

BANK BRADESCO
Form 6-K
February 01, 2013

**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 January, 2013
Commission File Number 1-15250**

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

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

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

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

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

Yes No

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Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business. Such statements are based on management's current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: "believes," "anticipates," "plans," "expects," "intends," "aims," "evaluates," "predicts," "foresees," "projects," "guidelines," "should" 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 customers or revenues; our capacity to sustain and improve performance; changes in interest rates which could, among other events, adversely affect our margins; competition in the banking sector, financial services, credit card services, insurance, asset management and other related sectors; government regulations and fiscal matters; disputes or adverse legal proceedings or rulings; as well as credit risks and other loan and investment activity risks.

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

Few numbers of this Report were submitted to rounding adjustments.

Therefore, amounts indicated as total in certain charts may not correspond to the arithmetic sum of figures preceding them.

Report on Economic and
Financial Analysis – December
2012

Press Release

Highlights

The main figures of Bradesco in 2012 are presented below:

1. Adjusted Net Income⁽¹⁾ in 2012 stood at R\$11.523 billion (a 2.9% increase compared to the R\$11.198 billion recorded in the same period last year), corresponding to earnings per share of R\$3.02 and Return on Average Shareholders' Equity⁽²⁾ of 19.2%.
2. Adjusted Net Income is composed of R\$7.936 billion from financial activities, representing 68.9% of the total, and R\$3.587 billion from insurance, pension plan and capitalization bond operations, which accounted for 31.1%.
3. On December 31, 2012, Bradesco's market capitalization stood at R\$131.908 billion⁽³⁾, up 23.3% over 2011.
4. Total Assets stood at R\$879.092 billion in December 2012, a 15.4% increase over 2011. Return on Total Average Assets was 1.4%.
5. The Expanded Loan Portfolio⁽⁴⁾ stood at R\$385.529 billion in December 2012, up 11.5% during the same period in 2011. Operations with individuals totaled R\$117.540 billion (up 8.2% from December 2011), while operations with companies totaled R\$267,989 billion (up 13.1% from December 2011).
6. Assets under Management stood at R\$1.225 trillion, varying 20.1% from December 2011.
7. Shareholders' Equity stood at R\$70.047 billion in December 2012, up 26.0% from December 2011. Capital Adequacy Ratio stood at 16.1% in December 2012, 11.0% of which fell under Tier I
9. Financial Margin stood at R\$43.793 billion, up 11.4% in comparison with 2011.
10. The Delinquency Ratio over 90 days stood at 4.1% on December 31, 2012 (3.9% on December 31, 2011).
11. The Efficiency Ratio⁽⁵⁾ improved by 1.5 p.p. (from 43.0% in December 2011 to 41.5% in December 2012), whereas the "adjusted-to-risk" ratio stood at 52.7% (53.0% in December 2011).
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$44.308 billion in 2012, up 17.7% over 2011. Technical Reserves stood at R\$124.217 billion, up 19.8% from December 2011.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$4.408 billion in 2012.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$22.401 billion, of which R\$9.645 billion referred to taxes withheld and collected from third parties and R\$12.756 billion from Bradesco Organization activities, equivalent to 110.7% of Adjusted Net Income⁽¹⁾.
15. Bradesco has an extensive customer service network in Brazil, comprising 8,467 Service Points, with 4,686 branches and 3,781 Service Branches - PAs. Customers can also use 1,456 PAEs - ATMs (Automatic Teller Machines) in companies, 43,053 Bradesco *Expresso* service points, 34,859 Bradesco *Dia & Noite* ATMs and 12,975 *Banco24Horas* ATMs.

Capital.

8. Interest on Shareholders' Equity and Dividends were paid and recorded in provision to shareholders at the amount of R\$3.895 billion from 2012 profit, of which R\$1.574 billion was paid as monthly and interim dividends and R\$2.321 billion was recorded in provision.

(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\$134.257 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-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

Report on Economic and Financial
Analysis – December 2012

Press Release

Highlights

16. Payroll, plus charges and benefits, totaled R\$10.373 billion. Social benefits provided to the 103,385 employees of the Bradesco Organization and their dependents amounted to R\$2.523 billion, while investments in training and development programs totaled R\$132.596 million.

17. On November 14, Bradesco common shares were selected to compose the MSCI Brazil Index, based on which several investment decisions are made, as of December 2012.

18. On November 30, Bradesco was once again included in the BM&FBOVESPA's Corporate Sustainability Index (ISE), reflecting the returns of a grouping composed of the shares of companies characterized by the best performances in all of the dimensions measuring corporate sustainability.

19. Bradesco is the first and only Brazilian bank authorized by the Central Bank to use its own internally-developed market risk management models to calculate regulatory capital as of January 2013.

20. Major Awards and Acknowledgments in the period:

- Bradesco stood out with the best market value x shareholders' equity ratio at the end of 2012 among the publicly-held banks in Latin America and United States (*Economática*);
- Bradesco was elected the best Bank in Brazil and Latin America (*Latin Finance*);
- Bradesco was considered the best Brazilian Bank in the 2012 The Bank Awards edition (*The Banker* magazine);

21. With regards to sustainability, Bradesco divides its actions into three pillars: (i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offerings; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 56-year history of extensive social and educational work, with 40 schools in Brazil. In 2012, it benefited 111,512 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 47 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco also aided another 365,430 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 118,595 people benefited from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the Educa+Ação Program and Technology courses (*Educar e Aprender*– Educate and Learn). To meet its social commitments, Fundação Bradesco invested R\$374.213 million in 2012 in its educational activities. A R\$460.961 million investment is expected for 2013.

- Bradesco was considered the largest Brazilian private group by *Valor Grandes Grupos* ranking, which lists the 200 largest groups operating in the country. It also placed first among the 20 largest financial institutions ranking (*Valor Econômico* and *Valor Data* newspapers);
- Bradesco was highlighted in the Best at People Management survey in the special publication *Valor Carreira* (*Valor Econômico* newspaper, with technical support of Aon Hewitt; and
- The *Folha* Top of Mind award was granted to Bradesco and Bradesco Seguros (the latter for the 11th consecutive year) in Top Finances and Insurance categories, respectively (*Folha de S.Paulo* newspaper).

Press Release

Main Information

	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	Variation % 4Q12 4Q12 x x 3Q12 4Q11	
Income Statement for the Period - R\$ million										
Book Net Income	2,893	2,862	2,833	2,793	2,726	2,815	2,785	2,702	1.1	6.1
Adjusted Net Income	2,918	2,893	2,867	2,845	2,771	2,864	2,825	2,738	0.9	5.3
Total Financial Margin	11,109	10,955	11,034	10,695	10,258	10,230	9,471	9,362	1.4	8.3
Gross Loan Financial Margin	7,527	7,460	7,362	7,181	7,162	6,928	6,548	6,180	0.9	5.1
Net Loan Financial Margin	4,317	4,157	3,955	4,087	4,501	4,149	4,111	3,820	3.8	(4.1)
Allowance for Loan Losses (ALL) Expenses	(3,210)	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	(2.8)	20.6
Fee and Commission Income	4,675	4,438	4,281	4,118	4,086	3,876	3,751	3,510	5.3	14.4
Administrative and Personnel Expenses	(6,897)	(6,684)	(6,488)	(6,279)	(6,822)	(6,285)	(5,784)	(5,576)	3.2	1.1
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,216	10,104	11,570	9,418	11,138	9,025	9,628	7,845	30.8	18.7
Balance Sheet - R\$ million										
Total Assets	879,092	856,288	830,520	789,550	761,533	722,289	689,307	675,387	2.7	15.4
Securities	315,487	319,537	322,507	294,959	265,723	244,622	231,425	217,482	(1.3)	18.7
Loan Operations ⁽¹⁾	385,529	371,674	364,963	350,831	345,724	332,335	319,802	306,120	3.7	11.5
- Individuals	117,540	114,536	112,235	109,651	108,671	105,389	102,915	100,200	2.6	8.2
- Corporate	267,989	257,138	252,728	241,181	237,053	226,946	216,887	205,920	4.2	13.1
Allowance for Loan Losses (ALL)	(21,299)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	(16,740)	1.8	9.0
Total Deposits	211,858	212,869	217,070	213,877	217,424	224,664	213,561	203,822	(0.5)	(2.6)
Technical Reserves	124,217	117,807	111,789	106,953	103,653	97,099	93,938	89,980	5.4	19.8
Shareholders' Equity	70,047	66,047	63,920	58,060	55,582	53,742	52,843	51,297	6.1	26.0
Assets under Management	1,225,228	1,172,008	1,130,504	1,087,270	1,019,790	973,194	933,960	919,007	4.5	20.1
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)										
	3.02	2.98	2.97	2.96	2.93	2.91	2.82	2.72	1.3	3.1

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Adjusted Net Income per Share - R\$ ⁽²⁾											
Book Value per Common and Preferred Share - R\$	18.35	17,30	16.74	15.21	14.56	14.08	13.82	13.42	6.1	26.0	
Annualized Return on Average Shareholders' Equity ^{(3) (4)}	19.2	19.9	20.6	21.4	21.3	22.4	23.2	24.2	(0.7)	(2.1)	
Annualized Return on Average Assets ⁽⁴⁾	1.4	1.4	1.4	1.5	1.6	1.7	1.7	1.7	-	(0.2)	
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.6	7.6	7.9	7.9	7.8	8.0	7.8	8.2	-	(0.2)	
Fixed Assets Ratio - Total Consolidated Combined Ratio - Insurance ⁽⁵⁾	16.9	19.0	18.2	19.9	21.0	16.7	17.3	17.4	(2.1)	(4.1)	
Efficiency Ratio (ER) ⁽²⁾	86.6	86.5	85.0	85.6	83.6	86.2	85.8	86.1	0.1	3.0	
Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) ⁽²⁾	41.5	42.1	42.4	42.7	43.0	42.7	42.7	42.7	(0.6)	(1.5)	
Market Capitalization - R\$ million ⁽⁶⁾	66.5	64.4	63.2	62.9	62.2	62.7	63.5	63.6	2.1	4.3	
Loan Portfolio Quality % ⁽⁷⁾	131,908	113,102	104,869	113,021	106,971	96,682	111,770	117,027	16.6	23.3	
ALL / Loan Portfolio	7.3	7.4	7.4	7.5	7.3	7.3	6.9	7.0	(0.1)	-	
Non-Performing Loans (>60 days ⁽⁸⁾ / Loan Portfolio)	5.0	5.1	5.1	5.1	4.8	4.6	4.5	4.4	(0.1)	0.2	
Delinquency Ratio (> 90 days ⁽⁸⁾ / Loan Portfolio)	4.1	4.1	4.2	4.1	3.9	3.8	3.7	3.6	-	0.2	
Coverage Ratio (> 90 days ⁽⁸⁾)	178.2	179.0	177.4	181.7	184.4	194.0	189.3	193.6	(0.8)	(6.2)	
Coverage Ratio (> 60 days ⁽⁸⁾)	147.3	144.8	144.0	146.6	151.8	159.6	154.0	159.1	2.5	(4.5)	
Operating Limits % Capital Adequacy Ratio - Total Consolidated	16.1	16.0	17.0	15.0	15.1	14.7	14.7	15.0	0.1	1.0	
- Tier I	11.0	11.3	11.8	12.0	12.4	12.2	12.9	13.4	(0.3)	(1.4)	
- Tier II	5.1	4.7	5.2	3.0	2.7	2.5	1.8	1.6			

Report on Economic and
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Press Release

Main Information

	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Variation %	
									Dec12 x Sept12	Dec12 x Dec11
Structural Information -										
Units										
Service Points	68,917	67,225	65,370	62,759	59,721	55,832	53,256	50,977	2.5	15.4
- Branches	4,686	4,665	4,650	4,636	4,634	3,945	3,676	3,651	0.5	1.1
- PAs ⁽⁹⁾	3,781	3,774	3,243	2,986	2,962	2,990	2,982	2,978	0.2	27.7
- PAEs ⁽⁹⁾	1,456	1,456	1,476	1,497	1,477	1,589	1,587	1,588	-	(1.4)
- Outplaced Bradesco	3,809	3,954	3,992	3,974	3,913	3,953	3,962	3,921	(3.7)	(2.7)
Network ATMs ⁽¹⁰⁾										
- Banco24Horas Network	10,818	10,464	10,459	10,583	10,753	10,815	10,856	10,326	3.4	0.6
ATMs ⁽¹⁰⁾										
- Bradesco Expresso	43,053	41,713	40,476	38,065	34,839	31,372	29,263	27,649	3.2	23.6
(Correspondent Banks)										
- Bradesco Promotora de	1,301	1,186	1,061	1,005	1,131	1,157	919	853	9.7	15.0
Vendas										
- Branches / Subsidiaries	13	13	13	13	12	11	11	11	-	8.3
Abroad										
ATMs	47,834	47,542	47,484	47,330	46,971	45,596	45,103	44,263	0.6	1.8
- Bradesco Network	34,859	35,128	35,226	35,007	34,516	33,217	32,714	32,514	(0.8)	1.0
- Banco24Horas Network	12,975	12,414	12,258	12,323	12,455	12,379	12,389	11,749	4.5	4.2
Credit Cards - in million	93,1	93,0	95,3	93,8	91,4	90,1	89,0	87,4	0.1	1.9
⁽¹¹⁾										
Employees	103,385	104,100	104,531	105,102	104,684	101,334	98,317	96,749	(0.7)	(1.2)
Outsourced Employees	12,939	13,013	12,661	12,659	11,699	10,731	10,563	10,321	(0.6)	10.6
and Interns										
Customers - in millions										
Checking accounts	25.7	25.6	25.6	25.4	25.1	24.7	24.0	23.5	0.4	2.4
Savings Accounts ⁽¹²⁾	48.6	48.3	45.2	41.3	43.4	40.6	39.7	39.4	0.6	12.0
Insurance Group	43.1	42.4	41.9	40.8	40.3	39.4	38.0	37.0	1.7	6.9
- Policyholders	37.3	36.7	36.3	35.4	35.0	34.3	33.0	32.1	1.6	6.6
- Pension Plan	2.3	2.3	2.2	2.2	2.2	2.1	2.1	2.1	-	4.5
Participants										
- Capitalization Bond	3.5	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.9	12.9
Customers										
Bradesco Financiamentos	3.7	3.7	3.8	3.8	3.8	4.0	4.2	4.5	-	(2.6)

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

commercial portfolio, covering debentures and promissory notes;

- (2) In the last 12 months;
- (3) 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) As defined by the Brazilian Central Bank (Bacen);
- (8) Credits overdue;
- (9) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4,072/12; and PAE: ATM located in the premises of a company;
- (10) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 1,964 in December 2012; 2,039 in September 2012; 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011; 2,045 in June 2011; and 2,024 in March 2011;
- (11) The decreased credit card base in 3Q12 is due to the exclusion of idle cards; and
- (12) Number of accounts.

Press Release

Ratings

Main Ratings

		Fitch Ratings						Domestic Scale Domestic	
		International Scale							
Feasibility	Support	Domestic Currency		Foreign Currency					
		Long Term	Short Term	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						R&I Inc. International Scale	
		International Scale							
Financial Strength / Individual Credit Risk Profile		Domestic Currency Deposit		Foreign Currency Deposit		Domestic Scale		Issuer Rating	
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term		
C - / baa1		A3	P - 2	Baa2	P-2	Aaa.br	BR - 1	BBB	

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

Book Net Income vs. Adjusted Net Income

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

	12M12	12M11	4Q12	R\$ million 3Q12
Book Net Income	11,381	11,028	2,893	2,862
Non-Recurring Events	142	170	25	31
- Earnings from Extended Securities Terms	(2,282)	-	(166)	(2,116)
- Recording of Tax Credits - BERJ	(1,389)	-	(1,389)	-
- Gains from Sale of Serasa Shares	(793)	-	(793)	-
- Additional Technical Reserve due to Real Interest Rate Reduction	2,116	-	-	2,116
- Impairment of Assets ⁽¹⁾	1,470	157	1,470	-
- Full Goodwill Amortization - BERJ	1,156	-	1,156	-
- Reversal of Provision for Tax Risks	-	(2,126)	-	-
- Additional ALL	-	1,006	-	-
- Labor Provision	-	501	-	-
- Other ⁽²⁾	232	512	37	52
- Tax Effects	(368)	120	(290)	(21)
Adjusted Net Income	11,523	11,198	2,918	2,893
ROAE % ⁽³⁾	19.0	21.0	19.7	20.2
ADJUSTED ROAE % ⁽³⁾	19.2	21.3	19.9	20.4

(1) 2012 and 4Q12 refer mainly to the impairment of: (i) Intangible Assets – Acquisition of Rights to Provide Banking Services, amounting to R\$527 million, as a result of the expected return revaluation of said rights; and (ii) Securities – Shares, classified as Available for Sale, amounting to R\$890 million, due to the adaptation of past share value to its fair value; and in 2011, to the impairment of Intangible Assets - Acquisition of Right to Provide Banking Services, amounting to R\$157 million;

(2) 2011 includes: (i) other operating provisions, basically civil provisions, in the amount of R\$570 million; and (ii) partial sale of Ibi Promotora, for R\$58 million. 3Q12 includes: civil provisions amounting to R\$52 million. 4Q12 and 2012 include basically:

(i) other operating provisions, net of reversals, basically civil provisions, in the amount of R\$36 million and R\$231 million, respectively; and

(3) Annualized.

Press Release

Summarized Analysis of Adjusted Income

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

	R\$ million							
	Adjusted Income Statement							
			Variation				Variation	
	12M12	12M11	12M12 x	12M11	4Q12	3Q12	4Q12 x	3Q12
			Amount	%			Amount	%
Financial Margin	43,793	39,321	4,472	11.4	11,109	10,955	154	1.4
- Interest	42,021	37,670	4,351	11.6	10,678	10,603	75	0.7
- Non-interest	1,772	1,651	121	7.3	431	352	79	22.4
ALL	(13,014)	(10,237)	(2,777)	27.1	(3,210)	(3,303)	93	(2.8)
Gross Income from Financial Intermediation	30,779	29,084	1,695	5.8	7,899	7,652	247	3.2
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	3,814	3,370	444	13.2	955	1,029	(74)	(7.2)
Fee and Commission Income	17,512	15,223	2,289	15.0	4,675	4,438	237	5.3
Personnel Expenses	(12,186)	(11,061)	(1,125)	10.2	(3,142)	(3,119)	(23)	0.7
Other Administrative Expenses	(14,162)	(13,406)	(756)	5.6	(3,755)	(3,565)	(190)	5.3
Tax Expenses	(4,139)	(3,664)	(475)	13.0	(1,098)	(1,038)	(60)	5.8
Equity in the Earnings (Losses) of Unconsolidated Companies	148	144	4	2.8	45	45	-	-
Other Operating Income/ (Expenses)	(4,214)	(3,401)	(813)	23.9	(1,130)	(1,054)	(76)	7.2
Operating Result	17,552	16,289	1,263	7.8	4,449	4,388	61	1.4
Non-Operating Result	(89)	3	(92)	-	(29)	(20)	(9)	45.0

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Income Tax / Social Contribution	(5,872)	(4,954)	(918)	18.5	(1,488)	(1,455)	(33)	2.3
Non-controlling Interest	(68)	(140)	72	(51.4)	(14)	(20)	6	(30.0)
Adjusted Net Income	11,523	11,198	325	2.9	2,918	2,893	25	0.9

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

Press Release

Summarized Analysis of Adjusted Income

Adjusted Net income and Profitability

In the fourth quarter of 2012, Bradesco posted adjusted net income of R\$2,918 million, up 0.9%, or R\$25 million, on the previous quarter, mainly driven by: (i) greater fee and commission income arising from the increase in business volume, (ii) greater financial margin income, due to increased revenues from interest and non-interest installments; (iii) lower allowance for loan loss expenses; partially offset by: (iv) greater personnel and administrative expenses; and (v) increase of other operating expenses (net of other operating revenues).

In the year-over-year comparison, adjusted net income increased by R\$325 million, or 2.9%, in 2012, for Return on Average Shareholders' Equity (ROAE) of 19.2%.

Shareholders' Equity stood at R\$70,047 million in December 2012, up 26.0% over the same period of 2011. This increase is partially due to the surplus value of some securities reclassified from Held to Maturity to Available for Sale for adoption of CPCs 38 and 40 by the Insurance Group. The Capital Adequacy Ratio stood at 16.1%, 11.0% of which fell under Tier I Reference Shareholders' Equity.

Total Assets came to R\$879,092 million in December 2012, up 15.4% over December 2011, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) remained stable at 1.4%.

