0.3**	**10.0**
(-) Compulsory Deposits/Available Funds (2)	(67,210)	(79,159)	(65,065)	(15.1)	3.3
Customer Funds Net of Compulsory Deposits	**260,175**	**247,283**	**232,577**	**5.2**	**11.9**
Onlending	32,122	32,490	33,520	(1.1)	(4.2)
Foreign Lines of Credit	17,018	11,423	15,851	49.0	7.4
Funding Abroad	51,411	42,648	34,738	20.5	48.0
Total Funding (A)	**360,726**	**333,844**	**316,686**	**8.1**	**13.9**
Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) (3)	**322,962**	**308,251**	**277,371**	**4.8**	**16.4**
B/A (%)	**89.5**	**92.3**	**87.6**	**(2.8) p.p.**	**1.9 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.

Economic and Financial Analysis

Funding Financial Margin- Interest

Main Funding Sources

The following table presents changes in main funding sources:

	R$ million			Variation %	
	Jun12	**Mar12**	**Jun11**	**Quarter**	**12M**
Demand Deposits	32,529	31,955	33,036	1.8	(1.5)
Savings Deposits	62,308	59,924	54,811	4.0	13.7
Time Deposits	121,761	121,485	125,385	0.2	(2.9)
Debentures (1)	55,742	55,442	47,115	0.5	18.3
Borrowing and Onlending	47,895	47,112	45,207	1.7	5.9
Funds from Issuance of Securities (2)	51,158	48,482	29,044	5.5	76.1
Subordinated Debts	34,091	30,122	24,564	13.2	38.8
Total	**405,484**	**394,522**	**359,162**	**2.8**	**12.9**

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

(2) Including: Financial Bills, on June 30, 2012, amounting to R$31,124 million (R$32,405 million on March 31, 2012 and R$17,422 million on June 30, 2011).

Demand Deposits

The R$574 million increase in the second quarter of 2012, when compared to the previous quarter, was the result of the seasonality of the first quarter of 2012, mainly due to the use of funds by certain customers to pay one-time expenses at the beginning of the year (e.g., IPVA and IPTU taxes).

The R$507 million or 1.5% decrease in comparison with the first quarter of 2011 was mainly due to new business opportunities offered to customers.

(1) Additional installments are not included.

Savings Deposits

Savings deposits increased 4.0% in the quarter-on-quarter comparison and 13.7% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

The new savings remuneration rule determines that: (i) the existing account balances up to May 3, 2012

(1) Additional installments are not included.

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

Bradesco is always increasing its savings accounts base and posted net growth of 5.5 million new savings accounts over the last 12 months.

Funding Financial Margin – Interest

Time Deposits

In the second quarter of 2012, time deposits totaled R$121,761 million, remaining virtually stable in relation to the previous quarter, decreasing by 2.9% or R$3,624 million from the same period of the previous year.

(1) Concept defined by Bacen..

Such performance is basically due to the migration of funds to other funding sources, mainly Financial Bills, thereby extending average funding terms, which offset the increase of new funding and the restatement of the deposit portfolio.

Debentures

On June 30, 2012, the balance of Bradesco's debentures was R$55,742 million, a slight increase of 0.5% quarter-on-quarter and 18.3% over the last 12 months.

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

Borrowing and Onlending

The growth of R$783 million quarter on quarter was mainly due to an increase in borrowing and onlending obligations denominated in and/or indexed to foreign currency, from R$11,450 million in March 2012 to R$12,517 million in June 2012, mainly driven by the exchange gain of 10.9% in the quarter.

Between the first half of 2012 and the same period in 2011, the balance increased by 5.9%, or R$2,688 million, due to: (i) a R$1,479 million increase in the volume of funds raised through loans and onlending in Brazil, especially Finame operations; and (ii) the R$1,209 million increase in borrowing and onlending obligations denominated in and/or indexed to foreign currency, from R$11,308 million in June 2011 to R$12,517 million in June 2012, mainly due to: (a)

the exchange gain of 29.5% in the period; and
partially offset by: (b) the settlement of operations.

Funding Financial Margin - Interest

Funds for the Issuance of Securities

Funds from issuance of securities totaled R$51,158 million, a 5.5% or R$2,676 million increase in the quarter is mainly due to: (i) the increased volume of securities issued abroad of R$2,904 million; (ii) the greater volume of Letters of Credit for Agribusiness, in the amount of R$803 million; (iii) growth in the volume of Mortgage Bonds, in the amount of R$358 million; and partially offset by: (iv) the decrease of R$1,281 million in the balance of Financial Bills, due to the maturity of these securities.

When compared to the same period in 2011, the first half of the year posted a growth of 76.1%, or R$22,114 million, mainly the result of: (i) new issuances of Financial Bills, up by R$13,702 million, from R$17,422 million in June 2011 to R$31,124 million in June 2012; (ii) the increased volume of securities issued abroad of R$5,446 million, a result of exchange gains of 29.5% and new issuances carried out in the period; (iii) the higher volume of Mortgage Bonds, in the amount of R$1,675 million; and (iv) the higher volume of Letters of Credit for Agribusiness, in the amount of R$1,443 million.