Press Release

Summarized Analysis of Adjusted Income

Efficiency Ratio (ER)

The Efficiency Ratio in the last 12 months⁽¹⁾ improved by 0.6 p.p. for the fourth consecutive quarter, reaching 41.5% in the fourth quarter of 2012, the lowest recorded in the last ten quarters. The improvement was mainly driven by: (i) the growth in financial margin; and (ii) the increase in fee and commission income, which was mainly due to an increase in average business volume, resulting from investments in accelerated organic growth, which began in the second half of 2011, combined with the ongoing cost control efforts, the Efficiency Committee actions and investments in IT.

Quarterly ER was up 2.6 p.p. over the same period in the previous year, as a result of: (i) the control of administrative and personnel expenses, which remained virtually stable despite the strong organic growth recorded in the period; and (ii) greater fee and commission income and financial margin income, up by 14.4% and 8.3%, respectively.

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations⁽²⁾, reached 52.7% in the fourth quarter of 2012, a 0.4 p.p. increase over the previous quarter, mainly due to the abovementioned events and the delinquency ratio trend in the last quarter.

(1) $ER = (\text{Personnel Expenses} - \text{Employee Profit Sharing} + \text{Administrative Expenses}) / (\text{Financial Margin} + \text{Fee and Commission Income} + \text{Income from Insurance} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} + \text{Other Operating Income} - \text{Other Operating Expenses})$. Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), our ER in the fourth quarter of 2012 would be 44.6%; and

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

Press Release

Summarized Analysis of Adjusted Income

Financial Margin

The R\$154 million increase between the fourth quarter of 2012 and the third quarter of 2012 was mainly due to:

- greater gains from the non-interest margin, in the amount of R\$79 million, mainly due to higher gains from treasury/security margin; and
- a R\$75 million increase in interest-earning operations, mainly due to higher gains from (i) “Insurance” and (ii) “Loan” margins.

Financial margin posted a R\$4,472 million improvement between 2012 and 2011, for growth of 11.4%, mainly driven by:

- a R\$4,351 million increase in income from interest-earning operations due to an increase in business volume, mainly from:
 - (i) “Loans;” and (ii) “Securities/Other;” and
- greater income from the non-interest margin, in the amount of R\$121 million, due to higher “Insurance” gains.

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

	R\$ million					
	12M12			12M11		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	29,530	284,173	10.4%	26,818	254,812	10.5%
Funding	4,225	333,483	1.3%	4,562	301,122	1.5%
Insurance	3,183	113,304	2.8%	3,388	94,561	3.6%
Securities/Other	5,083	293,294	1.7%	2,902	234,205	1.2%
Financial Margin	42,021	-	7.2%	37,670	-	7.4%
	4Q12			3Q12		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,527	294,694	10.6%	7,460	287,987	10.8%
Funding	997	333,304	1.2%	1,019	332,488	1.2%
Insurance	912	121,638	3.0%	694	115,647	2.4%
Securities/Other	1,242	307,457	1.6%	1,430	298,905	1.9%
Financial Margin	10,678	-	7.3%	10,603	-	7.4%

The annualized interest financial margin rate stood at 7.3% in the fourth quarter of 2012, down 0.1 p.p. on the previous quarter, mainly due to: (i) the reduction in the average “Loan” margin rate, which was impacted by the decrease in interest rates in effect, together with the change in the mix of the loan portfolio; and (ii) the increased average “Insurance” margin rate, as a result of the lower quarter-on-quarter IGP-M rate, which resulted in lower expenses with the adjustment for inflation of part of the technical reserves.

Press Release

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio⁽¹⁾

In December 2012, Bradesco's loan portfolio totaled R\$385.5 billion, which was up 3.7% in the quarter, due to: (i) a 4.6% growth in Corporations; (ii) a 3.7% growth in Small and Medium-sized Entities (SMEs); and (iii) a 2.6% growth in Individuals.

In 2012, the loan portfolio increased 11.5%, driven by: (i) 15.0% growth in Corporations; (ii) 10.6% growth in SMEs; and (iii) 8.2% growth in Individuals.

To the Corporate segment, the products that posted the strongest growth in the last 12 months were: (i) real estate financing – corporate plan; and (ii) operations bearing credit risk – commercial portfolio. In the Individual segment, the main highlights were: (i) real estate financing; and (ii) payroll-deductible loans.

(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 fourth quarter of 2012, ALL expenses stood at R\$3,210 million, down 2.8% from the previous quarter, even considering the 2.3% growth in the loan portfolio – as defined by Bacen in the period.

In the year-over-year comparison, ALL expenses came to R\$13,014 million, a 27.1% increase, mainly due to: (i) an 8.3% growth in loan operations - as defined by Bacen; and (ii) delinquency ratio trends in the period.

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

Summarized Analysis of Adjusted Income

Delinquency Ratio > 90 days⁽¹⁾

The delinquency ratio over 90 days remained stable in the quarter, as a result of the delinquency trends in Individuals, offset by the change in the loan portfolio mix. It is worth highlighting SMEs and Corporations' slight decrease in delinquency ratio.

(1) As defined by Bacen.

Coverage Ratios⁽¹⁾

The following graph presents the changes in coverage ratio of the ALL for loans overdue for more than 60 and 90 days. In December 2012, these ratios stood at 147.3% and 178.2%, respectively, pointing to a comfortable level of provisioning.

The ALL, totaling R\$21.3 billion in December 2012, was made up of: (i) R\$17.3 billion required by Bacen; and (ii) R\$4.0 billion in excess provisions.

(1) As defined by Bacen

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

Net income for the fourth quarter of 2012 stood at R\$964 million (R\$837 million in the third quarter of 2012), growing 15.2% from the previous quarter, and with an annualized Return on Shareholders' Equity of 28.9%.

Net income for 2012 totaled R\$3.587 billion, up 12.1% year on year (R\$3.201 billion), with a 24.4% Return on Shareholders' Equity.

(1) Excluding additional provisions.

	R\$ million (unless otherwise stated)								Variation %	
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q12 x 3Q12	4Q12 x 4Q11
Net Income	964	837	881	905	860	780	800	761	15,2	12,1
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13.216	10.104	11.570	9.418	11.138	9.025	9.628	7.845	30,8	18,7
Technical Reserves	124.217	117.807	111.789	106.953	103.653	97.099	93.938	89.980	5,4	19,8
Financial Assets	141.540	133.738	128.526	122.147	116.774	110.502	106.202	102.316	5,8	21,2
Claims Ratio	70,5	70,4	71,3	71,9	68,6	71,5	72,2	72,0	0,1	1,9
Combined Ratio	86,6	86,5	85,0	85,6	83,6	86,2	85,8	86,1	p.p.	p.p.
Policyholders / Participants and Customers (in thousands)	43.065	42.363	41.898	40.785	40.304	39.434	37.972	37.012	1,7	6,9
Employees	7.554	7.545	7.478	7.574	7.608	7.571	7.594	7.544	0,1	(0,7)
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income ⁽¹⁾	24,7	24,3	24,8	23,4	25,6	24,9	25,0	23,2	0,4	(0,9)
									p.p.	p.p.

(1) The fourth quarter of 2012 includes the latest data released by Susep (November/12).
Note: For comparison purposes, it excludes the effects of non-recurring events.

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Summarized Analysis of Adjusted Income

In the fourth quarter of 2012, the total revenue posted a 30.8% increase over the previous quarter, with highlight to the “Life and Pension Plan” segment, which was boosted by the higher concentration of private pension plan contributions in the period.

Net income for the fourth quarter of 2012 was up 15.2% over the previous quarter, mainly due to: (i) the 30.8% increase in revenue; (ii) the improved financial and equity income; (iii) the maintenance of claims ratio at the same levels of the previous quarter; and (iv) the increase in the administrative efficiency ratio.

Year on year, quarterly net income was up 12.1%, due to: (i) the 18.7% increase in revenue; (ii) the improved financial and equity income; and partially offset by: (iii) the 1.9 p.p. increase in claims ratio; and (iv) higher selling costs by 0.5 p.p.

In 2012, total revenue increased by 17.7% over 2011, which was driven by the performance of all segments, that posted an over two-digit growth in the period.

Net income for 2012 was up 12.1% over that of the previous year, due to: (i) a 17.7% increase in revenue; (ii) the focus on more profitable products; (iii) the maintenance of claims ratio at the same levels of the previous quarter; (iv) improved equity income; and (v) lower general and administrative expenses, despite the sector’s collective bargaining agreement in January 2012.

With regards to solvency, Grupo Bradesco de Seguros e Previdência complies with Susep and ANS rules, also complying with global standards (Solvency II), with a leverage of 2.2 times its Shareholders’ Equity in the period.

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Summarized Analysis of Adjusted Income

Fee and Commission Income

In the fourth quarter of 2012, fee and commission income came to R\$4,675 million, up R\$237 million, or 5.3%, over the previous quarter, due to the increase in business volume. This result was due to: (i) an increase in income from cards; (ii) greater gains from capital market operations (underwriting / financial advisory); (iii) an increase in income from checking accounts; and partially offset by lower income from: (iv) loan operations; and (v) fund management.

In the year-over-year comparison, the increase of R\$2,289 million, or 15.0%, in fee and commission income was mainly due to: (i) the performance of the credit card segment, driven by the growth in credit card base, revenue and transactions; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 583 thousand accounts in the period; (iii) greater income from fund management, whose volume of assets and portfolios under management increased by 31.7% in the period; (iv) greater gains from capital market operations (underwriting / financial advisory); (v) greater income from collections; and (vi) greater income from loan operations, resulting from an increase in volume of contracted operations and surety and guarantee operations.

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Summarized Analysis of Adjusted Income

Personnel Expenses

In the fourth quarter of 2012, the R\$23 million increase from the previous quarter was mainly composed of the variation in structural expenses, due to greater expenses with salaries, social charges and benefits, as a result of the raise in salary levels, as determined by the 2012 collective bargaining agreement.

In the year-over-year comparison, the R\$1,125 million increase is mainly due to the variation in structural expenses, resulting from increased expenses with salaries, social charges and benefits, due to: (i) raise in salary levels, as per 2011 and 2012 collective bargaining agreements; and (ii) net increase in number of employees in the second half of 2011, as a result of organic growth.

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

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

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Summarized Analysis of Adjusted Income

Administrative Expenses

In the fourth quarter of 2012, the 5.3% increase in administrative expenses from the previous quarter was mainly a result of greater expenses with: (i) marketing and advertising, due to higher investments in actions targeting institutional positioning maintenance and support to offer loan products (real estate, vehicles, personal loan); and (ii) increase in business and service volume in the quarter.

In the year-over-year comparison, the 5.6% increase was mainly due to: (i) the increase in business and services volume in the period; (ii) contractual adjustments; and (iii) organic growth as of the second half of 2011, with the opening of 9,196 service points, mainly the increase to 8,214 Bradesco *Expresso* points, for a total of 68,917 service points on December 31, 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\$1,130 million in the fourth quarter of 2012, up R\$76 million over the previous quarter, and R\$813 million in comparison with 2011.

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) amortization of intangible assets due to acquisition of banking rights.

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Summarized Analysis of Adjusted Income

Income Tax and Social Contribution

In the quarter-on-quarter comparison, income tax and social contribution expenses had a slight increase of 2.3% in comparison with the previous quarter, mainly due to the fact that the taxable result increased in the period.

In the year-over-year comparison, the increase in these expenses is mainly the result of: (i) greater taxable result in the period; 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\$24,880 million in the fourth quarter of 2012, a R\$3,784 million increase from the previous quarter. This was mainly due to the appreciation of fixed-income securities due to mark-to-market accounting.

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Economic Scenario

The fourth quarter of 2012 is considered to have marked the beginning of the global economic recovery, with the resumption of albeit modest growth following the lower development between July and September. At the beginning of 2013, the risk of an imminent recession in the United States was averted thanks to the Congressional agreement over the so-called fiscal cliff. However, the structural issues relating to public spending were not addressed, but put on hold for a few months, in an increasingly polarized political climate. The eurozone is showing signs of stabilization, given that the risk of a collapse has subsided and Germany's position vis-à-vis the peripheral nations has softened somewhat, and the same can be said for China, which is undergoing a smooth political transition and focusing economic growth more on the domestic market.

The risks to the global economy remain asymmetrically negative, but are manageable and currently regarded as being milder than those affecting most of 2012. Consequently, the prospects for the external aspects of Brazil's economy are favorable, whether from the point of view of trade, the absence of inflationary pressure, or abrupt reductions in international liquidity in the coming months.

The Brazilian economy also continues to recover at a modest pace, but it is already clear that the second half of 2012 was better than the first, thanks to the multiple stimulus measures introduced by means of various economic policy channels and instruments. The results of these stimuli are expected to become even more apparent in the coming quarters, resulting in greater economic growth in 2013 than estimated for 2012. In addition, certain atypical factors that affected the last few quarters are expected to dissipate, including the change in truck emission standards (and the resulting impact on production and sales), crop

The return to normal industrial and retail inventories in 2013 should permit the resumption of industrial production, against a backdrop of strong growth in family consumption, fueled by the expansion of jobs and income. The excellent domestic agricultural and livestock prospects are also worth emphasizing, as is their positive impact on the economies of small and medium-sized cities.

Brazil continues to make institutional progress, exemplified by the recent adoption of new policies addressing structural issues, such as infrastructure and reducing production costs. In the coming years, pre-salt exploration and the hosting of major sports events represent a privileged set of opportunities that are only available to a select group of nations. Given all these favorable prospects, it is vital to maintain the kind of healthy macroeconomic policies whose implementation over the past two decades has resulted in increased growth and a more equitable income distribution.

Bradesco is maintaining its positive long-term outlook for the country. With interest rates at an all-time low, the volume of credit is growing at rates that are both sustainable and risk-compatible, a factor that has set the national financial system apart from those in several other countries in the last few years. As a result of the intense and ongoing upward social mobility Brazil is experiencing – which despite creating challenges for producers and service providers, broadens the consumer base and increases business scale – the prospects for the banking and insurance sectors remain highly favorable.

failures in certain regions of the country, and the inventory adjustment in the residential real estate sector, as well as the increasing and often immeasurable chance of disruptions in the international economy, which jeopardized the decisions of the economic agents, particularly in regard to investments. None of these factors are expected to be present in 2013, which should help the stimulus measures to achieve their maximum effectiveness.

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Main Economic Indicators

Main Indicators (%)	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	12M12	12M11
Interbank Deposit Certificate (CDI)	1.70	1.91	2.09	2.45	2.67	3.01	2.80	2.64	8.40	11.60
Ibovespa	3.00	8.87	(15.74)	13.67	8.47	(16.15)	(9.01)	(1.04)	7.40	(18.11)
USD – Commercial Rate	0.64	0.46	10.93	(2.86)	1.15	18.79	(4.15)	(2.25)	8.94	12.58
General Price Index - Market (IGP-M)	0.68	3.79	2.56	0.62	0.91	0.97	0.70	2.43	7.83	5.10
Extended Consumer Price Index (IPCA) –	1.99	1.42	1.08	1.22	1.46	1.06	1.40	2.44	5.84	6.50
Brazilian Institute of Geography and Statistics (IBGE)										
Federal Government	1.36	1.36	1.48	1.48	1.48	1.48	1.48	1.48	5.79	6.04
Long-Term Interest Rate (TJLP)										
Reference Interest Rate (TR)	-	0.03	0.07	0.19	0.22	0.43	0.31	0.25	0.29	1.21
Savings Account (Old Rule) ⁽¹⁾	1.51	1.53	1.58	1.70	1.73	1.95	1.82	1.76	6.48	7.45
Savings Account (New Rule) ⁽¹⁾	1.26	1.40	-	-	-	-	-	-	3.17	-
Business Days (number)	62	64	62	63	62	65	62	62	251	251
Indicators (Closing Rate)	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec12	Dec11
USD – Commercial Selling Rate - (R\$)	2.0435	2.0306	2.0213	1.8221	1.8758	1.8544	1.5611	1.6287	2.0435	1.8758
Euro - (R\$)	2.6954	2.6109	2.5606	2.4300	2.4342	2.4938	2.2667	2.3129	2.6954	2.4342
Country Risk (points)	142	166	208	177	223	275	148	173	142	223
Basic Selic Rate Copom (% p.a.)	7.25	7.50	8.50	9.75	11.00	12.00	12.25	11.75	7.25	11.00
BM&F Fixed Rate (% p.a.)	7.14	7.48	7.57	8.96	10.04	10.39	12.65	12.28	7.14	10.04

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

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

Projections through 2015

%	2013	2014	2015
USD - Commercial Rate (year-end) - R\$	2.10	2.15	2.23
Extended Consumer Price Index (IPCA)	5.40	5.20	5.00
General Price Index - Market (IGP-M)	5.00	4.50	4.50
Selic (year-end)	7.25	7.25	7.25

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Gross Domestic Product (GDP)	3.50	4.00	3.50
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Guidance

Bradesco's Outlook for 2013

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

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

(1) Expanded Loan Portfolio;

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

(3) Administrative and Personnel Expenses.

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Book Income vs. Managerial Income vs. Adjusted Income Statement**Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement****Fourth Quarter of 2012**

R\$ million

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

Net Income	2,893	-	-	-	-	-	-	-	2,893	25	2,918
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- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "ALL Expenses - Allowance for Loan Losses," and Tax Expenses, classified as "Other Operating Expenses, were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "ALL Expenses - Allowance for Loan Losses" / "Other Operating Income/Expenses;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 8 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

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

	R\$ million										
	Book	Reclassifications						3Q12	Managerial	Non-recurring	Adjusted
	Income	(1)	(2)	(3)	(4)	(5)	(6)	Fiscal	Income	Events ⁽⁸⁾	Income
	Statement							Hedge	Statement		Statement
								(7)			Statement
Financial Margin	13,842	(290)	45	18	(615)	-	-	70	13,070	(2,116)	10,955
ALL	(3,552)	-	-	-	348	(99)	-	-	(3,303)	-	(3,303)
Gross Income from Financial Intermediation	10,290	(290)	45	18	(267)	(99)	-	70	9,767	(2,116)	7,652
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	(1,087)	-	-	-	-	-	-	-	(1,087)	2,116	1,029
Fee and Commission Income	4,332	-	-	-	-	-	107	-	4,438	-	4,438
Personnel Expenses	(3,119)	-	-	-	-	-	-	-	(3,119)	-	(3,119)
Other Administrative Expenses	(3,447)	-	-	-	-	-(118)	-	-	(3,565)	-	(3,565)
Tax Expenses	(1,021)	-	-	-	(10)	-	-	(8)	(1,038)	-	(1,038)
Equity in the Earnings (Losses) of Unconsolidated Companies	45	-	-	-	-	-	-	-	45	-	45
Other Operating Income/Expenses	(1,639)	290	(45)	(18)	277	20	11	-	(1,105)	52	(1,054)
Operating Result	4,354	-	-	-	-(79)	-	-	62	4,337	52	4,388
Non-Operating Result	(99)	-	-	-	-	79	-	-	(20)	-	(20)
Income Tax / Social Contribution and	(1,393)	-	-	-	-	-	-	(62)	(1,455)	(21)	(1,475)

Non-controlling
Interest

Net Income	2,862	-	-	-	-	-	-	2,862	31	2,893
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- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin," Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses," and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "ALL Expenses - Allowance for Loan Losses," and Tax Expenses, classified as "Other Operating Expenses, were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "ALL Expenses - Allowance for Loan Losses" / "Other Operating Income/Expenses;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (7) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (8) For more information see page 8 of this chapter; and
- (9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement**2012**

	R\$ million											
	12M12											
	Book Income Statement	(1)	Reclassifications					(6)	Fiscal Hedge (7)	Managerial Income Statement	Non-recurring Events ⁽⁸⁾	Adjusted Income Statement
			(2)	(3)	(4)	(5)						
Financial Margin	47,690	(1,029)	166	(93)	(2,565)	29	-	1,360	45,558	(1,764)	43,793	
ALL	(13,933)	-	-	-	1,268	(350)	-	-	(13,014)	-	(13,014)	
Gross Income from Financial Intermediation	33,757	(1,029)	166	(93)	(1,297)	(321)	-	1,360	32,543	(1,764)	30,779	
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	1,798	-	-	-	-	-	-	-	1,798	2,015	3,814	
Fee and Commission Income	17,070	-	-	-	-	-	443	-	17,512	-	17,512	
Personnel Expenses	(12,186)	-	-	-	-	-	-	-	(12,186)	-	(12,186)	
Other Administrative Expenses	(13,717)	-	-	-	-	-	(478)	-	(14,195)	34	(14,162)	
Tax Expenses	(4,050)	-	-	-	39	-	-	(149)	(4,160)	21	(4,139)	
Equity in the Earnings (Losses) of Unconsolidated Companies	148	-	-	-	-	-	-	-	148	-	148	
Other Operating Income/Expenses	(8,985)	1,029	(166)	93	1,258	117	35	-	(6,619)	2,406	(4,214)	
Operating Result	13,835	-	-	-	-(204)	-	1,211	14,842	2,712	17,552		
Non-Operating Result	499	-	-	-	-	204	-	-	703	(793)	(89)	
Income Tax / Social Contribution and Non-controlling	(2,953)	-	-	-	-	-	-	(1,211)	(4,164)	(1,777)	(5,940)	

Interest

Net Income	11,381	-	-	-	-	-	-	-	11,381	142	11,523
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(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” / “Financial Margin” / “Other Operating Income/Expenses;”

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

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

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

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

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement**2011**

	R\$ million										
	12M11										
	Book Income Statement	(1)	(2)	(3)	(4)	(5)	(6)	Fiscal Hedge (7)	Managerial Income Statement	Non-recurring Events ⁽⁸⁾	Adjusted Income Statement
Financial Margin	40,211	(513)	121	(611)	(1,859)	179	-	1,793	39,321	-	39,321
ALL	(12,083)	-	-	-	1,074	(234)	-	-	(11,243)	1,006	(10,237)
Gross Income from Financial Intermediation	28,128	(513)	121	(611)	(785)	(55)	-	1,793	28,078	1,006	29,084
Income from Insurance, Pension Plans and Capitalization Bonds ⁽⁹⁾	3,370	-	-	-	-	-	-	-	3,370	-	3,370
Fee and Commission Income	14,778	-	-	-	-	-	445	-	15,223	-	15,223
Personnel Expenses	(11,560)	-	-	-	-	-	-	-	(11,560)	501	(11,061)
Other Administrative Expenses	(13,018)	-	-	-	-	-	(388)	-	(13,406)	-	(13,406)
Tax Expenses	(3,680)	-	-	-	197	-	-	(194)	(3,677)	11	(3,664)
Equity in the Earnings (Losses) of Unconsolidated Companies	144	-	-	-	-	-	-	-	144	-	144
Other Operating Income/Expenses	(3,535)	513	(121)	611	588	-	(57)	-	(2,001)	(1,402)	(3,401)
Operating Result	14,628	-	-	-	-	(55)	-	1,599	16,172	117	16,289
Non-Operating Result	4	-	-	-	-	55	-	-	60	(58)	3
Income Tax / Social Contribution and Non-controlling Interest	(3,605)	-	-	-	-	-	-	(1,599)	(5,205)	109	(5,094)

Net Income	11,028	-	-	-	-	-	-	-	11,028	170	11,198
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(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" / "Financial Margin;"

(6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;" and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"

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

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

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

Economic and Financial Analysis

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

	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11
Assets						
Current and Long-Term Assets	864,279	840,295	815,063	773,896	746,090	710,210
Cash and Cash Equivalents	12,077	12,944	13,997	25,069	22,574	10,000
Interbank Investments	151,813	126,772	92,858	84,690	82,303	85,900
Securities and Derivative Financial Instruments	315,487	319,537	322,507	294,959	265,723	244,600
Interbank and Interdepartmental Accounts	49,762	56,276	62,510	61,576	72,906	71,900
Loan and Leasing Operations	267,940	262,748	258,242	250,201	248,719	241,800
Allowance for Loan Losses (ALL)	(21,299)	(20,915)	(20,682)	(20,117)	(19,540)	(19,000)
Other Receivables and Assets	88,499	82,933	85,631	77,518	73,405	74,900
Permanent Assets	14,813	15,993	15,457	15,654	15,443	12,000
Investments	1,865	1,907	1,889	2,076	2,052	1,700
Premises and Leased Assets	4,678	4,500	4,523	4,551	4,413	3,800
Intangible Assets	8,270	9,586	9,045	9,027	8,978	6,500
Total	879,092	856,288	830,520	789,550	761,533	722,210
Liabilities						
Current and Long-Term Liabilities	807,799	789,036	765,398	730,214	704,664	667,300
Deposits	211,858	212,869	217,070	213,877	217,424	224,600
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	255,591	245,538	225,974	213,930	197,448	171,400
Funds from Issuance of Securities	51,359	53,810	51,158	48,482	41,522	32,800
Interbank and Interdepartmental Accounts	5,667	3,649	3,618	3,231	4,614	2,900
Borrowing and Onlending	44,187	45,399	47,895	47,112	53,247	49,000
Derivative Financial Instruments	4,001	4,148	3,568	2,703	735	1,700
Reserves for Insurance, Pension Plans and Capitalization Bonds	124,217	117,807	111,789	106,953	103,653	97,000
Other Liabilities	110,919	105,816	104,326	93,926	86,021	87,400
Deferred Income	658	619	615	646	672	600
Non-controlling Interest in Subsidiaries	588	586	587	630	615	600
Shareholders' Equity	70,047	66,047	63,920	58,060	55,582	53,700
Total	879,092	856,288	830,520	789,550	761,533	722,210

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

	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	R\$ million
Financial Margin	11,109	10,955	11,034	10,695	10,258	10,230	9,471	9,362	
- Interest	10,678	10,603	10,518	10,222	9,985	9,669	9,167	8,849	
- Non-interest	431	352	516	473	273	561	304	513	
ALL	(3,210)	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	
Gross Income from Financial Intermediation	7,899	7,652	7,627	7,601	7,597	7,451	7,034	7,002	
Income from Insurance, Pension Plans and Capitalization Bonds ⁽¹⁾	955	1,029	953	877	933	864	788	785	
Fee and Commission Income	4,675	4,438	4,281	4,118	4,086	3,876	3,751	3,510	
Personnel Expenses	(3,142)	(3,119)	(3,047)	(2,878)	(3,140)	(2,880)	(2,605)	(2,436)	
Other Administrative Expenses	(3,755)	(3,565)	(3,441)	(3,401)	(3,682)	(3,405)	(3,179)	(3,140)	
Tax Expenses	(1,098)	(1,038)	(991)	(1,012)	(1,005)	(866)	(913)	(880)	
Equity in the Earnings (Losses) of Unconsolidated Companies	45	45	19	40	53	41	16	34	
Other Operating Income/ (Expenses)	(1,130)	(1,054)	(1,035)	(996)	(808)	(907)	(764)	(922)	
Operating Result	4,449	4,388	4,366	4,349	4,034	4,174	4,128	3,953	
Non-Operating Result	(29)	(20)	(22)	(18)	4	10	(7)	(4)	
Income Tax and Social Contribution	(1,488)	(1,455)	(1,461)	(1,468)	(1,241)	(1,304)	(1,271)	(1,138)	
Non-controlling Interest	(14)	(20)	(16)	(18)	(26)	(16)	(25)	(73)	
Adjusted Net Income	2,918	2,893	2,867	2,845	2,771	2,864	2,825	2,738	

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

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

Economic and Financial Analysis

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

					R\$ million	
	Financial Margin				Variation	
	12M12	12M11	4Q12	3Q12	YTD	Quarter
Interest - due to volume					5,012	253
Interest - due to spread					(661)	(178)
- Financial Margin - Interest	42,021	37,670	10,678	10,603	4,351	75
- Financial Margin - Non-Interest	1,772	1,651	431	352	121	79
Financial Margin	43,793	39,321	11,109	10,955	4,472	154
Average Margin Rate ⁽¹⁾	7.5%	7.7%	7.6%	7.6%		

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

The fourth quarter of 2012 had a financial margin of R\$11,109 million, up 1.4%, or R\$154 million, when compared to the previous quarter. This variation was mainly due to: (i) higher non-interest margin, totaling R\$79 million, and (ii) a R\$75 million increase in interest margin.

Between 2012 and 2011, financial margin grew by 11.4%, or R\$4,472 million, as a result of (i) a R\$4,351 million increase in interest margin, of which: (a) R\$5,012 million corresponds to the increase in volume of operations; partially minimized by: (b) a R\$661 million decrease in spread; and (ii) a R\$121 million increase in non-interest financial margin, thanks to higher Insurance gains.

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

					R\$ million	
	Interest Financial Margin Breakdown				Variation	
	12M12	12M11	4Q12	3Q12	YTD	Quarter
Loans	29,530	26,818	7,527	7,460	2,712	67
Funding	4,225	4,562	997	1,019	(337)	(22)

Insurance	3,183	3,388	912	694	(205)	218
Securities/Other	5,083	2,902	1,242	1,430	2,181	(188)
Interest Financial Margin	42,021	37,670	10,678	10,603	4,351	75

In the fourth quarter of 2012, interest financial margin stood at R\$10,678 million, for a R\$75 million increase over the third quarter of 2012. Year over year, interest financial margin increased by 11.6%, or R\$4,351 million.

Quarter over quarter, the business lines that most contributed to this result were: (i) "Loan;" and (ii) "Insurance;" year over year, the business lines that most contributed were: (i) "Loan;" and (ii) "Securities/Other."

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

The annualized interest financial margin rate stood at 7.3% in the fourth quarter of 2012, posting a slight 0.1 p.p. decrease in relation to the previous quarter, mainly due to: (i) the decrease in the average “Loan” margin rate, which was impacted by lower interest rates, combined with the change in the loan portfolio mix; and (ii) the increase in the average rate of the Insurance margin, due to the lower IGP-M when compared to the previous quarter, which resulted in a lower expense with adjustment for inflation of part of technical reserves.

Interest Financial Margin - Annualized Average Rates

	R\$ million					
	12M12			12M11		
	Interest	Average	Average	Interest	Average	Average
		Balance	Rate		Balance	Rate
Loans	29,530	284,173	10.4%	26,818	254,812	10.5%
Funding	4,225	333,483	1.3%	4,562	301,122	1.5%
Insurance	3,183	113,304	2.8%	3,388	94,561	3.6%
Securities/Other	5,083	293,294	1.7%	2,902	234,205	1.2%
Interest Financial Margin	42,021	-	7.2%	37,670	-	7.4%
	4Q12			3Q12		
	Interest	Average	Average	Interest	Average	Average
		Balance	Rate		Balance	Rate
Loans	7,527	294,694	10.6%	7,460	287,987	10.8%
Funding	997	333,304	1.2%	1,019	332,488	1.2%
Insurance	912	121,638	3.0%	694	115,647	2.4%
Securities/Other	1,242	307,457	1.6%	1,430	298,905	1.9%
Interest Financial Margin	10,678	-	7.3%	10,603	-	7.4%

Economic and Financial Analysis

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

	Financial Margin - Loan				R\$ million	
	12M12	12M11	4Q12	3Q12	Variation YTD	Quarter
	Interest - due to volume					3,051
Interest - due to spread					(339)	(104)
Interest Financial Margin	29,530	26,818	7,527	7,460	2,712	67
Income	51,236	49,077	12,361	12,912	2,159	(551)
Expenses	(21,706)	(22,259)	(4,834)	(5,452)	553	618

In the fourth quarter of 2012, financial margin with loan operations reached R\$7,527 million, up R\$67 million or 0.9% over the previous quarter. The variation is the result of: (i) the R\$171 million increase in average business volume; and partially offset by: (ii) the R\$104 million decrease in average spread, basically reflecting lower interest rates.

Between 2012 and 2011, financial margin grew 10.1%, or R\$2,712 million, resulting from: (i) a R\$3,051 million increase in the volume of operations; and offset by: (ii) the decrease in average spread, amounting to R\$339 million, which was basically impacted by: (a) the change in the loan portfolio mix, due to greater share of the Corporate segment, which has lower margins and posted an increase of 11.6% over the last 12 months compared to the 8.2% growth of the Individuals segment in the same period; and (b) lower interest rates.

Loan Financial Margin - Interest

Loan Financial Margin - Net Margin

The graph above presents a summary of loan activity. The Gross Margin curve 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, loan recoveries net of discounts granted in transactions and the result of the sale of foreclosed assets, among other items.

The net margin curve presents the result from loan interest income, net of ALL, which, in the fourth quarter of 2012, recorded a 3.8% increase compared to the third quarter of 2012, mainly due to: (i) the decrease in default costs; and (ii) the increase in business volume. Year over year, net margin was practically stable.

Economic and Financial Analysis

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

The loan portfolio amounted to R\$385.5 billion in December 2012, up 3.7% in the quarter, led by Corporate segment (Corporations grew by 4.6%, whereas SMEs increased 3.7% in the period). Over the past twelve months, the loan portfolio increased 11.5%, led by Corporate portfolios, a growth of 15.0% in Corporations and 10.6% in SMEs.

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

For further information, refer to page 42 herein.

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

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

Individuals	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
CDC / Vehicle Leasing	31,099	31,860	32,986	(2.4)	(5.7)
Credit Card	20,921	18,850	18,633	11.0	12.3
Payroll-Deductible Loans ⁽¹⁾	20,757	19,956	17,807	4.0	16.6
Personal Loans	15,041	14,929	13,212	0.8	13.8
Real Estate Financing ⁽²⁾	10,060	9,452	7,248	6.4	38.8
Rural Loans	6,927	6,528	6,641	6.1	4.3
BNDES/Finame Onlending	5,775	5,628	5,336	2.6	8.2
Overdraft Facilities	2,989	3,198	2,746	(6.6)	8.8
Sureties and Guarantees	683	685	856	(0.3)	(20.2)
Other ⁽³⁾	3,289	3,450	3,206	(4.7)	2.6
Total	117,540	114,536	108,671	2.6	8.2

Including:

(1) Loan assignment (FIDC): R\$202 million in December 2012, R\$265 million in September 2012 and R\$514 million in December 2011;

(2) Loan assignment (CRI): R\$149 million in December 2012, R\$165 million in September 2012 and R\$216 million in December 2011; and

(3) Loan assignment (FIDC) for the acquisition of assets: R\$1 million in December 2012, R\$1 million in September 2012 and R\$2 million in December 2011; and rural loan assignment: R\$101 million in December 2012, R\$111 million in September 2012 and R\$111 million in December 2011.

Operations bearing credit risks for Individuals grew by 2.6% in the quarter, led by: (i) credit card; and (ii) real estate financing. In the last 12 months, the 8.2% growth was a result of better performance in: (i) real estate financing; and (ii) payroll-deductible loans.

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Loan Financial Margin - Interest

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

Corporate	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Working Capital	44,811	42,416	41,863	5.6	7.0
BNDES/Finame Onlending	29,929	29,160	30,062	2.6	(0.4)
Operations Abroad	25,243	24,748	22,659	2.0	11.4
Credit Card	13,942	13,984	13,533	(0.3)	3.0
Real Estate Financing - Corporate Plan ⁽¹⁾	12,674	12,059	9,253	5.1	37.0
Export Financing	12,023	12,974	9,824	(7.3)	22.4
Overdraft Account	9,793	10,546	9,670	(7.1)	1.3
Vehicles - CDC	7,088	6,677	5,443	6.1	30.2
Leasing	6,190	6,416	7,325	(3.5)	(15.5)
Rural Loans	4,653	4,553	4,395	2.2	5.9
Sureties and Guarantees ⁽²⁾	59,228	54,048	47,624	9.6	24.4
Operations bearing Credit Risk - Commercial Portfolio ⁽³⁾	30,874	28,587	23,798	8.0	29.7
Other ⁽⁴⁾	11,542	10,970	11,605	5.2	(0.5)
Total	267,989	257,138	237,053	4.2	13.1

Including:

(1) Loan assignment (CRI): R\$230 million in December 2012, R\$234 million in September 2012, R\$285 million in December 2011;

(2) A total of 91.3% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R\$1,629 million in December 2012, R\$1,569 million in September 2012 and R\$1,754 million in December 2011.

Operations bearing credit risk for corporate customers grew by 4.2% in the quarter and 13.1% in the last 12 months. The main highlights in the quarter were: (i) sureties and guarantees; and (ii) operations bearing credit risk – commercial portfolio. In the last 12 months, the growth was led by: (i) real estate financing – corporate plan; and (ii) operations bearing credit risk – commercial portfolio.

Expanded Loan Portfolio - Consumer Financing

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

Consumer financing totaled R\$88.2 billion, up 2.6% in the quarter and 6.2% in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing) (R\$31.1 billion); and (ii) payroll-deductible loans (R\$20.8

billion), which together totaled R\$51.9 billion, accounting for 58.8% of the consumer financing balance. Given their guarantees and characteristics, these products provide a rather low level of credit risk to this group of operations.

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

	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
CDC Portfolio	36,336	36,217	34,204	0.3	6.2
Individuals	29,248	29,540	28,761	(1.0)	1.7
Corporate	7,088	6,677	5,443	6.2	30.2
Leasing Portfolio	4,774	5,492	8,223	(13.1)	(41.9)
Individuals	1,851	2,320	4,225	(20.2)	(56.2)
Corporate	2,923	3,172	3,998	(7.8)	(26.9)
Finame Portfolio	10,417	10,308	10,311	1.1	1.0
Individuals	938	989	1,000	(5.2)	(6.2)
Corporate	9,479	9,319	9,311	1.7	1.8
Total	51,527	52,017	52,738	(0.9)	(2.3)
Individuals	32,037	32,849	33,986	(2.5)	(5.7)
Corporate	19,490	19,168	18,752	1.7	3.9

Vehicle financing operations (individual and corporate customers) totaled R\$51.5 billion in December 2012, presenting a decrease in quarter-over-quarter and year-over-year comparisons. Of the total vehicle portfolio, 70.5% corresponds to CDC, 20.2% to Finame and 9.3% to Leasing. Individuals represented 62.2% of the portfolio, while corporate customers accounted for the remaining 37.8%.

Expanded Loan Portfolio Concentration - by Sector

The share of each economic sector composing the loan portfolio had a slight variation. Services had the greatest growth, both in the quarter and in the last 12-month period.

Activity Sector	R\$ million					
	Dec12	%	Sept12	%	Dec11	%
Public Sector	1,179	0.3	1,086	0.3	1,921	0.6
Private Sector	384,350	99.7	370,588	99.7	343,803	99.4
Corporate	266,810	69.2	256,052	68.9	235,131	68.0
Industry	83,880	21.8	82,531	22.2	75,841	21.9
Commerce	57,531	14.9	58,786	15.8	52,647	15.2
Financial Intermediaries	7,138	1.9	6,617	1.8	4,624	1.3
Services	114,383	29.7	104,200	28.0	98,263	28.4
Agriculture, Cattle Raising, Fishing,	3,879	1.0	3,918	1.1	3,757	1.1

Forestry and Forest Exploration

Individuals	117,540	30.5	114,536	30.8	108,672	31.4
Total	385,529	100.0	371,674	100.0	345,724	100.0

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Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio

Of the R\$39.8 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$31.9 billion, or 80.2%, representing 8.3% of the portfolio in December 2012.

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

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

The chart below shows that new borrowers and remaining debtors as of December 2011 (customers that remained in the loan portfolio for at least 12 months) presented a good level of credit quality (AA-C ratings), demonstrating the adequacy and consistency of the loan assignment policy and processes, as well as the quality of guarantees and the credit rating instruments used by Bradesco.

**Changes in the Extended Loan Portfolio by Rating from December 2011 to 2012
New Customers from**

Rating	Total Loans as of December 2012		January to December 2012		Remaining Debtors as of December 2011	
	R\$ million	%	R\$ million	%	R\$ million	%
	AA - C	360,474	93.5	30,588	95.9	329,886
D	7,598	2.0	370	1.1	7,228	2.0
E - H	17,457	4.5	950	3.0	16,507	4.7
Total	385,529	100.0	31,908	100.0	353,621	100.0

Expanded Loan Portfolio - By Customer Profile

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

Customer Profile	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Corporations	152,728	146,033	132,825	4.6	15.0
SMEs	115,261	111,106	104,228	3.7	10.6
Individuals	117,540	114,536	108,671	2.6	8.2
Total Loan Operations	385,529	371,674	345,724	3.7	11.5

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

AA-C rated loans had a slight increase in comparison with the previous quarter and slightly decreased in the year-over-year comparison.