(1) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, Medium Term Note (MTN) Program Issues and the cost of issues over funding.

Subordinated Debt

Subordinated Debt totaled R$34,091 million in June 2012 (R$8,683 million abroad and R$25,408 million in Brazil). In the last 12 months, Bradesco issued R$15,351 million in Subordinated Debt (R$2,008 million abroad and R$13,343 million in Brazil.

Additionally, it is worth pointing out that, in the second quarter of 2012, the Brazilian Central Bank authorized the use of Subordinated Financial Bills amounting to R$7,878 million (R$331 million in the first quarter of 2012) to compose Tier II of the Capital Adequacy Ratio, of which only R$26,025 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.

Securities/Other Financial Margin - Interest

Securities/Other Financial Margin - Breakdown

						R$ million
	Financial Margin - Securities / Other					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Interest - due to volume					571	1
Interest - due to spread					511	366
Interest Financial Margin	**2,411**	**1,329**	**1,389**	**1,022**	**1,082**	**367**
Income	17,648	12,199	9,049	8,599	5,449	450
Expenses	(15,237)	(10,870)	(7,660)	(7,577)	(4,367)	(83)

In the comparison between the second quarter of 2012 and the previous quarter, the interest financial margin from Securities/Other was up by R$367 million. This variation was mainly due to the gain in the average spread, in the amount of R$366 million.

In the first half of 2012, the interest financial margin with Securities/Other stood at R$2,411 million, versus R$1,329 million recorded in the same period a year earlier, up 81.4% or R$1,082 million. This is the result of: (i) an increase in the volume of operations which affected the result in R$571 million; and (ii) the R$511 million gain in the average spread.

Insurance Financial Margin – Interest

Insurance Financial Margin – Breakdown

						R$ million
	Financial Margin - Insurance					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Interest - due to volume					252	28
Interest - due to spread					(493)	(153)
Interest Financial Margin	**1,577**	**1,818**	**726**	**851**	**(241)**	**(125)**
Income	5,340	4,991	2,265	3,075	349	(810)
Expenses	(3,763)	(3,173)	(1,539)	(2,224)	(590)	685

In the second quarter of 2012, interest financial margin from insurance operations posted an R$125 million or 14.7% loss over the previous quarter, due to: (i) a R$153 million loss in the average spread, mainly from: (a) the lower profitability of assets indexed to IPCA; and (b) the performance of multimarket funds, which were affected by the 15.7% Ibovespa depreciation in the quarter; and offset: (ii) a R$28 million increase in the volume of operations.

Between the first half of 2012 and the same period of 2011, interest financial margin from insurance operations was down 13.3%, or R$241 million. The change was due to: (i) the decreased average spread, in the amount of R$493 million; and partially offset by: (ii) a R$252 million increase in volume of operations.

Financial Margin – Non-Interest

Non-Interest Financial Margin - Breakdown

R$ million

	Non-Interest Financial Margin					
	1H12	1H11	2Q12	1Q12	Variation	
					Half	Quarter
Funding	(146)	(144)	(73)	(73)	(2)	-
Insurance	182	100	19	163	82	(144)
Securities/Other	953	861	570	383	92	187
Total	**989**	**817**	**516**	**473**	**172**	**43**

The non-interest financial margin in the second quarter of 2012 stood at R$516 million, versus R$473 million in the first quarter of 2012. Margin was up R$172 million in the first half of 2012 when compared to the same period a year earlier. Main variations in the non-interest financial margin are due to:

- "Insurance," represented by gains from equity securities and variations in the periods are associated with market conditions, which enable a greater/lower opportunity of obtaining gains; and

- "Securities/Other", a R$187 million increase in the quarter-on-quarter comparison and a R$92 million increase, referring to Treasury/Securities gains, in the year-on-year comparison.

Insurance, Pension Plans and Capitalization Bonds

Analysis of the statement of financial position and income statement of Grupo Bradesco Seguros e Previdência:

Consolidated Statement of Financial Position

			R$ million
	Jun12	**Mar12**	**Jun11**
Assets			
Current and Long-Term Assets	**137,008**	**129,800**	**113,190**
Securities [(1)]	128,526	122,147	106,202
Insurance Premiums Receivable	2,009	1,759	1,522
Other Loans	6,473	5,894	5,466
Permanent Assets	**3,312**	**3,235**	**2,515**
Total	**140,320**	**133,035**	**115,705**
Liabilities			
Current and Long-Term Liabilities	**122,494**	**114,752**	**101,289**
Tax, Civil and Labor Contingencies	2,179	2,134	1,878
Payables on Insurance, Pension Plan and Capitalization Bond Operations	362	318	344
Other Liabilities [(1)]	8,163	5,347	5,129
Insurance Technical Reserves	8,705	8,429	7,851
Life and Pension Plan Technical Reserves	98,199	93,861	81,991
Capitalization Bond Technical Reserves	4,886	4,663	4,096
Non-controlling Interest	**624**	**663**	**628**
Shareholders' Equity [(1)]	**17,202**	**17,620**	**13,788**
Total	**140,320**	**133,035**	**115,705**

(1) Note: As of December 2010, held-to-maturity securities were reclassified to available-for-sale category for adoption of CPCs 38 and 40.