Customer Profile	By Rating								
	Dec12			Sept12			Dec11		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.7	0.9	0.4	98.8	0.8	0.5	99.0	0.5	0.5
SMEs	91.3	3.1	5.6	91.2	3.1	5.7	91.8	2.8	5.4
Individuals	88.9	2.3	8.8	88.8	2.4	8.8	89.0	2.2	8.8
Total	93.5	2.0	4.5	93.4	2.0	4.6	93.7	1.7	4.6

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

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

Business Segments	R\$ million				Variation %		
	Dec12	%	Sept12	%	Dec11	%	12M
Retail	108,631	28.2	104,405	28.1	94,125	27.2	15.4
Corporate ⁽¹⁾	158,474	41.1	152,850	41.1	143,396	41.5	10.5
Middle Market	49,271	12.8	46,693	12.6	44,191	12.8	11.5
Prime	15,603	4.0	14,718	4.0	12,325	3.6	26.6
Other / Non-account holders ⁽²⁾	53,551	13.9	53,008	14.2	51,687	14.9	3.6
Total	385,529	100.0	371,674	100.0	345,724	100.0	11.5

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

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

Expanded Loan Portfolio - By Currency

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$15.1 billion in December 2012 (US\$15.0 billion in September 2012 and US\$14.8 billion in December 2011), a 0.7% and 2.0% increase, in dollars, in the quarter and in the last 12 months, respectively. In reais, these same foreign currency operations totaled R\$30.9 billion in December 2012 (R\$30.4 billion in September 2012 and R\$27.8 billion in December 2011), a 1.6% growth in the quarter and 11.2% in the last 12 months.

In December 2012, total loan operations, in reais, stood at R\$354.6 billion (R\$341.3 billion in September 2012 and R\$317.9 billion in December 2011), up 3.9% on the previous quarter and 11.5% over the last 12 months.

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Loan Financial Margin - Interest**Expanded Loan Portfolio - by Debtor**

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

Loan Portfolio⁽¹⁾ - By Type

All operations bearing credit risk stood at R\$409.4 billion, up 3.7% in the quarter and 12.1% in the last 12 months.

	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Loans and Discounted Securities Financing	141,861	138,417	129,519	2.5	9.5
Rural and Agribusiness Financing	101,361	99,631	92,149	1.7	10.0
Leasing Operations	16,683	15,968	15,499	4.5	7.6
Advances on Exchange Contracts	8,035	8,731	11,551	(8.0)	(30.4)
Other Loans	6,348	7,360	6,235	(13.8)	1.8
Subtotal Loan Operations ⁽²⁾	290,960	284,367	268,668	2.3	8.3
Sureties and Guarantees Granted (Memorandum Accounts)	59,911	54,732	48,479	9.5	23.6
Operations bearing Credit Risk - Commercial Portfolio ⁽³⁾	30,874	28,587	23,798	8.0	29.7
Letters of Credit (Memorandum Accounts)	1,629	1,569	1,754	3.8	(7.1)
Advances from Credit Card Receivables	1,454	1,623	1,879	(10.4)	(22.6)
Co-obligation in Loan Assignment	582	666	1,017	(12.6)	(42.8)
FIDC/CRI (Memorandum Accounts)					
Co-obligation in Rural Loan Assignment (Memorandum Accounts)	119	130	130	(8.7)	(8.7)
Subtotal of Operations bearing Credit Risk - Expanded Portfolio	385,529	371,674	345,724	3.7	11.5
Other Operations Bearing Credit Risk ⁽⁴⁾	23,851	22,928	19,339	4.0	23.3
Total Operations bearing Credit Risk	409.380	394,602	365,063	(99.9)	(99.9)

- (1) In addition to the Expanded Portfolio, it includes other operations bearing credit risk;
- (2) As defined by Bacen;
- (3) Including debenture and promissory note operations; and
- (4) Including CDI operations, international treasury, swaps, forward currency contracts and investments in FIDC and CRI.

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Loan Financial Margin - Interest

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

Loan Portfolio⁽¹⁾ - By Flow of Maturities

The portfolio's profile by flow of maturities remained stable year over year. The reduction in certain long-term portfolios was offset by the volume of payroll-deductible loan operations and real estate financing. Note that, due to their guarantees and characteristics, these operations are exposed to lower risk, in addition to providing favorable conditions to gain customer loyalty.

(1) As defined by Bacen.

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Loan Financial Margin - Interest

Loan Portfolio⁽¹⁾ - Delinquency over 90 days

Total delinquency ratio over 90 days was stable in the quarter. Note the slight reduction in Corporations and SMEs which, however, did not change the average ratio, given that the Individuals delinquency ratio remained practically stable in 2012.

As shown in the graph below, the total delinquency ratio for operations overdue from 61 to 90 days had a slight decrease in the quarter and a slight increase over the last twelve months, mainly due to the change in the portfolio mix. Loans overdue from 61 to 90 days remained stable for individuals, whereas for corporate customers it posted a slight decrease. Year over year, the ratio remained stable both for individuals and corporate customers.

(1) As defined by Bacen.

Loan Financial Margin - Interest

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

The ALL of R\$21.3 billion, representing 7.3% of the total portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing loans) and the excess provision (internal criteria).

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

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period, i.e., for an existing provision of 7.3% of the portfolio⁽¹⁾, in December 2011, the effective gross loss in the subsequent twelve-month period was 4.5%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 60%, as shown in the graph below.

(1) As defined by Bacen.

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Loan Financial Margin - Interest

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In December 2011, for an existing provision of 7.3% of the portfolio⁽¹⁾, the net loss in the subsequent twelve-month period was 3.4%, meaning that the existing provision covered the loss in the subsequent 12 months by more than 113%.

(1) As defined by Bacen.

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Loan Financial Margin - Interest

Allowance for Loan Losses⁽¹⁾

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

(1) As defined by Bacen; and

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

Economic and Financial Analysis

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

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

	R\$ million (except %)		
	Dec12	Sept12	Dec11
Total Loan Operations ⁽¹⁾	290,960	284,367	268,668
- Individuals	116,404	113,308	106,972
- Corporate	174,556	171,058	161,696
Existing Provision	21,299	20,915	19,540
- Specific	11,182	10,897	9,875
- Generic	6,106	6,007	5,654
- Excess	4,010	4,011	4,011
Specific Provision / Existing Provision (%)	52.5	52.1	50.5
Existing Provision / Loan Operations (%)	7.3	7.4	7.3
AA - C Rated Loan Operations / Loan Operations (%)	91.5	91.5	91.9
D Rated Operations under Risk Management / Loan Operations (%)	2.5	2.5	2.2
E - H Rated Loan Operations / Loan Operations (%)	6.0	6.0	5.9
D Rated Loan Operations	7,427	7,192	5,847
Existing Provision for D Rated Loan Operations	2,039	1,982	1,572
D Rated Provision / Loan Operations (%)	27.5	27.6	26.9
D - H Rated Non-Performing Loans	16,414	16,262	14,592
Existing Provision/D - H Rated Non-Performing Loans (%)	129.8	128.6	133.9
E - H Rated Loan Operations	17,382	17,032	15,796
Existing Provision for E - H Rated Loan Operations	15,296	14,999	13,859
E - H Rated Provision / Loan Operations (%)	88.0	88.1	87.7
E - H Rated Non-Performing Loans	13,404	13,017	11,949
Existing Provision/E - H Rated Non-Performing Loan (%)	158.9	160.7	163.5
Non-Performing Loans ⁽²⁾	14,455	14,447	12,870
Non-Performing Loans ⁽²⁾ / Loan Operations (%)	5.0	5.1	4.8
Existing Provision / Non-Performing Loans ⁽²⁾ (%)	147.3	144.8	151.8
Loan Operations Overdue for over 90 days	11,955	11,684	10,598
Existing Provision/Operations Overdue for over 90 days (%)	178.2	179.0	184.4

(1) As defined by Bacen; and

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

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

	Financial Margin - Funding				R\$ million	
	12M12	12M11	4Q12	3Q12	Variation	Quarter
					YTD	
Interest - due to volume					410	2
Interest - due to spread					(747)	(24)
Interest Financial Margin	4,225	4,562	997	1,019	(337)	(22)

Quarter over quarter, interest funding financial margin decreased 2.2%, or R\$22 million. The variation was due to: (i) the R\$24 million decrease in average spread, reflecting lower interest rate (Selic) in the period; partially offset by: (ii) the slight increase in the volume of transactions, in the amount of R\$2 million.

In 2012, interest funding financial margin was R\$4,225 million against the R\$4,562 million in 2011, down by 7.4% or R\$337 million, mainly driven by: (i) the R\$747 million decrease in average spread, partially impacted by lower interest rate (Selic); and partially offset by: (ii) gains from average business volume, totaling R\$410 million.

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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 reserve requirements at Bacen, (ii) the amount of available funds held at customer service network units; and (iii) add funds from domestic and foreign lines of credit that finance loan needs.

Bradesco depends little 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 loans using its own funding.

Funding vs. Investments	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Demand Deposits	38,412	33,627	33,121	14.2	16.0
Sundry Floating	3,428	4,735	2,322	(27.6)	47.6
Savings Deposits	69,042	65,540	59,656	5.3	15.7
Time Deposits + Debentures ⁽¹⁾	163,832	168,702	173,904	(2.9)	(5.8)
Financial Bills	28,221	31,234	27,120	(9.6)	4.1
Other	23,799	21,311	18,671	11.7	27.5
Customer Funds	326,733	325,149	314,794	0.5	3.8
(-) Reserve Requirements/Available Funds ⁽²⁾	(58,291)	(63,459)	(81,096)	(8.1)	(28.1)
Customer Funds Net of Compulsory Deposits	268,442	261,690	233,698	2.6	14.9
Onlending	32,744	31,832	32,832	2.9	(0.3)
Foreign Lines of Credit	11,161	16,360	11,930	(31.8)	(6.4)
Funding Abroad	51,411	45,057	47,207	14.1	8.9
Total Funding (A)	363,759	354,939	325,667	2.5	11.7
Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) ⁽³⁾	335,917	330,530	305,868	1.6	9.8
B/A (%)	92.3	93.1	93.9	(0.8) p.p.	(1.6) 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 CDI to rebate from reserve requirements and debentures.

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Funding Financial Margin - Interest

Main Funding Sources

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Demand Deposits	38,412	33,627	33,121	14.2	16.0
Savings Deposits	69,042	65,540	59,656	5.3	15.7
Time Deposits	104,022	113,379	124,127	(8.3)	(16.2)
Debentures ⁽¹⁾	59,810	55,323	49,777	8.1	20.2
Borrowing and Onlending	44,186	45,399	53,247	(2.7)	(17.0)
Funds from Issuance of Securities ⁽²⁾	51,359	53,810	41,522	(4.6)	23.7
Subordinated Debts	34,852	34,507	26,910	1.0	29.5
Total	401,683	401,585	388,360	-	3.4

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

(2) Including: Financial Bills, on December 31, 2012, amounting to R\$28,221 million (R\$31,234 million on September 30, 2012 and R\$27,120 million on December 31, 2011).

Demand Deposits

Demand deposits amounted to R\$38,412 million in the fourth quarter of 2012, a 14.2% increase quarter over quarter and 16.0% on the same period in 2011, mainly due to the improved funding resulting from the seasonal effect in the quarter and the increased account holder base in the period.

(1) Additional installment is not included.

Savings Deposits

Savings deposits increased 5.3% in the quarter-over-quarter comparison and 15.7% in the last 12 months, mainly as a result of: (i) greater funding volume, partially influenced by the changes in the investment remuneration rules; and (ii) the remuneration of savings account reserve.

Bradesco is always increasing its savings accounts base and posted net growth of 5.2 million new savings accounts over the last 12 months.

The new savings remuneration rule determines that:

(i) the existing account savings up to May 3, 2012 will continue to remunerate at TR + 0.5% p.m.; and

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

or lower than 8.5% p.a., the remuneration will be
70% of Selic rate + TR.

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Funding Financial Margin - Interest

Time Deposits

In the fourth quarter of 2012, time deposits totaled R\$104,022 million, decreasing by 8.3% quarter over quarter and 16.2% on the same period of the previous year.

Such performance is basically due to the new business opportunities offered to customers and the migration of funds to other investment sources, such as Financial Treasury Bills and Debentures, thereby extending average funding terms, which offset the increase of new funding and the restatement of the deposit portfolio.

Debentures

On December 31, 2012, Bradesco's debentures amounted to R\$59,810 million, an 8.1% increase in the quarter-over-quarter comparison and a 20.2% increase over the last 12 months.

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

Borrowing and Onlending

The quarter-over-quarter R\$1,213 million reduction was mainly due to: (i) a decreased foreign-currency-denominated and/or indexed borrowing and onlending, from R\$10,267 million in September 2012 to R\$8,169 million in December 2012, mainly driven by the settlement of operations; and partially offset by: (ii) the R\$885 million increase in the volume of funds raised through loans and onlending in Brazil, especially through BNDES and Finame operations.

Year over year, the balance fell 17.0%, or R\$9,061 million, mainly due to the R\$9,171 million decrease in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$17,340 million in December 2011 to R\$8,169 million in December 2012, mainly due to: (a) the settlement of operations; partially offset by: (b) the exchange gain of 8.9% in the period.

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Funding Financial Margin - Interest

Funds for the Issuance of Securities

Funds from issuance of securities totaled R\$51,359 million, a 4.6% or R\$2,451 million decrease in the quarter, mainly due to: (i) the decreased inventory of Financial Bills, from R\$31,234 million in September 2012 to R\$28,221 million in December 2012, mainly due to the redemptions and maturities of these securities, beginning in May 2012; and partially offset by: (ii) the greater volume of Mortgage Bonds, in the amount of R\$418 million.

When compared to 2011, this year's growth of 23.7%, or R\$9,837 million, was mainly the result of: (i) the increase in volume of securities issued abroad, in the amount of R\$5,778 million, a result of new issuances carried out in the period and exchange gains of 8.9%; (ii) the higher volume of Mortgage Bonds, in the amount of R\$2,086 million; (iii) the higher volume of Letters of Credit for Agribusiness, in the amount of R\$1,355 million; (iv) new issuances of Financial Bills, which increased by R\$1,101 million; and partially offset by: (v) the R\$483 million decrease in the balance of Collateral Mortgage Notes.

Subordinated Debt

Subordinated Debt totaled R\$34,852 million in December 2012 (R\$8,807 million abroad and R\$26,045 million in Brazil). In the last 12 months, Bradesco issued R\$19,837 million (R\$2,008 million abroad and R\$17,829 million in Brazil).

Additionally, note that, in the fourth quarter of 2012, Bacen authorized the use of Subordinated Financial Bills amounting to R\$2,206 million (R\$273 million in the third quarter of 2012) to compose Tier II of the Capital Adequacy Ratio, of which only R\$26,638 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.

Economic and Financial Analysis

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

	Financial Margin - Securities/Other					R\$ million	
	12M12	12M11	4Q12	3Q12	Variation		
					YTD	Quarter	
Interest - due to volume					1,024	35	
Interest - due to spread					1,157	(223)	
Interest Financial Margin	5,083	2,902	1,242	1,430	2,181	(188)	
Income	31,647	33,956	6,862	7,110	(2,309)	(248)	
Expenses	(26,564)	(31,054)	(5,620)	(5,680)	4,490	60	

Quarter over quarter, interest financial margin from Securities/Other was down by R\$188 million, mainly due to: (i) the R\$223 million decrease in average spread; and partially offset by: (ii) the increase in business volume, which accounted for R\$35 million.

In 2012, interest financial margin from Securities/Other stood at R\$5,083 million, versus R\$2,902 million recorded in 2011, up 75.2%, or R\$2,181 million. This result was due to: (i) an R\$1,157 million increase in the average spread; and (ii) an increase in the volume of operations which affected the result in R\$1,024 million.

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

	Financial Margin - Insurance					R\$ million	
	12M12	12M11	4Q12	3Q12	Variation		
					YTD	Quarter	
Interest - due to volume					527	45	
Interest - due to spread					(732)	173	
Interest Financial Margin	3,183	3,388	912	694	(205)	218	
Income	10,875	10,310	2,329	3,206	565	(877)	
Expenses	(7,692)	(6,922)	(1,417)	(2,512)	(770)	1,095	

In the quarter-over-quarter comparison, interest financial margin from insurance operations increased R\$218 million, or 31.4%, mainly due to: (i) a R\$173 million increase in average spread, as a result of the decreased IGP-M rate in the quarter, making lower the expense with the adjustment for inflation of part of technical reserves; and (ii) the increase in the volume of operations, amounting to R\$45 million.

In the year-over-year comparison, interest financial margin from insurance operations was down 6.1%, or

R\$205 million, due to: (i) the R\$732 million loss in average spread, as a result of: (a) the IGP-M rate trend in the periods; and (b) the dividend distribution in the period; and partially offset by: (ii) the increase in volume of operations, amounting to R\$527 million.

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

	Non-Interest Financial Margin				R\$ million	
	12M12	12M11	4Q12	3Q12	Variation	
					YTD	Quarter
Funding	(291)	(294)	(73)	(72)	3	(1)
Insurance	368	214	102	84	154	18
Securities/Other	1,695	1,731	402	340	(36)	62
Total	1,772	1,651	431	352	121	79

The non-interest financial margin in the fourth quarter of 2012 stood at R\$431 million versus R\$352 million from the previous quarter. Year over year, non-interest margin increased R\$121 million.

Main variations were a result of:

- “Insurance,” which is represented by gains/loss from equity securities. The variations in the periods are associated with market conditions, which enabled greater/lower gain opportunity; and
- “Securities/Other,” whose R\$62 million quarter-over-quarter increase and R\$36 million year-over-year decrease were due to the Treasury/Securities result in the periods.

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

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

Consolidated Statement of Financial Position

	Dec12	Sept12	R\$ million Dec11
Assets			
Current and Long-Term Assets	150,710	142,288	124,438
Securities	141,540	133,738	116,774
Insurance Premiums Receivable	1,979	1,995	1,753
Other Loans	7,191	6,555	5,911
Permanent Assets	3,661	3,456	3,241
Total	154,371	145,744	127,679
Liabilities			
Current and Long-Term Liabilities	133,935	127,194	111,027
Tax, Civil and Labor Contingencies	2,523	2,266	2,042
Payables on Insurance, Pension Plan and Capitalization Bond Operations	367	340	363
Other Liabilities	6,828	6,781	4,969
Insurance Technical Reserves	10,397	10,217	8,074
Life and Pension Plan Technical Reserves	108,371	102,425	91,008
Capitalization Bond Technical Reserves	5,449	5,165	4,571
Non-controlling Interest	637	631	647
Shareholders' Equity	19,799	17,919	16,005
Total	154,371	145,744	127,679

Consolidated Income Statement ⁽¹⁾

	12M12	12M11	4Q12	R\$ million 3Q12
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	44,308	37,636	13,216	10,104
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond	22,514	19,100	6,126	5,763
Financial Result from the Operation	3,443	3,411	991	757
Sundry Operating Income	1,047	1,001	232	203
Retained Claims	(12,942)	(11,167)	(3,472)	(3,282)
Capitalization Bond Draws and Redemptions	(3,382)	(2,651)	(982)	(891)

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Selling Expenses	(2,374)	(1,912)	(636)	(592)
General and Administrative Expenses	(2,025)	(2,084)	(584)	(519)
Other Operating Income/Expenses	(353)	(277)	(142)	(64)
Tax Expenses	(482)	(476)	(136)	(108)
Operating Result	5,446	4,945	1,397	1,268
Equity Result	475	316	162	127
Non-Operating Result	(41)	(37)	(12)	(10)
Income before Taxes and Profit Sharing	5,880	5,224	1,547	1,385
Income Tax and Contributions	(2,139)	(1,816)	(547)	(506)
Profit Sharing	(75)	(60)	(17)	(19)
Non-controlling Interest	(79)	(147)	(19)	(23)
Net Income	3,587	3,201	964	837

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

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

	R\$ million							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Life and Pension Plans	570	493	494	493	535	486	470	442
Health	167	133	148	151	181	132	200	201
Capitalization Bonds	103	86	91	104	87	86	79	86
Basic Lines and Other	124	125	148	157	57	76	51	32
Total	964	837	881	905	860	780	800	761

Performance Ratios

	%							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Claims Ratio ⁽¹⁾	70.5	70.4	71.3	71.9	68.6	71.5	72.2	72.0
Expense Ratio ⁽²⁾	11.6	11.3	11.1	11.1	11.1	10.5	10.8	10.0
Administrative Expenses Ratio ⁽³⁾	4.2	5.0	4.3	5.0	4.5	5.8	5.4	6.1
Combined Ratio ^{(4) (5)}	86.6	86.5	85.0	85.6	83.6	86.2	85.8	86.1

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

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

(5) Excluding additional reserves.

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

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

In the fourth quarter of 2012, total revenue grew 30.8% compared to the previous quarter, led by the “Life and Pension Plan” segment, which was driven by higher concentration of private pension contributions in the period.

Production in 2012 posted a 17.7% increase comparing to the same period in the previous year, driven by the performance of all segments, which had more than a two-digit growth.

Economic and Financial Analysis

Insurance, Pension Plans and Capitalization Bonds

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

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Insurance, Pension Plan and Capitalization Bonds

Retained Claims by Insurance Line

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Insurance, Pension Plan and Capitalization Bonds

Insurance Expense Ratio by Insurance Line

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Insurance, Pension Plans and Capitalization Bonds

Efficiency Ratio

General and Administrative Expenses/Revenue

Quarter over quarter, the efficiency ratio decreased 0.8 p.p., mainly due to the 30.8% increase in revenue for the period.

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Insurance, Pension Plans and Capitalization Bonds

Insurance Technical Reserves

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Bradesco Vida e Previdência

	R\$ million (unless otherwise stated)							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net Income	570	493	494	493	535	486	470	442
Premium and Contribution Income ⁽¹⁾	8,053	5,002	6,737	5,009	6,886	4,708	5,493	4,059
- Income from Pension Plans and VGBL	6,976	3,988	5,816	4,090	5,926	3,829	4,713	3,317
- Income from Life/Personal Accidents Insurance Premiums	1,077	1,014	921	919	960	879	780	742
Technical Reserves	108,371	102,425	98,199	93,861	91,008	84,788	81,991	78,547
Investment Portfolio	117,418	110,182	106,102	100,366	96,047	91,806	88,255	85,182
Claims Ratio	37.4	34.6	43.5	41.3	38.3	44.4	47.4	43.6
Expense Ratio	23.3	21.2	19.2	21.3	19.1	18.5	19.2	19.2
Combined Ratio	68.1	60.8	68.4	70.8	66.1	71.3	75.4	71.9
Participants / Policyholders (in thousands)	25,837	25,295	25,257	24,534	24,582	24,051	23,109	22,698
Premium and Contribution Income Market Share (%) ⁽²⁾	29.2	28.8	29.9	27.5	33.1	31.6	32.0	28.1
Life/AP Market Share - Insurance Premiums (%) ⁽²⁾	17.8	17.8	17.4	17.3	17.6	16.9	16.3	16.0

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

(2) 4Q12 includes the latest data released by Susep (November 2012).

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

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência leads the segment with a 29.2% market share in terms of pension plan and VGBL income in the period (source: Susep).

Net income for the fourth quarter of 2012 was 15.6% higher than the result posted in the previous quarter, mainly as a result of: (i) the 61.0% increase in revenues; (ii) the increase in the financial result; (iii) the improved administrative efficiency ratio; partially offset by: (iv) the 2.8 p.p. increase in “Life” product claims ratio; and (v) the 2.1 p.p. increase in selling costs.

Net income for 2012 was 6.1% higher than the net income posted in the previous year, mainly due to: (i) the 17.3% increase in revenues; (ii) the 4.2 p.p. decrease in “Life” product claims ratio; (iii) reduced general and administrative expenses, partially offset by: (iv) the 3.8 p.p. in selling costs.

Economic and Financial Analysis

Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical reserves stood at R\$108.4 billion in December 2012, made up of R\$103.2 billion from the "Pension Plans and VGBL" product and R\$5.2 billion from "Life," "Personal Accidents" and "Other Lines" products, up 19.1% over December 2011. The Pension Plan and VGBL Investment Portfolio totaled R\$111.3 billion in November 2012, equal to 33.6% of all market funds (source: Fenaprevi).

Growth of Participants and Life and Personal Accident Policyholders

In December 2012, the number of Bradesco Vida e Previdência customers grew by 5.1% compared to December 2011, surpassing a total of 2.3 million pension plan and VGBL plan participants and 23.5 million personal accident participants.

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

Bradesco Saúde e Mediservice

	R\$ million (unless otherwise stated)							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net Income	167	133	148	151	181	132	200	201
Net Written Premiums	2,727	2,498	2,338	2,251	2,170	2,114	2,016	1,940
Technical Reserves	5,582	5,466	4,128	4,072	3,984	3,942	3,848	3,708
Claims Ratio	85.3	86.9	86.1	86.4	83.4	87.3	87.7	87.6
Expense Ratio	5.1	5.0	4.9	4.8	4.7	4.4	4.3	4.2
Combined Ratio	98.5	99.9	96.9	97.9	96.1	98.9	99.6	100.0
Policyholders (in thousands)	3,964	3,873	3,707	3,627	3,458	3,384	3,244	3,144
Written Premiums	47.5	46.8	46.9	46.7	47.9	47.5	47.4	49.4
Market Share (%) ⁽¹⁾								

(1) 4Q12 considers the latest data released by ANS (November 2012).

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

Net income for the fourth quarter of 2012 increased by 25.6% comparing to the previous quarter, mainly due to: (i) the 9.2% increase in revenue; (ii) the 1.6 p.p. decrease in claims; (iii) improved financial result; (iv) decrease in general and administrative expenses; and partially offset by: (v) the decrease in equity income.

Net income for 2012 was down 16.1% over the same period of the previous year, due to: (i) the decrease in financial result, driven by the payment of dividends amounting to R\$900 million in December 2011; (ii) the decrease in equity income, partially offset by: (iii) the 19.1% increase in revenue; (iv) the maintenance in the claims ratio, which remained at the same levels of 2011; and (v) improved administrative efficiency ratio.

In December 2012, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 57 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans. Of the 100 largest companies in Brazil in terms of revenue, 50 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine's Best and Major Companies (*Melhores e Maiores*) ranking, July 2012).

Economic and Financial Analysis

Bradesco Saúde and Mediservice**Number of Policyholders at Bradesco Saúde and Mediservice**

Together, the two companies have over 3.9 million customers. The high share of corporate policies in the overall portfolio (95.1% in December 2012) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

Bradesco Capitalização

	R\$ million (unless otherwise stated)							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net Income	103	86	91	104	87	86	79	86
Capitalization Bond Income	1,089	1,013	937	795	798	849	751	649
Technical Reserves	5,449	5,165	4,886	4,663	4,571	4,329	4,096	3,891
Customers (in thousands)	3,459	3,426	3,358	3,228	3,097	3,024	2,888	2,794
Premium Income Market Share (%) ⁽¹⁾	23.3	22.8	22.2	21.2	21.6	21.4	21.3	21.2

(1) 4Q12 considers the latest data released by Susep (November 2012).

Net income for the fourth quarter of 2012 grew 19.8% when comparing to the third quarter, due to: (i) the 7.5% increase in revenues from capitalization bonds; and (ii) improved financial result.

Net income for 2012 grew 13.6% when comparing to net income for 2011, mainly due to: (i) the 25.8% increase in revenues from capitalization bonds; (ii) an improved management efficiency ratio; and partially offset by: (iii) the decrease in the financial result, driven by the payment of dividends amounting to R\$300 million in December 2011.

Bradesco Capitalização

Bradesco Capitalização ended the fourth quarter of 2012 leading the capitalization bond companies ranking, due to its policy of transparency and of adjusting its products based on potential consumer demand.

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

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

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

The portfolio is composed of 22.0 million active bonds, of which: 37.3% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, up 14.3% over December 2011; and 62.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 5.2% over December 2011. Given that the purpose of this type of capitalization bond is to add value to the associated company product or even encourage the performance of its customers, bonds have reduced maturity and grace terms and a lower sale price.

Economic and Financial Analysis

Bradesco Auto/RE

	R\$ million (unless otherwise stated)							
	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Net Income	10	42	26	49	33	50	44	39
Net Written Premiums	1,014	1,239	1,208	967	983	1,042	1,061	871
Technical Reserves	4,577	4,508	4,345	4,148	3,920	3,853	3,828	3,688
Claims Ratio	63.7	63.9	64.2	64.7	65.9	61.3	61.0	68.1
Expense Ratio	17.8	18.7	18.8	18.4	18.2	17.4	17.6	17.2
Combined Ratio	109.6	105.8	104.1	107.4	108.2	104.1	97.9	110.2
Policyholders (in thousands)	3,871	3,968	3,826	3,801	3,694	3,632	3,567	3,330
Premium Income Market Share (%) ⁽¹⁾	10.2	10.5	10.5	9.8	10.1	10.4	10.5	9.7

(1) 4Q12 considers the latest data released by Susep (November 2012).

Net income for the fourth quarter of 2012 was down by 76.2% from the previous quarter, due to: (i) the 18.2% decrease in revenues; (ii) higher operating expenses, mainly with tax contingencies, amounting to R\$30 million; and (iii) lower equity result.

Net income for 2012 was 23.5% lower than that posted in the same period in 2011, mainly due to: (i) higher operating expenses, mainly with tax contingencies, amounting to R\$30 million; and (ii) lower financial result.

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

In Aviation and Maritime Hull insurance, the increased exchange with Bradesco Corporate and Bradesco Empresas has been drawn on extensively, taking full advantage of the stronger sales of new aircraft and those of the maritime segment.

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

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

For better service, Bradesco Auto/RE currently has 23 Bradesco Auto Centers (BAC), which offer policyholders the greatest variety of services in a single place, including: auto claims services, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

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Bradesco Auto/RE

Number of Policyholders at Auto/RE

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to growth in the customer base, which increased by 4.8% in the last 12 months, to a total of 3.9 million customers.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with a 25% growth in premiums from January to December 2012 (higher than the market growth), totaling more than 2 million insured homes.

Economic and Financial Analysis

Fee and Commission Income

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

Fee and Commission Income	12M12	12M11	4Q12	3Q12	R\$ million	
					Variation YTD	Quarter
Card Income	6,025	5,097	1,652	1,527	928	125
Checking Account	3,245	2,786	866	826	459	40
Fund Management	2,172	1,949	550	562	223	(12)
Loan Operations	2,080	1,983	517	538	97	(21)
Collection	1,314	1,214	340	338	100	2
Consortium Management	613	527	161	159	86	2
Underwriting / Financial Advisory Services	517	298	198	94	219	104
Custody and Brokerage Services	483	420	124	122	63	2
Payments	319	312	81	80	7	1
Other	745	637	184	193	108	(9)
Total	17,512	15,223	4,675	4,438	2,289	237

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

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Fee and Commission Income

Card Income

Card income stood at R\$1,652 million in the fourth quarter of 2012, up 8.2% from the previous quarter, mainly due to the increase in the volume of transactions in the period and growth of revenue.

Year over year, card service revenues stood at R\$6,025 million, up 18.2% or R\$928 million, mainly due to an increase in revenue from purchases and services, resulting from the increase in card revenue, active base and number of transactions in the period.

In addition, the credit card base decreased in the third and fourth quarters of 2012, due to the exclusion of idle cards.

Economic and Financial Analysis

Fee and Commission Income

Checking Account

In the fourth quarter of 2012, fee and commission income from checking accounts increased 4.8% in comparison with the previous quarter, mainly due to: (i) the net increase of 68 thousand new checking accounts; and (ii) the expansion of the portfolio of services provided to our customers.

Year over year, income grew by R\$459 million, or 16.5%, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 583 thousand current accounts (500 thousand individual customers and 83 thousand corporate customers); and (ii) the expansion of the customer service portfolio.

Loan Operations

In the fourth quarter of 2012, income from loan operations amounted to R\$517 million, down 3.9% in comparison with the previous quarter, mainly due to the impact in the tariff adjustment, partially offset by increased income from "Sureties and Guarantees," up 6.9% on the third quarter of 2012, impacted by the 9.5% increase in the volume of these operations.

Year over year, the 4.9% increase was mainly the result of: (i) greater income from collateral, up 21.0%, mainly deriving from the 23.6% growth in the volume of Sureties and Guarantees; and (ii) an increase in volume of other operations in the period.

Economic and Financial Analysis

Fee and Commission Income**Fund Management**

In the fourth quarter of 2012, income from fund management stood at R\$550 million, down R\$12 million from the previous quarter, mainly due to the decreased number of business days in the quarter, partially offset by the 9.2% growth in the volume of funds and portfolios raised and managed.

Year over year, the R\$223 million or 11.4% increase was mainly due to: (i) increases in funds and portfolios, which grew by 31.7%; and (ii) the 7.4% increase in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

The highlight was the investments in third-party funds, which grew by 43.9% in the period, followed by the 30.2% increase in fixed-rate funds and the 8.2% increase in equity funds.

Shareholders' Equity	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Investment Funds	397,933	366,451	310,104	8.6	28.3
Managed Portfolios	33,875	29,924	17,997	13.2	88.2
Third-Party Fund Quotas	10,024	8,068	7,269	24.2	37.9
Total	441,832	404,443	335,370	9.2	31.7
Asset Distribution	R\$ million			Variation %	
	Dec12	Sept12	Dec11	Quarter	12M
Investment Funds – Fixed Income	369,287	338,495	283,633	9.1	30.2
Investment Funds – Equities	28,646	27,956	26,471	2.5	8.2
Investment Funds – Third-Party Funds	8,782	6,854	6,103	28.1	43.9
Total - Investment Funds	406,715	373,305	316,207	8.9	28.6
Managed Portfolios - Fixed Income	24,573	21,305	10,550	15.3	132.9
Managed Portfolios – Equities	9,302	8,619	7,447	7.9	24.9
Managed Portfolios - Third-Party Funds	1,242	1,214	1,166	2.3	6.5
Total - Managed Funds	35,117	31,138	19,163	12.8	83.3
x					
Total Fixed Income	393,860	359,800	294,183	9.5	33.9

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Total Equities	37,948	36,575	33,918	3.8	11.9
Total Third-Party Funds	10,024	8,068	7,269	24.2	37.9
Overall Total	441,832	404,443	335,370	9.2	31.7

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Economic and Financial Analysis

Fee and Commission Income

Cash Management Solutions (Payments and Collection)

In the fourth quarter of 2012, income from payments and collection slightly increased in comparison with the previous quarter, mainly due to new businesses and increase in the number of processed documents in the period.

Year over year, the 6.9% or R\$107 million increase was mainly due to the greater volume of processed documents, up from 1,750 million in 2011 to 1,931 million in 2012.

Consortium Management

In the fourth quarter of 2012, income from consortium management increased by 1.3% over the previous quarter, mainly due to the segment expansion. On December 31, 2012, Bradesco had 736 thousand active quotas (707 thousand active quotas on September 30, 2012), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors).

Year over year, there was a 16.3% increase, resulting from: (i) the growth in the volume of bids; (ii) the increase in average ticket; and (iii) the increase in sales of new quotas, from 626 thousand net quotas sold on December 31, 2011 to 736 thousand active quotas on December 31, 2012, an increase of 110 thousand net quotas.

Bradesco's purpose is to offer the most complete portfolio of products and services to its customers. Therefore, the Organization provides consortium plans for all income groups, covering the different market demands, in real estate and automobile segments. To sell the consortium plans, Bradesco has the strength and expertise of several managers, who operate together with customers in all Brazilian cities.

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

Fee and Commission Income

Custody and Brokerage Services

In the fourth quarter of 2012, total custody and brokerage service income increased by R\$2 million, remaining virtually stable in relation to the previous quarter.

Year over year, the 15.0% increase in income reflected: (i) the behavior of the capital market in the period, which impacted revenue from brokerage services; and (ii) the increase in custody services, with a R\$177 billion gain in assets under custody.

Underwriting / Financial Advisory Services

The R\$104 million increase in the quarter-over-quarter comparison mainly refers to increased gains with capital market operations in the fourth quarter of 2012, particularly underwriting operations. Furthermore, changes in this income are often the result of capital markets' volatile performance.

Year over year, there was an increase of R\$219 million, mainly as a result of a greater business volume of underwriting and financial advisory operations in 2012.

Economic and Financial Analysis

Personnel and Administrative Expenses

Personnel and Administrative Expenses	12M12	12M11	4Q12	3Q12	R\$ million	
					Variation YTD	Quarter
Personnel Expenses						
Structural	9,906	8,798	2,569	2,548	1,108	21
Payroll/Social Charges	7,427	6,632	1,917	1,916	795	1
Benefits	2,479	2,166	652	632	313	20
Non-Structural	2,280	2,263	573	571	17	2
Management and Employee Profit Sharing	1,335	1,321	342	328	14	14
Provision for Labor Claims	650	663	152	167	(13)	(15)
Training	132	161	32	38	(29)	(6)
Termination Costs	163	118	47	38	45	9
Total	12,186	11,061	3,142	3,119	1,125	23
Administrative Expenses						
Outsourced Services	3,407	3,610	846	897	(203)	(51)
Communication	1,662	1,579	421	416	83	5
Depreciation and Amortization	1,231	1,094	316	306	137	10
Data Processing	1,115	934	308	277	181	31
Transportation	867	784	225	215	83	10
Advertising and Marketing	799	938	276	208	(139)	68
Rental	781	666	211	192	115	19
Financial System Services	656	516	168	162	140	6
Asset Maintenance	608	558	169	148	50	21
Security and Surveillance	428	333	111	112	95	(1)
Leased Assets	362	357	78	87	5	(9)
Materials	323	379	78	75	(56)	3
Water, Electricity and Gas	254	227	66	58	27	8
Trips	139	161	38	34	(22)	4
Other	1,531	1,270	443	377	261	66
Total	14,162	13,406	3,755	3,565	756	190
Total Personnel and Administrative Expenses	26,348	24,467	6,897	6,684	1,881	213
Employees	103,385	104,684	103,385	104,100	(1,299)	(715)
Service Points	68,917	59,721	68,917	67,225	9,196	1,692

In the fourth quarter of 2012, total personnel and administrative expenses came to R\$6,897 million, up 3.2% in comparison with the previous quarter. Year over year, Personnel and Administrative Expenses amounted to R\$26,348 million, up 7.7% over the same period of the previous year.

Personnel Expenses

In the fourth quarter of 2012, personnel expenses came to R\$3,142 million, a 0.7% or R\$23 million variation from the previous quarter, mainly driven by the variation in “structural” expenses, which was due to higher expenses with payroll, social charges and benefits, resulting from raise in salaries, as determined by the 2012 collective bargaining agreement.

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Personnel and Administrative Expenses

Personnel Expenses

Year over year, the R\$1,125 million increase mainly reflects the structural expenses totaling R\$1,108 million, mainly related to the increase in expenses with payroll, social charges and benefits, impacted by: (i) raise in salary levels, as determined by the 2011 and 2012 collective bargaining agreements; and (ii) net increase in number of employees in the second half of 2011 as a result of organic growth.

Economic and Financial Analysis

Personnel and Administrative Expenses

Administrative Expenses

In the fourth quarter of 2012, administrative expenses came to R\$3,755 million, up 5.3%, or R\$190 million, from the previous quarter, mainly due to greater expenses with: (i) marketing and advertising, in the amount of R\$68 million, due to higher investments in actions targeting institutional positioning maintenance and support to offer loan products (real estate, vehicles, personal loan); and (ii) increase in business and service volume in the quarter.

Year over year, the 5.6%, or R\$756 million, increase was mainly due to: (i) increase in businesses and service volume in the period; (ii) contractual adjustments; and (iii) organic growth expenses as of the second half of 2011, with the opening of 9,196 service points, mainly the opening of 8,214 *Bradesco Expresso* points, for a total of 68,917 service points on December 31, 2012; and partially offset by lower expenses with: (iv) outsourced services, mainly related to the end of the partnership with Empresa Brasileira de Correios e Telégrafos (ECT) in December 2011 (Postal Bank); and (v) marketing and advertising. In the last 12 months, the inflation rates Extended Consumer Price Index (IPCA) and General Market Price Index (IGP-M) stood at 5.8% and 7.8% respectively.

Operating Coverage Ratio ⁽¹⁾

In the quarter, the coverage ratio over the last 12 months maintained its improvement with a 2.1 p.p. growth, mainly due to an increase in fee and commission income, combined with ongoing cost control efforts, including actions of our Efficiency Committee in the period.

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

It is worth noting that 66.5% is the best rate over the last twelve quarters.

Tax Expenses

The quarter-over-quarter and year-over-year changes were mainly the result of higher ISS/PIS/Cofins expenses, basically reflecting the higher taxable income, especially those periods' financial margin and fee and commission income.

Economic and Financial Analysis

Equity in the Earnings (Losses) of Unconsolidated Companies

In the fourth quarter of 2012, equity in the earnings (losses) of unconsolidated companies stood at R\$45 million, remaining stable in comparison with the previous quarter.

Year over year, the R\$4 million increase recorded was mainly due to greater results from the unconsolidated company IRB - Brasil Resseguros, partially mitigated by lower results with the unconsolidated company Integritas.

Operating Income

Operating income in the fourth quarter of 2012 was R\$4,449 million, up R\$61 million from the previous quarter, mainly impacted by (i) the increase in fee and commission income, amounting to R\$237 million; (ii) higher financial margin, amounting to R\$154 million; (iii) lower allowance for loan loss expenses, in the amount of R\$93 million; offset by: (iv) the R\$213 million increase in personnel and administrative expenses; (v) the increase in other operating income (net of other income), in the amount of R\$76 million; (vi) the decrease in operating income from Insurance, Pension Plans and Capitalization Bonds, in the amount of R\$74 million; and (vii) the increase in tax expenses, in the amount of R\$60 million.

Year over year, the R\$1,263 million, or 7.8%, increase is basically a result of: (i) the R\$4,472 million increase in financial margin; (ii) the R\$2,289 million increase in fee and commission income; (iii) the R\$444 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds, partially offset by: (iv) a R\$2,777 million increase in allowance for loan loss expenses; (v) a R\$1,881 million increase in administrative and personnel expenses; (vi) a R\$813 million increase in other operating expenses (net of other income); and (vii) a R\$475 million increase in tax expenses.

Non-Operating Income

In the fourth quarter of 2012, non-operating income posted a loss of R\$29 million, R\$9 million more than the previous quarter and R\$92 million more than the same period in 2011, due to greater non-operating expenses in the period.

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Return to Shareholders

Sustainability

Bradesco remains in ISE for the eighth consecutive year

For the eighth consecutive year, Bradesco's common (BBDC3) and preferred (BBDC4) shares have been designated for inclusion in the BM&FBovespa's Corporate Sustainability Index (ISE). The leading domestic indicator for socially responsible investment and a force for promoting best corporate practices in Brazil, the ISE reflects the returns from a share portfolio comprising those companies with the best performance in all aspects of corporate sustainability. In 2012 Bradesco was also included for another year in the Dow Jones Sustainability

World Index, which takes into account the financial and social and environmental performance of companies from around the world. Through this additional recognition, Bradesco reiterates its commitments to its stakeholders, stability, transparency and liquidity, preserving sustainability as one of its strategic pillars.

Investor Relations (IR)

Consistent with its objective of democratizing information, in the fourth quarter of 2012 Bradesco closed out its events calendar with the Apimec Meetings in Manaus and Vitória. We held 18 Apimec Meetings in 2012, gathering more than 4 thousand people and 5.6 thousand virtual participants connected to the Bank's IR website, who watched live webcasts featuring simultaneous interpretation into English. All events are available on the Encontros Apimec 2012 hot site. That site features the entire São Paulo meeting and summaries of each of the events held during the year, as well as clips of presentations and interviews with participants.

Moreover, the Investor Relations team frequently keeps contact with shareholders, investors and analysts via telephone, email, or in person at Bradesco's headquarters, in addition to participating in conferences and road shows in Brazil and abroad.

In recognition of these efforts, Bradesco received the award for "Best Investor Relations of the Financial Sector" during the *IR Magazine Awards Brazil 2012*, put on by *IR Magazine*, in conjunction with the *Revista RI* and the Brazilian Institute of Investor Relations (IBRI).

During 2012, the Investor Relations Area, in conjunction with Bradesco Corretora, participated in nine editions of Expo Money, the largest financial education event in Latin America. The 51,337 participants were able to increase their knowledge by attending lectures and talks at Bradesco's booth on topics such as "Personal Finance," "Investment Diversification," "Learning about Shares" and "Technical and Graphical Analyses." The Bank's Economics Area presented keynote addresses on the macroeconomic scenario.

Return to Shareholders

Corporate Governance

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

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

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

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

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

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

On March 9, 2012, all of the matters proposed to the Shareholders' Meetings were approved.

The Bradesco Organization Management Compensation Policy was also officially adopted in 2012.

For more information, visit www.bradescori.com.br - Corporate Governance.

Bradesco Shares

Number of Shares - Common and Preferred Shares ⁽¹⁾

	Dec12	Sept12	In thousands Dec11
Common Shares	1,909,762	1,909,762	1,909,911
Preferred Shares	1,907,611	1,907,611	1,907,931
Subtotal – Outstanding Shares	3,817,373	3,817,373	3,817,842

Treasury Shares	7,422	7,422	6,953
Total	3,824,795	3,824,795	3,824,795

(1) Stock bonus and splits during the periods were not included.

On December 31, 2012, Bradesco's capital stock stood at R\$30.1 billion, composed of 3,824,795 thousand no-par, book-entry shares, of which 1,912,398 thousand were common shares and 1,912,397 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Cia. Comercial de Participações, which directly holds 48.7% of voting capital and 24.4% of total capital.

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

Return to Shareholders

Bradesco Shares**Number of Shareholders - Domiciled in Brazil and Abroad**

	Dec12	%	Ownership of Capital (%)	Dec11	%	Ownership of Capital (%)
Individuals	327,865	89.77	21.26	336,104	89.87	23.53
Companies	36,403	9.97	47.25	36,999	9.89	47.11
Subtotal Domiciled in Brazil	364,268	99.74	68.51	373,103	99.76	70.64
Domiciled Abroad	957	0.26	31.49	895	0.24	29.36
Total	365,225	100.00	100.00	373,998	100.00	100.00

On December 31, 2012, there were 364,268 shareholders domiciled in Brazil, accounting for 99.74% of total shareholders and holding 68.51% of all shares, while a total of 957 shareholders are domiciled abroad, accounting for 0.26% of shareholders and holding 31.49% of shares.

Average Daily Trading Volume of Shares ⁽¹⁾

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

At the close of 2012, the average daily trading volume of ADRs was R\$278 million, representing 54.4% of the total average daily trading volume of Bradesco shares. In the same period, the average daily trading volume of common and preferred shares on BM&FBovespa reached R\$233 million, representing 45.6% of the total average daily trading volume of Bradesco shares.

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

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Bradesco Shares**Appreciation of Preferred Shares - BBDC4 ⁽¹⁾**

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the CDI - Interbank Deposit Rate. If R\$100 were invested in December 2001, Bradesco shares would be worth R\$986 at the end of 2012, an appreciation above Ibovespa and CDI rates in the same period.

(1) Dividend reinvestment is considered.

Share and ADR Performance ⁽¹⁾

	4Q12	3Q12	Variation %	In R\$ (unless otherwise stated)		
				12M12	12M11	Variation %
Adjusted Net Income per Share	0.76	0.76	-	3.02	2.93	3.1
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax)	0.216	0.214	0.9	0.850	0.824	3.2
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax)	0.239	0.235	1.7	0.935	0.906	3.2

	In R\$ (unless otherwise stated)					
	Dec12	Sept12	Variation %	Dec12	Dec11	Variation %
Book Value per Common and Preferred Share	18.36	17.30	6.1	18.36	14.56	26.8
Last Trading Day Price – Common Shares	33.94	26.69	27.2	33.94	25.29	33.6
Last Trading Day Price – Preferred Shares	35.17	32.57	8.0	35.17	30.75	14.4
Last Trading Day Price – ADR ON (US\$) ⁽²⁾	15.52	13.57	14.4	15.52	-	-
Last Trading Day Price – ADR PN (US\$)	17.37	16.07	8.1	17.37	16.68	4.1
Market Capitalization (R\$ million) ⁽³⁾	131,908	113,102	16.6	131,908	106,971	23.4
Market Capitalization (R\$ million) - Most Traded Share ⁽⁴⁾	134,257	124,332	8.0	134,257	117,399	13.6

(1) Adjusted for corporate events in the periods;

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

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

Return to Shareholders

Bradesco Shares**Recommendation of Market Analysts - Target Price**

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to 15 reports prepared by these analysts on January 24, 2013. Below are recommendations and a consensus on the target price for December 2013:

Recommendations %		Target Price in R\$ for Dec13	
Buy	33.3	Average	39.7
Keep	60.0	Standard Deviation	3.9
Sell	6.7	Higher	45.8
Under Analysis	-	Lower	33.0

For more information on target price and recommendation of each market analyst that monitors the performance of Bradesco shares, visit the IR section at www.bradescoir.com.br > Information to Shareholders > Analysts' Consensus.

Market Capitalization

By the end of fiscal year 2012, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was R\$131.9 billion, up 23.3% over the year-ended 2011. Considering the closing price for preferred shares (most traded share), on the same date, Bradesco's market capitalization was R\$134.3 billion, an increase of 14.4% over the previous year. In the year-over-year comparison, the Ibovespa increased by 7.4%.

Main Indicators

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

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

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

Return to Shareholders

Dividends/Interest on Shareholders' Equity

In 2012, a total of R\$3,895 million was allocated to shareholders as Interest on Shareholders' Equity and Dividends. In 2012, total Interest on Shareholders' Equity and Dividends allocated to shareholders correspond to 36.0% of book net income, or 31.5% considering withholding income tax deduction therefrom.

(1) In the last 12 months.

Weight on Main Stock Indexes

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

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

	Dec12	In % ⁽¹⁾
Ibovespa		3.4
IBrX-50		8.0
IBrX		8.1
IFNC		21.6
ISE		5.5
IGC		6.3
ITAG		12.0

ICO2

11.7

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

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Additional Information

Market Share of Products and Services

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

	Dec 12	Sep 12	Dec 11	Sep 11
Banks – Source : Brazilian Central Bank (Bacen)				
Demand Deposits	N/A	17.1	16.5	16.8
Savings Deposits	N/A	13.8	14.2	13.8
Time Deposits	N/A	12.1	13.2	14.7
Loan Operations	11.2 (1)	11.6	12.1	12.3
Loan Operations - Vehicles Individuals (CDC + Leasing)	15.4 (1)	15.6	16.4	16.3
Payroll-Deductible Loans	11.0 (1)	11.0	11.2	11.2
Number of Branches	21.4	21.7	22.2	19.7
Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)				
Federal Revenue Collection Document (DARF)	N/A	20.6	22.1	22.0
Brazilian Unified Tax Collection System Document (DAS)	N/A	16.5	17.4	17.3
Banks – Source : Social Security National Institute (INSS)/Dataprev				
Social Pension Plan Voucher (GPS)	N/A	14.5	14.8	14.4
Benefit Payment to Retirees and Pensioners	N/A	24.4	23.8	23.4
Banks – Source : Anbima				
Investment Funds + Portfolios	19.4	18.3	17.0	16.7
Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)				
Insurance, Pension Plan and Capitalization Bond Premiums	24.7 (3)	24.3	25.6	24.9
Insurance Premiums (including Long-Term Life Insurance - VGBL)	24.4 (3)	24.1	25.7	25.0
Life Insurance and Personal Accident Premiums	17.8 (3)	17.8	17.6	16.9
Auto/Basic Lines (RE) Insurance Premiums	10.2 (3)	10.5	10.1	10.4
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	12.7 (3)	13.4	13.6	14.1
Health Insurance Premiums	47.5 (3)	46.8	47.9	47.5
Income from Pension Plan Contributions (excluding VGBL)	30.1 (3)	30.1	29.6	29.2
Capitalization Bond Income	23.3 (3)	22.8	21.6	21.4
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	29.5 (3)	29.6	29.6	30.1
Insurance and Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)				
Income from VGBL Premiums	29.0 (3)	28.5	34.0	32.5
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	26.4 (3)	26.5	26.9	25.2
Pension Plan Investment Portfolios (including VGBL)	33.6 (3)	33.6	33.5	33.9
Leasing – Source: Brazilian Association of Leasing Companies (ABEL)				
Lending Operations	19.2 (2)	19.2	18.5	18.5

Consortia – Source: Bacen

Real Estate	30.3 ⁽³⁾	30.0	29.2	26.6
Auto	25.6 ⁽³⁾	25.8	25.5	24.8
Trucks, Tractors and Agricultural Implements	19.5 ⁽³⁾	18.4	17.9	16.5

International Area – Source: Bacen

Export Market	19.2	19.7	20.4	20.9
Import Market	16.4	17.2	17.6	17.8

(1) Bacen data for December 2012 are preliminary;

(2) Reference Date: October 2012; and

(3) Reference Date: November 2012.

N/A - Not available.

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Additional Information

Market Share of Products and Services**Branch Network**

Region	Dec12		Market Share	Dec11		Market Share
	Bradesco	Market		Bradesco	Market	
North	279	1,060	26.3%	279	974	28.6%
Northeast	850	3,432	24.8%	836	3,169	26.4%
Midwest	346	1,671	20.7%	346	1,584	21.8%
Southeast	2,428	11,500	21.1%	2,398	11,149	21.5%
South	783	4,198	18.7%	775	4,025	19.3%
Total	4,686	21,861	21.4%	4,634	20,901	22.2%

Reserve Requirements/Liabilities

%	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11
Demand Deposits								
Rate ^{(2) (6)}	44	44	43	43	43	43	43	43
Additional ⁽³⁾	-	-	12	12	12	12	12	12
Liabilities ⁽¹⁾	34	34	28	28	28	28	29	29
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	20	20	15	15	15	15	14	14
Savings Deposits								
Rate ⁽⁴⁾	20	20	20	20	20	20	20	20
Additional ⁽³⁾	10	10	10	10	10	10	10	10
Liabilities	65	65	65	65	65	65	65	65
Free	5	5	5	5	5	5	5	5
Time Deposits								
Rate ^{(3) (5)}	20	20	20	20	20	20	20	20
Additional ⁽³⁾	11	12	12	12	12	12	12	12
Free	69	68	68	68	68	68	68	68

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

(2) Collected in cash and not remunerated;

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

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

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

force; and

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

Additional Information

Investments in Infrastructure, Information Technology and Telecommunication

Information technology plays a major role in sustaining the business of financial institutions. Bradesco continues to be a leader among banks in terms of investing in the most modern and secure, and easy-to-use technologies for its customers.

In addition to owning one of the largest banking service networks, the Bank offers its customers various electronic media, thereby strengthening the relationship between them and the Bank.

A highlight in 2012 was the launch of our Windows 8 application. This application allows customers to see the balances of their checking and savings accounts and most recent and monthly statements. They can also use it to view credit card statements for the past 12 months. The primary new feature in Windows 8 is the start screen, which features a variety of customization options, allowing users to update the information they consider most important in real time using its live tiles interface.

Bradesco also released a new version of the Bradesco Application for Android. This is a completely redesigned version that offers the same functionalities as the iPhone application. New features include the Autofill button, which automatically enters the security key during transactions with a single touch, and the Apps icon, which allows customers to see which Bradesco apps are already installed on their mobile phones and which they may still download. Customers also have the ability to check balances and statements and to process transfers and payments, among other options.

Bradesco also launched its Google TV app, which can be downloaded free of charge on television sets connected to the new Google platform and the internet. This app allows customers to access their accounts and to effect transactions, such as

Another highlight in the year was Bradesco Next, a conceptual agency unveiled in August, at the JK Iguatemi Mall in São Paulo, where technology fits customer needs and not the other way round. It provides a unique experience with Bradesco's products and services through innovative solutions such as biometric wall, in which customers and non-customers can know and experience in practice the use of biometrics through an on-site registration, which allows interaction with agency's other tools. It also features *Bradesco Dia & Noite* equipment, or ATMs Next, which have touchscreens and allow specific transactions without cards. In the "Bank of the Future" you can use an interactive table called "Life Cycles," also exclusive to Bradesco customers. A series of cards bring purchase goals, such as buying a house, a car or a trip. By placing a card on the table, it automatically analyzes your account holder profile and tells you what to do to reach the goal.

In 2012 we instituted major advances in systems architecture, prioritizing relevant products and services with benefits for our customers and internal processes. Our ATMs were upgraded to allow cardless withdrawals and balance checks by means of branch and account data, along with biometric and password authentication. We achieved reductions in transaction and credit analysis times, adding efficiency gains in processes. Furthermore, the program has allowed us to reduce new project development costs by 10%-45% through the reuse of systems architecture components.

Bradesco won several IT awards in 2012. It topped the Banks category of the third annual Security Leaders 2012 Awards, put on by *Risk Report* magazine and consulting firm IDC. The recognition was granted to Bradesco for its innovation in IT security, user identification and applications access management, which it documented in the Identity

checking balances and latest checking account entries, make investments and watch institutional videos about Bradesco, social networks, financial indices and customer service channels.

and Access Management Project case study.

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Additional Information

Investments in Infrastructure, Information Technology and Telecommunication

Bradesco was also recognized as the Best Brazilian Bank in The Banker Awards, a selection made by British magazine *The Banker*, a leading financial markets publication. This marked the second time Bradesco received the honor. The magazine, considered a major financial sector publication, publishes an annual ranking of the best banks in various countries and regions. The selection of Bradesco highlighted the fact that it opened more than a thousand new branches in the second half of 2011, its presence in every Brazilian city and the efficiency and strength of the results it produced. This is a major international recognition, one that confirms the Bank's sound positioning, responding efficiently to the needs of a challenging market.

Bradesco also came away victorious in the Energy Efficiency Improvements category of the Datacenter Dynamics Awards 2012. These awards recognize the companies in this sector that have made the most progress on the data center front through innovation, leadership and planning. Bradesco has an Information Technology Center (CTI), one of the most modern and well designed in the world, in which we house computers running a variety of platforms and the entire infrastructure supporting our systems operations. The size of Bradesco's technology structure and its use of state-of-art equipment are internationally recognized and make the Bank stand out among its peers in the financial sector and a leader in the application of technology to the banking operations.

We have an up-to-date technological environment, duly controlled and prepared to meet the demands of the growing volume of our customers' business transactions. In 2012, Bradesco's processing capacity increased by 20.1% in view of the daily volume of 269 million transactions. Data storage capacity increased by 17.9%, allowing the Bank to offer more services and information to its customers.

As a prerequisite for its continuous expansion, Bradesco invested R\$4,408 million in Infrastructure, Information Technology and Telecommunications in 2012. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below:

	2012	2011	2010	2009	R\$ million 2008
Infrastructure	718	1,087	716	630	667
Information Technology and Telecommunication	3,690	3,241	3,204	2,827	2,003
Total	4,408	4,328	3,920	3,457	2,670

Additional Information

Risk Management

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

The Organization exercises corporate risk control in an integrated and independent manner, preserving and valuing collegiate decision-making and developing and implementing methodologies, models, and measurement and control tools. It also provides training to employees from all Organization levels, from the business areas to the Board of Directors.

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

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

Capital Adequacy Ratio

In December 2012, Bradesco's Reference Shareholders' Equity amounted to R\$96,933 million, versus a Required Reference Shareholders' Equity of R\$66,057 million, resulting in a R\$30,876 million capital margin. This figure was mostly impacted by the credit risk portion (PEPR), representing 83.8% of the risk-weighted assets.

The Capital Adequacy Ratio increased by 0.1 p.p., from 16.0% in September 2012 to 16.1% in December 2012. Another figure worth noting is: (i) the issue of Subordinated Financial Treasury Bills for composing Tier II in the fourth quarter of 2012, in the amount of R\$ 2,206 million, whose increase was basically offset by: (ii) the increase in credit risk, partially caused by the loan portfolio expansion; and (iii) the increase in market risk, partially caused by the effects of Bacen Circular Letter No. 3,568/11.

Calculation Basis	R\$ million							
	Dec12	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11
Reference Shareholders' Equity	96,933	91,149	90,201	75,705	71,476	68,806	62,524	59,923
Tier I	66,194	64,265	62,418	60,580	58,714	56,876	55,110	53,240
Shareholders' Equity	70,047	66,047	63,920	58,059	55,582	53,742	52,843	51,297
Mark-to-Market Adjustments	(4,229)	(2,150)	(1,865)	2,126	2,765	2,781	1,947	1,660
Reduction of Deferred Assets	(212)	(218)	(224)	(235)	(248)	(260)	(279)	(291)

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Non-controlling Shareholders	588	586	587	630	615	613	599	574
Tier II	30,867	26,992	27,890	15,231	12,865	12,063	7,544	6,809
Mark-to-Market Adjustments	4,229	2,150	1,865	(2,126)	(2,765)	(2,781)	(1,947)	(1,660)
Subordinated Debt	26,638	24,842	26,025	17,357	15,630	14,844	9,491	8,469
Deduction of Funding Instruments	(128)	(108)	(107)	(107)	(103)	(134)	(130)	(126)
Risk-weighted Assets	600,520	571,377	531,871	505,934	474,173	467,206	426,007	398,443
Required Reference Shareholders' Equity	66,057	62,851	58,506	55,653	52,159	51,393	46,861	43,829
Credit Risk	55,345	54,213	52,050	48,718	47,422	47,183	43,324	40,775
Operating Risk	3,432	3,432	3,313	3,313	2,810	2,810	2,690	2,690
Market Risk	7,281	5,207	3,143	3,622	1,927	1,400	847	364
Margin (Excess/ Reference Shareholders' Equity Insufficiency)	30,876	28,298	31,695	20,052	19,317	17,413	15,663	16,094
Leverage Margin	280,691	257,255	288,136	182,293	175,609	158,303	142,393	146,309
Capital Adequacy Ratio	16.1%	16.0%	17.0%	15.0%	15.1%	14.7%	14.7%	15.0%

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Independent Auditors' Report

Reasonable assurance report from independent auditor on the supplementary accounting information

To the Directors of
Banco Bradesco S.A.

Osasco – SP

Introduction

We were engaged to apply reasonable assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. (“Bradesco”) as at December 31, 2012 and for the year then ended, which is prepared under the Bradesco’s Management responsibility. Our responsibility is to issue a Reasonable Assurance Report on such supplementary accounting information

Scope, procedures applied and limitations

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

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

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

Criteria for preparation of the supplementary accounting information

The supplementary accounting information disclosed in the Economic and Financial Analysis Report as of and for the year ended December 31, 2012, were prepared by Management of Bradesco, based on the consolidated financial information included in the financial statement and on the criteria described in the Economic and Financial Information Report, in order to provide additional analysis, but without being part of the consolidated financial statements released in this date.

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Independent Auditors' Report

Reasonable assurance report from independent auditor on the supplementary accounting information

Conclusion

Based on the procedures applied, the supplementary accounting information included in the Economic and Financial Analysis Report as of and for the year ended December 31, 2012, are presented fairly, in all material respects, with regard to the information referred to in the paragraph of criteria for preparation of supplementary accounting information.

Osasco, January 25, 2013.

Original report in Portuguese signed by

KPMG Auditores Independentes

CRC 2SP014428/O-6

Cláudio Rogélio Sertório

Accountant CRC 1SP212059/O-0

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Message to Shareholders

Dear Shareholders,

The 2012 scenario was exceptionally challenging. In this context, it is important to examine the changes in the financial system, due to the events of recent years, which have forced financial institutions to redouble their focus on cash flow from operations, while at the same time expanding their range of customer services.

Bradesco, which will shortly be celebrating its 70th anniversary, has always based its activities on a vigorous banking inclusion process, underlined by its successful adoption of a conservative growth strategy, both in terms of business volume and its pioneering focus on retail.

Among the events that marked 2012, it is particularly worth mentioning the launch of the subsidiary Bradesco Securities Hong Kong Limited, in Hong Kong, China; the expansion of our international distribution channels; the launch of common-share-backed American Depository Receipts (ADRs) on the New York Stock Exchange, where Bradesco's common and preferred shares are traded; the inauguration of Bradesco Next, the bank of the future, a cutting-edge space for presenting and experimenting new customer services and technologies; the inclusion of Bradesco's common shares in the MSCI Brazil Index, compiled by MSCI, a leading provider of investment decision support tools; and the maintenance of Bradesco in the Dow Jones Sustainability World Index and the Bovespa's Corporate Sustainability Index (ISE).

Our excellent performance in 2012 is underlined by our annual result: book net income of R\$11.381 billion, of which R\$3.895 billion was paid to shareholders as dividends and interest on shareholders' equity, equivalent to 31.50% of adjusted annual net income. Grupo Bradesco Seguros made a substantial contribution to this result.

The role of the financial system, in its original function as a broker between savings and investment, is to focus on the productive sector, the generator of wealth and jobs, thereby fueling the development of the country. At the same time, business opportunities have become more challenging in an increasingly demanding and competitive market. With this in mind, Bradesco will remain alert to any adjustments its experience recommends in order to maintain the same secure environment in which the Organization has always operated.

The achievements of 2012 were the result of the dedicated and tireless work of our executive officers and employees, to whom we extend our thanks. We would also like to thank our shareholders and customers, for their support, confidence and preference.

Cidade de Deus, January 25, 2013

Lázaro de Mello Brandão
Chairman of the Board of Directors

Bradesco's efforts in the social area are exemplified by the outstanding work of Fundação Bradesco, one of the largest private social and educational programs in Brazil. Fundação Bradesco maintains 40 schools, most of which in underprivileged regions, providing free, high-quality education and strengthening ethical values and civic responsibility. This includes the provision of learning materials, uniforms, meals and dental and medical assistance. In 2012, Fundação Bradesco had 111,512 enrolled students, in addition to benefitting 365,430 students through distance education (EaD), via the Virtual School, and another 118,595 students through partnership projects and actions.

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Management Report

We hereby present the financial statements of Banco Bradesco S.A. for the year ended December 31, 2012, pursuant to the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

In mid-2012, the world's main central banks, in an unusual and decisive move, renewed or extended their commitment to ensuring market liquidity, a decision which played a crucial role in reducing the risks associated with extreme events in the international scenario. Nevertheless, the continuing need for fiscal adjustments in the United States and Europe will almost certainly dampen global growth in 2013.

Although Brazil is not immune to this global context, despite having strengthened its macroeconomic fundamentals in recent years, it is beginning to reap the benefits of the greater countercyclical leeway it enjoys in respect to other nations. The various stimulus measures adopted in recent months are already having a visible impact on the recovery of economic activity, while certain important steps are being taken to improve infrastructure, correct tax distortions and increase the efficiency of the productive sector, all of which are crucial drivers of economic growth.

Despite the country's undeniable export vocation, domestic demand has been and will continue to be the main engine of economic performance, especially household consumption and investments, which are benefiting from the major sporting events of the next three years. Given this context, and the continuous process of upward social mobility, together with the preparations of the national institutions for the new rules governing capital structure and limits, which will be implemented as of 2013, the outlook for the Brazilian banking system remains favorable.

- **On March 13, Bradesco's American Depository Receipts (ADRs) backed by common shares, began trading on the NYSE.** The program is designed to meet demand from institutional investors, including foreign investment funds. As a result, Bradesco's common and preferred shares are now traded in the United States;
- **On August 30, the Organization inaugurated Bradesco Next – the bank of the future –** a cutting-edge space for the presentation and experimentation of new technologies, products and services for customers;
- **On September 13, Bradesco was once again included in the Dow Jones Sustainability World Index,** a select list prepared by the New York Stock Exchange comprising those companies with the best sustainable development practices;
- **On November 14, Bradesco's common shares were selected for inclusion,** as of December 2012, **in the MSCI Brazil Index.** MSCI is a leading provider of investment decision support tools; and
- **On November 30, Bradesco was once again included in the Corporate Sustainability Index (ISE),** which reflects the returns from a share portfolio comprising those companies with the best performance in all aspects of corporate sustainability.

1. Net Income for the Year

In 2012, despite the macroeconomic uncertainties, the Organization's healthy results and adequate shareholder returns were in line with the applied strategies. A detailed analysis of these numbers, including their origin and evolution, is available in the Economic and Financial Analysis Report section of the Company's website bradesco.com.br/ri.

The Bradesco Organization's period highlights are listed below:

- **On March 5, the subsidiary Bradesco Securities Hong Kong Limited, began operations in Hong Kong, China,** focusing on the pursuit of new opportunities and the distribution of fixed income and equity products. As a result, Bradesco is expanding its international distribution channels and strengthening contacts with global investors in the Chinese market, while providing access to a new base of institutional investors;
- **On March 7, the Bank announced a 10% increase in monthly dividends per share paid to shareholders as of May 2012,** in compliance with the Monthly Remuneration System, from R\$0.014541175 to R\$0.015995293 for common shares, and from R\$0.015995293 to R\$0.017594822 for preferred shares. **On June 20,** the Board of Directors approved **monthly payments of interest on shareholders' equity, replacing monthly dividends,** beginning in August 2012;

R\$11.381 billion in Net Income for the year, corresponding to Earnings per Share of R\$2.98 and a Return on Average Shareholders' Equity^(*) of 18.96%. The Return on Average Total Assets stood at 1.38%.

R\$3.895 billion was allocated to shareholders in the form of monthly, interim and supplementary Dividends, and Interest on Shareholders' Equity, which was included in the calculation of mandatory dividends. Thus, R\$1.07 (R\$0.93 net of withholding tax), was attributed to each preferred share, which includes the additional 10%, and R\$0.97 (R\$0.85 net of withholding tax) to each common share. Dividends and interest on shareholders' equity represented 36.02% of adjusted net income for the year (31.50% net of withholding tax).

Bradesco _____

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Taxes and Contributions

A substantial percentage of Bradesco's annual earnings, in direct proportion to its volume of operations, was paid to the federal government.

R\$12.756 billion in taxes and contributions, including social security contributions, paid or provisioned in the year.

R\$9.645 billion in taxes withheld and collected related to financial intermediation.

All in all, taxes originating in the Organization or collected on resources in transit through it came to a hefty R\$22.401 billion.

2. Corporate Strategy

The global scenario in 2012 was characterized by flagging economic activity and increased volatility and risk aversion, mainly due to the concerns over Europe, which remained the center of attention. Consequently, the main central banks adopted and reinforced measures designed to ensure liquidity and prevent any deviations (with unpredictable consequences) in the normal course of international market operations.

While offering better prospects than those in many countries, Brazil is not immune to this situation. Bradesco continues to believe that Brazilian economic growth in 2013 and the years ahead will be driven by household consumption and investments, both of which will benefit from increased income and employment, strong upward social mobility and the opportunities arising from pre-salt exploration and the 2014 and 2016 sporting events. Based on this scenario and given the current international situation, Bradesco will continue to focus on the domestic market.

Results should be especially driven by returns on the recent investments in expanding the branch network and the advances in the segmentation model, as well as the strengthening of digital channels and transactions and the synergies between the Organization's various companies.

The Bank will maintain its strategic focus on the secure and profitable expansion of its current activities, such as investment banking, capital markets, private banking and asset management. Investments in credit cards and consortiums, as well as insurance, private pension plans and capitalization through Grupo Bradesco Seguros, also play a fundamental role in sustaining results.

Continuing with the expansion of its essential commercial areas, Bradesco operates on two fronts: finance and insurance (where it occupies a leading position), based on the Bank-Insurance model.

Bradesco will continue to adopt effective security criteria to ensure a balance between increasing loans and reducing delinquency through the strict evaluation of loan granting procedures and the efficient daily collection of overdue payments through the Loan Recovery Program (PRC). It will also continue to finance the modernization of infrastructure, industry and commerce. In addition, the country has become an increasingly attractive destination for foreign investments.

Bradesco is also present in strategic overseas markets, providing support to foreign clients and investors who are increasingly interested in Brazil. Bradesco Securities in New York, London and Hong Kong plays a vital role in issuing and distributing securities in these important financial centers, while Banco Bradesco Europe provides asset management, private banking and trade finance services.

Bradesco is ideally positioned for continued organic growth, maximizing its market penetration. In order to ensure growth and profitability in line with the current scenario, it will concentrate on expanding its customer base and consolidating its brand as one of the country's leading financial and insurance institutions, with an active presence in all segments, by consistently offering more and better products and services to all levels of society.

Together with the public's trust in the Bradesco brand, the Bank's convenience channels, including branches, service points, Bradesco Expresso outlets, 34,859 *Bradesco Dia & Noite* ATMs, 12,975 *Banco24Horas* ATMs, Internet Banking, Bradesco Celular and Fone Fácil ensure the efficient distribution of products, services and solutions, backed by excellent customer service. Bradesco's service network ended the year with 56,798 service points, 56,785 of which are in Brazil and 13 abroad, 18.76% up on 2011.

In building the foundations of sustainable development, the Bank invests in two fundamental banking pillars – information technology and infrastructure, and human resources. The pursuit of new service channels, such as internet banking, ATMs and cell phone mobility, with more service options, has generated customer service productivity gains, accompanied by greater comfort and security. Bradesco invested R\$4.408 billion in innovating, upgrading and maintaining its IT environment, while investments in staff training and development programs totaled R\$132.596 million.

Bradesco's corporate culture is grounded in respect for the consumer, social and environmental responsibility, security and credibility, and its strategic plan is based on three main guidelines:

a) to grow organically, always alert to potential acquisitions, associations and partnerships, fully committed to maintaining secure, high-quality products, solutions and services, and always seeking to improve its operating ratios and indicators;

Management Report

b) to identify and evaluate the inherent risks of its activities, applying adequate controls and acceptable levels of risk to each operation; and

c) to operate in partnership with the capital market, conducting its business with total transparency and the highest ethical standards, while ensuring adequate returns for its investors.

3. Capital, Reserves and Subordinated Debt

Banco Bradesco posted the following figures at year-end:

R\$30.100 billion in Subscribed and Paid-Up Capital Stock;

R\$39.947 billion in Equity Reserves; and

R\$70.047 billion in Shareholders' Equity, 26.03% up on the previous year, equivalent to 8.26% of Assets, which amounted to R\$847.561 billion, while Shareholders' Equity under Management stood at 8.04% of Consolidated Assets, which totaled R\$879.092 billion. Book Value per Share came to R\$18.35.

The Capital Adequacy Ratio stood at 16.17% of the consolidated financial result and 16.14% of the consolidated economic and financial result, substantially higher than the 11% minimum established by National Monetary Council Resolution 2099/94, in conformity with the Basel Committee. In relation to Consolidated Reference Assets, the fixed asset ratio (maximum of 50%, in accordance with the Brazilian Central Bank) was 16.89% in the consolidated financial result and 44.64% in the consolidated economic and financial result.

Subordinated Debt at year-end totaled R\$34.852 billion (R\$8.807 billion abroad and R\$26,045 billion

Evaluating capital adequacy is a means of ensuring that the Organization maintains a solid capital base on which to develop its activities. Capital management also looks to the future, in order to anticipate potential changes in market conditions.

4. Operating Performance

4.1. Funding and Asset Management

in Brazil), R\$26.638 billion of which was considered eligible as capital and included in Tier II of the Reference Assets adopted when calculating the ratios in the previous paragraph.

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

Capital Management

The capital management process is conducted in such a way as to ensure that conditions are conducive to the Organization achieving its strategic objectives, taking into account the economic and commercial environment in which it operates. This process is fully compatible with the nature of the Organization's transactions, the complexity of its products and services and the extent of its risk exposure.

All in all, the Bank manages 25.693 million checking accounts and 48.596 million savings accounts with a balance of R\$69.042 billion, representing 17.71% of the Brazilian Savings and Loan System (SBPE). At year-end, funds raised and managed totaled R\$1.225 trillion, 20.15% more than in the previous year.

R\$467.449 billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, a 12.67% increase.

R\$441.832 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, up by 31.74%.

R\$168.735 billion in the exchange portfolio, borrowings and onlendings, working capital, tax payments and collection and related charges, funds from the issue of securities and subordinated debt in Brazil, and other funding, an 11.69% increase.

R\$124.217 billion in technical reserves for insurance, supplementary private pension plans and capitalization, up by 19.84%.

R\$22.995 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US\$11.253 billion.

4.2.Loan Operations

The democratization of credit is one of Bradesco's basic strategic guidelines. Thanks to its diversified offering and attractive interest rates, it has consistently increased the volume of its financing operations, either directly or in partnership with market agents, and of its individual lines, such as payroll-deductible loans, through its extensive branch network, service points, sales promoters and the 0800 toll-free Customer Service Center for loans.

R\$385.529 billion in consolidated loan operations, in the expanded concept, including advances on exchange contracts, sureties and guarantees, credit card receivables and leasing, an 11.51% increase.

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R\$21.299 billion in the allowance for doubtful accounts, R\$4.010 billion more than the amount required by National Monetary Council Resolution 2682/99.

Mortgages

The Bank's priority commitment to meeting the demands of homebuyers and giving added momentum to the construction industry, which is a major generator of jobs and a driver of social and economic development, was reflected in the substantial volume of operations in its mortgage portfolio. Properties for sale by partner developers and brokers, together with related information, can be found on the website bradescoimoveis.com.br.

R\$14.668 billion in total funds allocated to this area, enabling the construction and acquisition of 73,139 properties.

Onlending

In 2012, Bradesco was one of the largest onlenders of BNDES funds, responsible for 14.70% of all operations of this type with a volume of R\$12.363 billion. Loans to SMEs totaled R\$8.354 billion.

R\$31.090 billion in the onlending portfolios with internal and external funds, mainly allocated to SMEs. The number of contracts totaled 374,554.

R\$7.348 billion in guarantees provided to the BNDES, with R\$2.857 billion contracted in the year.

Rural Loans

As part of the partnership with the *Programa Floresta do Futuro* of Fundação SOS Mata Atlântica (Fundação SOS Mata Atlântica Forest of the Future Program), Ecofinancing, inspired by social and environmental responsibility, ensures the planting of native tree seedlings for each financed vehicle, aiming to reduce the impact of atmospheric greenhouse gas emissions.

R\$88.226 billion in consumer financing operations.

Lending Policy

The Bank's lending policy ensures that it concentrates on businesses that demonstrate diversification and low concentration, are backed by appropriate guarantees, and involve individuals and companies in good standing with proven payment capacity. Operations are carried out rapidly and securely, ensuring profitable and liquid asset investments.

Lending authorization limits are imposed on each branch, in line with their size and the type of guarantee offered. Specialized credit scoring systems with specific security standards are employed to speed up and support the decision-making process, thereby minimizing risks. Loans that exceed branch authorization limits are resolved by the Credit Department and the Executive Credit Committee, located at the Company's headquarters.

Loan Portfolio Quality

At the end of 2012, there was an improvement in the credit standing of new borrowers, mainly due to the constant fine-tuning of the loan granting and monitoring models.

As a traditional partner of the agriculture and livestock sector, the Bank invests in financing the means of production, as well as processing and sales, contributing to the expansion of business and increasing the quality and yield of Brazil's agricultural produce. It also offers support for domestic market supply and export growth. Information on agribusiness, as well as credit products and services, can be found on the bradescorural.com.br website.

4.3. Loan Collection and Recovery

R\$16.683 billion in investments at year-end, representing 118,257 operations.

Consumer Financing

A substantial share of the Bank's consumer financing operations is geared towards the acquisition of new and used vehicles, directly or through partnerships, helping create jobs and fueling domestic market growth.

Based on negotiation policies, the Bank makes use of several collection channels to recover overdue loans, including: call centers, bank payment slips, the internet, friendly collection companies and court collection offices. The Loan Recovery Program (PRC) includes several initiatives with good prospects of results, exemplified in 2012 by business rooms and conciliation court hearings, interacting with Courts of Appeal throughout the country, thereby stepping up the process of renegotiating overdue loans.

R\$3.001 billion was recovered in 2012, 7.21% up on the previous year.

5. International Area

On the international front, the Bradesco Organization offers a wide range of products and services through its offices in New York, London, Grand Cayman, Buenos Aires, Tokyo, Hong Kong, Luxembourg and Mexico, as well as an extensive network of correspondent banks. Bradesco Securities, in New York, London and Hong Kong, Banco Bradesco Europe, in Luxembourg, Bradescard Mexico and 29 specialized units in Brazil meet the demands of these strategic markets.

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R\$6.348 billion in advances on exchange contracts, from a total export financing portfolio of US\$13.698 billion.

US\$3.998 billion in foreign currency Import financing.

US\$45.231 billion in export purchases, with a market share of 19.24%.

US\$35.217 billion in import contracting, with a market share of 16.37%.

US\$15.425 billion in medium and long-term public and private offerings on the international market.

6. Bradesco Shares

Highly liquid, Bradesco shares were traded in every trading session on the BM&FBOVESPA - Securities, Commodities and Futures Exchange, especially its preferred shares, which were among those with the highest participation in the Ibovespa Index, weighted at 3.29% at year-end. The Company's shares are also traded on the NYSE as Level 2 ADRs (American Depositary Receipts) and on the Madrid Stock Exchange as part of the Latibex Index.

In addition to the Ibovespa, Bradesco's shares are included in all the Brazilian stock indexes in which financial sector companies can be listed, including the Carbon Efficient Index (ICO2), the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG), the Special Corporate Governance Stock Index (IGC), the Brazil Indexes (IBrX and IBrX50, for the most-traded shares), the Mid-Large Cap Index (MLCX), the Financial Index (IFNC), and the MSCI Brazil Index. Abroad, Bradesco is listed on the NYSE's Dow Jones Sustainability World Index and the Madrid Stock Exchange's FTSE Latibex Brazil Index.

EUR13.954 million traded as DRs in the European market (Latibex – Madrid), representing 1.100 million preferred shares.

7. Market Segmentation

Bradesco's segmentation strategy consists of uniting groups of customers with the same profile, thereby permitting differentiated service and increasing productivity and efficiency gains. In addition to improving customer service quality and ensuring greater flexibility and competitiveness in terms of business execution, segmentation means that operations can be structured for individuals or companies based on the specific needs of each.

7.1. Bradesco Corporate

Bradesco Corporate specializes in services for major economic groups with annual revenue of more than R\$250 million. Its focus on long-term relationships constitutes an important advantage, resulting in the best solutions for clients and healthy results for the Organization. It maintains business units in all major Brazilian cities.

R\$303.594 billion in total funds managed by the area, comprising 1,332 economic groups.

7.2. Bradesco Empresas (Middle Market)

With a high degree of specialization, Bradesco Empresas manages relations with economic groups with annual revenue of between R\$30 million and R\$250 million, offering structured operations and a broad portfolio of products and services.

R\$100.030 billion in total funds managed by the area, comprising 39,437 economic groups in all sectors of the economy.

7.3. Bradesco Private Banking

Bradesco guarantees its shareholders mandatory minimum dividends equivalent to 30% of adjusted net income, as well as 100% tag along rights for common shares and 80% for preferred shares. It also pays preferred share dividends that are 10% higher than those attributed to common shares.

R\$57.317 billion in annual traded volume on the BM&FBOVESPA, comprising 274.094 million common shares and 1.553 billion preferred shares.

US\$35.600 billion in annual traded ADR volume on the NYSE, representing 2.192 billion preferred shares and 0.421 million common shares.

Targeting high-net-worth individuals, family holdings and holding companies with at least R\$3 million in net cash available for investment, Bradesco Private Banking offers its customers an exclusive line of products and services under the tailor-made and open architecture concept, including advice on the allocation of financial and non-financial assets in Brazil and abroad as well as advisory services for tax, succession and foreign exchange issues, as well as structured operations.

7.4. Bradesco Prime

The Prime segment is based on a modern concept of bank/customer relations, providing customized services for individuals with a monthly income of R\$9 thousand or more or an investment capacity of R\$100 thousand or more. It maintains an exclusive customer service network – at the end of 2012, there were 305 Bradesco Prime branches nationwide, in addition to 360 Bradesco Prime facilities in retail branches, fully equipped for privacy and comfort. It also offers differentiated products and services and complete financial consulting.

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7.5. Bradesco Varejo (Retail)

Present in all regions of the country, the retail segment seeks to provide dedicated, high-quality services for all segments of the population and strives to promote banking inclusion on a daily basis, thereby contributing to upward social mobility. In order to reach the highest possible number of customers, the Bank maintains an open-door policy, doing everything possible to further the democratization of banking products and services. Bradesco Varejo focuses on individuals with a monthly income of up to R\$9 thousand and companies with annual revenue of up to R\$30 million. For companies and exclusive individual clients, with a monthly income of between R\$4 thousand and R\$9 thousand or an investment capacity of at least R\$40 thousand, it offers customized services, with financial solutions to fit every profile. The segment closed 2012 with more than 24.9 million account holders.

7.6. Bradesco Expresso

Bradesco Expresso enables the Bank to increase its share of the correspondent bank segment through partnerships with a wide variety of establishments, including supermarkets, drugstores, department stores, bakeries and other retail outlets, providing clients and the community with convenient service close to their home or workplace, after business hours and on weekends. At the close of 2012, there were 43,053 accredited establishments.

8. Products and Services

Bradesco clients have a further advantage through Internet Banking, whereby they can use the credit card payment option, to pay consumer accounts and taxes using the bar code. As a result, holders of Bradesco Visa, MasterCard and Elo credit cards have up to 40 days to pay their bills by the due date of the invoice and earn points from the Bradesco Credit Card Rewards programs in which they are enrolled.

In November 2012, in order to ensure more attractive rates for its entire portfolio, expanding the available modalities, including installment plans, Bradesco reduced interest rates on revolving credit and installment billing, maintaining the value proposition of its various products, while preserving the economic balance of the business.

In the Private Label segment, Bradesco issues cards through operating agreements and joint ventures with retail chains in the consumer electronics, supermarket, department store, apparel, drugstore and cosmetics segments. By providing access to banking products and services, these alliances are an important means of acquiring, expanding and cementing the loyalty of the client base.

Bradesco and Claro formed a partnership to operate in the mobile payment (M-Payment) segment. Among the planned initiatives are the launch of an electronic purse (a prepaid card operated via mobile phone), and the use of Near Field Communications (NFC) for mobile phone transactions. In December 2012, it pioneered the issue of NFC debit cards for Prime segment customers, while announcing the development of the same technology for mobile phones.

Since 1993, Bradesco Cartões has been issuing cards on behalf of SOS Mata Atlântica, AACD, APAE, Casas André Luiz and Amazonas

8.1. Bradesco Cartões (Cards)

Sustentável in order to encourage social and environmental initiatives, transferring part of the cards' annuities to these philanthropic entities.

R\$103.542 billion in revenue from credit cards, 15.53% up on the previous year.

93.149 million credit and debit cards in circulation, up by 2.00%.

R\$34.874 billion in assets generated by the card business, comprising loans to cardholders, advances to merchants and financing for cash and installment purchases, exceeding the end-of-2011 balance by 8.60%.

R\$6.025 billion in fee and commission income, mainly commission on debit and credit card purchases and other charges.

Bradesco customers have the most complete line of credit cards in Brazil at their disposal, including Visa, American Express, Elo and MasterCard, as well as several private label cards for exclusive use in affiliated networks.

In order to provide holders of American Express Membership Card with greater security and convenience, Bradesco converted its entire portfolio of these cards to chip technology.

In partnership with Alelo, in a move that favors business expansion, the expansion of options and growth of the Elo brand, Bradesco launched the Alimentação (Food), Refeição (Meal) and Natal Alimentação (Christmas Food) Elocards. For farmers, it introduced Agrocard Bradesco, a special card which, in addition to normal purchases and withdrawals, allows holders to pay upfront for farm products in any Agro-equipped accredited store.

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8.2. Cash Management Solutions

In 2012, Bradesco conducted business such as a financing portal for the pre-salt exploration supplier chain (Portal Progredir), in association with Petrobras; the right to process the payroll for the Rio de Janeiro state government and appellate court employees, which added around 500 thousand new account holders to the Bank's customer base; the consolidation of the Pernambuco state government payroll, comprising more than 210 thousand account holders, and renewal of the agreement with the Amazonas state government for the payment of around 100 thousand employees and with the Ceará state government for the payment of 160 thousand employees; and the pioneering Biometrics – Security in the Palm of your Hand product for the personal identification of INSS (Social Security) beneficiaries, facilitating the annual registration required by the institute. On a monthly basis, Bradesco makes INSS payments to 7.305 million retirees and pensioners, making it the largest payer among private banks.

The bradescopoderpublico.com.br website presents corporate payment, collection, HR and treasury solutions, with an exclusive area for civil servants and members of the armed forces.

8.4. Qualified Services for the Capital Markets

A specialized team, excellent service, advanced technology and pioneering processes have enabled Bradesco to offer customized solutions to all corporate segments, as well as for government bodies and public utility concessionaires, for accounts receivable and payable, and tax and fee collections.

On the service front, it is particularly worth mentioning Cobrança Registrada Bradesco; the processes for structuring partnerships under the concept of productive chains, involving large companies, their customers, suppliers, distributors and employees; and the Bradesco Franquias & Negócios program, which is designed to create a competitive and sustainable position for the franchise sector.

Companies can also rely on the Global Cash Management division, which offers customized cash management products and solutions through partnerships with 34 foreign banks on the international market.

130.869 million documents received pertaining to federal, state and municipal taxes and other contributions.

306.655 million documents received pertaining to electricity, water, gas and phone bills, 67.014 million of which is paid via automatic debit from checking and savings accounts, a highly convenient system for clients.

857.417 million receipts via Bradesco collection, check custody, identified deposits and OCT (credit order by teleprocessing) services.

545.415 million payment operations through Pag-For Bradesco (book payments to suppliers), Bradesco Net Empresa and electronic tax payment systems, allowing companies to manage their accounts receivable.

8.3. Product and Service Solutions for Government Authorities

With modern infrastructure and specialized professionals, Bradesco offers a broad range of capital market solutions and services, including asset bookkeeping (shares, BDRs - Brazilian Depositary Receipts, investment fund quotas, CRIs - certificates of real estate receivables, and debentures); qualified custody of securities; custody of shares for coverage of DRs - Depositary Receipts; controllership of investment funds (CVM Rule 409 funds and structured funds) and managed portfolios; investment fund trusteeships; offshore funds; custody and representation for foreign investors; agent bank services, depository services (Escrow Accounts - trustee) and clearing services.

Custody and Controllership of Investment Funds and Portfolios under Management

R\$973.202 billion in assets under custody for clients using the Bank's services, according to Anbima's ranking methodology.

R\$1.195 billion in investment funds and managed portfolios using controllership services, according to Anbima's ranking methodology.

26 registered DR programs, with a market capitalization of R\$111.141 billion.

Asset Bookkeeping

246 companies comprising Bradesco's share bookkeeping system, totaling 4.497 million shareholders.

232 companies with 311 issues comprising Bradesco's debenture bookkeeping system, with a current value of R\$215.950 billion.

Through exclusive service platforms located throughout Brazil, Bradesco offers customized products, services and solutions to executive, legislative and judicial bodies at federal, state and municipal levels, autonomous public agencies, public foundations, state-owned and mixed companies, the armed forces (Army, Navy and Air Force), auxiliary forces (Federal, Military and Civil Police), notaries and registrars.

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268 investment funds comprising Bradesco's quota bookkeeping system, with a current value of R\$52.783 billion.

25 registered BDR programs, with a market capitalization of R\$791.844 million.

Depository (Escrow Account - Trustee)

6,331 contracts, with a financial volume of R\$8.853 billion.

9. Organizational Structure – Bradesco Customer Service Network

The Bradesco customer service network, present throughout Brazil and in specific international locations, with an extensive and modern structure, combining technology, professional specialization, efficiency and security, stands side by side with its customers, providing excellent service in every operational segment.

At year-end, Bradesco's network comprised 56,798 service points, represented as follows:

8,467 Branches and Service Branches (PAs) (Branches: Bradesco 4,662, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; PAs 3,781) in Brazil;

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

10 Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires; Banco Bradesco Europa S.A. in Luxembourg; Bradesco North America LLC and Bradesco Securities, Inc. in New York; Bradesco Securities UK Limited in London, Bradesco Securities Hong Kong Limited and Bradesco Trade Services Limited in Hong Kong;

On December 31, 2012, the Bradesco *Dia & Noite* ATM network comprised 34,859 terminals strategically located throughout the country, 34,362 of which operating on weekends and holidays, offering quick and practical access to the various products and services. Bradesco customers also have access to 12,975 *Banco24Horas* terminals for withdrawals, account statements, balance queries, loans, bill payments and account transfers. Using biometrics and six-digit PIN codes, customers can effect withdrawals and check their balance without using their debit cards at Bradesco *Dia & Noite* ATMs equipped with the "Bradesco Security in the Palm of Your Hand" biometric scanning system.

As part of its ongoing commitment to social inclusion, Bradesco has adapted its branches and provided ATM equipment that is appropriate for people with physical or visual difficulties, allowing for their independent use. In addition to Internet Banking and the Bradesco Celular mobile phone service for the visually impaired, the Bank offers bank statements and checkbook templates in Braille or extra-large print. The deaf and hard of hearing can make use of a personalized digital service (written communications) at Fone Fácil, while Bradesco's website and Facebook page offer content in Brazilian sign language (Libras). The Bank also offers the Bradesco Virtual Mouse, which is controlled by head movements, for customers with upper-limb motor-impairment.

In addition to the Company's website bradesco.com.br, which contains all the Bank's products, there are specific sites for the Bradesco Prime, Private, Middle Market and Corporate segments. Corporate clients also have access to Bradesco Net Empresa for simple and safe Internet consultations, banking transactions and file transfers.

Bradesco Services Co. Ltd. in Tokyo; Cidade Capital Markets Ltd. in Grand Cayman; and Bradescard Mexico, Sociedad de Responsabilidad Limitada in Mexico);

43,053 Bradesco Expresso service points;

1,456 PAEs – in-company electronic service branches; and

3,809 External Bradesco *Dia & Noite*ATMs and 10,818 Banco24Horas ATM's, with 1,964 terminals shared between the networks.

With a diverse range of equipment and large, modern ATM rooms that operate beyond business hours, Bradesco's branches are renowned for their practicality and comfort, facilitating and streamlining operations, in addition to saving time for account holders and users.

The Loans and Financing shopcredit.com.br website provides individual and corporate clients with Bradesco's complete credit portfolio, including detailed information on the modalities available, together with simulators for calculating operations involving personal loans, overdraft facilities, consumer financing, leasing, mortgages, rural loans, Finame financing lines, auto insurance and others. Bradesco was also the first bank to allow individual customers to contract personal loans on-line.

The Bradesco Celular mobile phone service allows customers to rapidly and securely access a number of financial services from wherever they may be, including balance consultations, bill scheduling and payments, transfers, loans and pre-paid cell phone recharges. They can also obtain information on products and services. Bradesco's mobile technology innovations include Bradesco Net Empresa for mobile phones and Bradesco Celular via SMS, through which customers can consult their balance, check their most recent transactions and add credit to their mobile phones.

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Bradesco is also present in all the major social networks, such as Facebook and Twitter, in an effort to improve relations with its customers and the public in general. These interactive channels are used to publish information, news, tips, initiatives, products and services, in addition to resolving doubts and receiving and handling suggestions, complaints and compliments. Through Facebook, customers can access F. Banking, an application that allows them to view their accounts and carry out account transfers and bill payments in a secure environment, given that the system used to access the account is the same one used for Internet Banking, which is hosted at the Bank.

Fone Fácil Bradesco allows customers to access the Bank using their phones, with a focus on business and the execution of financial transactions. The sophisticated system of personalized service with financial experts and the electronic service make Fone Fácil one of the most efficient service channels, available to customers 24 hours a day, seven days a week.

10.Bradesco Companies

10.1.Insurance, Pension Plans and Capitalization Bonds

R\$144.362 billion under management on December 31, distributed through 765 investment funds, 2 managed portfolios and 12,311 investors.

10.3.Leasing Bradesco

With a history marked by financial solidity and product innovation in insurance, private pension plans and capitalization bonds, Grupo Bradesco de Seguros e Previdência continues to lead this sector in Brazil.

R\$3.587 billion in Net Income from the insurance, private pension plan and capitalization bonds segment, with a Return on Average Equity of 24.37%.

R\$19.799 billion in Shareholders' Equity, 23.71% higher than the previous year.

R\$154.371 billion in Total Assets.

R\$141.540 billion in free investments and technical reserve coverage.

R\$44.308 billion in revenue from insurance premiums, private pension plan contributions and capitalization.

R\$26.394 billion in indemnifications, draws and redemptions paid by Grupo Bradesco Seguros.

10.2. BEM – Distribuidora de Títulos e Valores Mobiliários Ltda.

Bradesco's leasing companies are among the leaders in the industry, with 19.42% of the market (reference date: November 2012). Their operations are fully integrated with the Bank's branch network, maintaining a diversified business strategy in the various segments, as well as operational agreements with major manufacturers, mainly in the transport vehicle and machinery and equipment sectors.

R\$8.035 billion invested on December 31, 2012, with 19,036 operations contracted in the year.

319,721 leasing agreements in force at year-end, demonstrating the fragmented nature of the business.

10.4. Bradesco Administradora de Consórcios Ltda.

Highly specialized in the fiduciary management of third-party funds in the institutional segment.

Bradesco Consórcios offers its clients (Bank account-holders or not) the most complete portfolio of products and services, thanks to its leadership of the real estate, auto and truck/tractor segments, in turn based on detailed planning and synergy with the Bank's branch network, giving it a nationwide presence allied to the strength and security of the Bradesco brand.

736,202 active quotas at year-end, with 273,432 new quotas sold.

R\$29.668 billion in revenue.

10.5.Banco Bradesco Financiamentos S.A.

Banco Bradesco Financiamentos, the Organization's financing arm, offers direct consumer credit (CDC) for the acquisition of light and heavy vehicles, motorcycles and other goods and services, as well as leasing operations and payroll-deductible loans.

Under the Bradesco Financiamentos brand and supported by BF Promotora de Vendas Ltda., the Bank offers financing and/or leasing through an extensive network of 17,024 affiliates, including resellers and dealerships.

It also offers payroll-deductible loans to retirees and pensioners of the INSS social security system, civil servants, military personnel and employees of accredited private companies, as well as related products (insurance, capitalization, cards, consortium plans, etc.), with the support of BP Promotora de Vendas Ltda. and of Bradesco Promotora, through 1,301 correspondents.

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R\$1.099 billion in Net Income in 2012.

R\$74.048 billion in Consolidated Assets.

R\$41.243 billion in the Loan Portfolio.

10.6. Banco Bradesco BBI S.A.

R\$10.555 billion in traded volume via the Home Broker electronic trading system, corresponding to 925,196 stock buy and sell orders.

67,893 clients registered in the Fungible Custody Portfolio on December 31, 2012.

Ágora Corretora de Títulos e Valores Mobiliários S.A.

Ágora handles all types of operations on the BM&FBOVESPA, offering a complete range of stock market products, as well as access to investment funds, commodities and futures, direct treasury services and investment clubs. It has also developed a trading tool for each type of investor profile: Home Broker, Home Broker 2.0, Ágora Trade Pro and Ágora Mobile.

Relations with customers are marked by intense interactivity, including social networks and daily forums, chats and video chats on a variety of issues involving the financial market. The agorainvest.com.br site gives clients access to exclusive content, such as sector and company reports, recommended portfolios and Ágora TV, which provides daily analysis of the domestic and international markets by its in-house team of analysts, as well as programs on individual company analyses and interviews with representatives of sector leaders.

R\$37.149 billion in traded volume handled by the Home Broker system, corresponding to 792,677 stock buy and sell orders.

Overseas Brokerages (Bradesco Securities, Inc., Bradesco Securities UK Limited and Bradesco Securities Hong Kong Limited)

Bradesco Securities, Inc., based in New York, provides services to the U.S. market, while

Bradesco BBI, the Organization's investment bank, advises customers in M&A, share issues, the structuring and distribution of debt instruments, including debentures, promissory notes, real estate funds, receivables funds (FIDCs), mortgage-backed securities (CRIs) and bonds, both in Brazil and abroad, as well as structured corporate financing operations and project finance.

It also controls Bradesco Corretora de Títulos e Valores Mobiliários, Ágora Corretora de Títulos e Valores Mobiliários, BRAM - Bradesco Asset Management and Bradesco Securities Inc.

R\$155.399 billion from advisory services for 174 investment banking transactions in 2012.

Bradesco S.A. Corretora de Títulos e Valores Mobiliários

Bradesco Corretora is recognized as one of the most important brokers in the segment, with a significant share of the stock and futures markets. It provides operational support for its customers through 16 Share Rooms in several Brazilian cities, trading desks, the Home Broker electronic system and the Bradesco Trading application for iPhones and iPads.

To enable small investors to increase their participation in the stock market, the exclusive Automatic Stock Trading System (SANA) facilitates the sale of small lots of shares on the stock exchange through terminals at the branches.

It provides clients with investment and economic analyses covering a broad range of companies and sectors. It also represents non-resident investors in Brazil in the financial and capital markets, administers investment clubs and provides custody services for companies and individuals. It was the first brokerage firm to provide customers with Direct Market Access (DMA), a pioneering service for routing orders via computer, allowing investors to place, buy and sell orders directly in the BM&FBOVESPA's derivatives markets in total comfort and security.

R\$85.972 billion in traded volume on the BM&FBOVESPA in 2012, corresponding to 3,643,005 stock buy and sell orders for 46,769

Bradesco Securities UK Limited, based in London, provides services to the European Market, and Bradesco Securities Hong Kong Limited, based in Hong Kong, provides services to the Chinese market, involving stock brokerage for ADRs and shares listed on the local exchanges. They also operate as broker-dealers in the distribution of public and private securities to international investors.

BRAM - Bradesco Asset Management S.A. DTVM

With its extensive experience and specialization, BRAM provides services to several Bank segments, including Bradesco Prime, Bradesco Empresas, Corporate, Private, Retail and Institutional Investors, as well as the international area.

In 2012, BRAM launched several pioneering products, including the BDR Level I Funds, which invest in U.S. company shares, and the Quantitative Funds, which benefit from the use of filters and statistical models. In addition, products were designed with strategies involving commodities, as well as long-term Protected Capital, in which investors benefit from a possible rise in the market without risking their invested capital.

investors.

27.412 million contracts traded on the
BM&FBOVESPA's derivative markets, with traded
volume of R\$2.595 trillion.

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In the international arena, it expanded its range of Luxembourg-based funds (Bradesco Global Funds) with the Short Duration Fund, which is designed to generate higher returns than the money market funds with lower risk, and the Latin America Equity Fund, which invests in companies from countries such as Mexico, Chile, Peru, Colombia and Brazil.

R\$ 297.469 billion at year-end, distributed through 606 investment funds and 229 managed portfolios, covering 3,147,460 investors.

11. Corporate Governance

Bradesco's presence in the Brazilian capital market began in 1946, when the Bank's shares were listed on the stock exchange just over three years