Consolidated Income Statement

				R$ million
	1H12	**1H11**	**2Q12**	**1Q12**
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	20,988	17,473	11,570	9,418
	10,625	9,107	5,413	5,212

Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond				
Financial Result from the Operation	1,695	1,772	722	973
Sundry Operating Income	612	498	356	256
Retained Claims	(6,188)	(5,442)	(3,108)	(3,080)
Capitalization Bond Drawing and Redemptions	(1,509)	(1,191)	(800)	(709)
Selling Expenses	(1,098)	(902)	(552)	(546)
General and Administrative Expenses	(971)	(1,015)	(498)	(473)
Other Operating Income/Expenses	(147)	(151)	(47)	(100)
Tax Expenses	(238)	(225)	(123)	(115)
Operating Result	**2,781**	**2,451**	**1,363**	**1,418**
Equity Result	186	117	90	96
Non-Operating Income	(19)	(18)	(10)	(9)
Income before Taxes and Profit Sharing	**2,948**	**2,550**	**1,443**	**1,505**
Income Tax and Contributions	(1,086)	(858)	(525)	(561)
Profit Sharing	(39)	(29)	(19)	(20)
Non-controlling Interest	(37)	(102)	(18)	(19)
Net Income	**1,786**	**1,561**	**881**	**905**

Insurance, Pension Plans and Capitalization Bonds

Income Distribution of Grupo Bradesco Seguros e Previdência

R$ million

	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10
Life and Pension Plans	494	493	535	486	470	442	485	450
Health	148	151	181	132	200	201	177	131
Capitalization Bonds	91	104	87	86	79	86	63	50
Basic Lines and Other	148	157	57	76	51	32	54	90
Total	**881**	**905**	**860**	**780**	**800**	**761**	**779**	**721**

Performance Ratios

%

	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10
Claims Ratio (1)	71.3	71.9	68.6	71.5	72.2	72.0	71.1	72.4
Expense Ratio (2)	11.1	11.1	11.1	10.5	10.8	10.0	10.8	10.7
Administrative Expenses Ratio (3)	4.3	5.0	4.5	5.8	5.4	6.1	5.8	6.3
Combined Ratio (4) (5)	85.0	85.6	83.6	86.2	85.8	86.1	85.1	85.3

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

In the second quarter of 2012, the total revenue was up by 22.8% in relation to the previous quarter, stimulated by the performance of "Life and Pension Plan” and “Capitalization Bond” products, which posted gains of 34.5% and 17.9%, respectively.

The production in the first half of 2012 posted a 20.1% increase comparing to the same period in the previous year. Such growth was due to the performance of all segments, which had more than a two-digit growth over above the two digits.

Insurance, Pension Plans and Capitalization Bonds

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

Insurance, Pension Plan and Capitalization Bonds

Retained Claims by Insurance Line

Insurance, Pension Plan and Capitalization Bonds

Insurance Expense Ratio by Insurance Line

Insurance, Pension Plans and Capitalization Bonds

Efficiency Ratio

General and Administrative Expenses/Revenue

Year on year, the efficiency ratio decreased 1.1 p.p. due to: (i) the 20.2% increase in revenue for the period; and (ii) the 4.8% decrease in general and administrative expenses, even accounting for the collective bargaining agreement in January 2012.

Insurance, Pension Plans and Capitalization Bonds

Insurance Technical Reserves

Bradesco Vida e Previdência

	R$ million (unless otherwise st						
	2Q12	**1Q12**	**4Q11**	**3Q11**	**2Q11**	**1Q11**	**4Q10**
Net Income	494	493	535	486	470	442	485
Premium and Contribution Income [(1)]	6,737	5,009	6,886	4,708	5,493	4,059	5,385
- Income from Pension Plans and VGBL	5,816	4,090	5,926	3,829	4,713	3,317	4,617
- Income from Life/Personal Accidents Insurance Premiums	921	919	960	879	780	742	768
Technical Reserves	98,199	93,861	91,008	84,788	81,991	78,547	76,283
Investment Portfolio	106,102	100,366	96,047	91,806	88,255	85,182	82,786
Claims Ratio	43.5	41.3	38.3	44.4	47.4	43.6	44.1
Expense Ratio	19.2	21.3	19.1	18.5	19.2	19.2	19.5
Combined Ratio	68.4	70.8	66.1	71.3	75.4	71.9	74.7
Participants / Policyholders (in thousands)	25,257	24,534	24,582	24,051	23,109	22,698	22,186
Premium and Contribution Income Market Share (%) [(2)]	29.3	27.5	33.1	31.6	32.0	28.1	31.2
Life/AP Market Share - Insurance Premiums (%) [(2)]	17.3	17.3	17.6	16.9	16.3	16.0	17.3

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

(2) 2Q12 includes the latest data released by Susep (May 2012).

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida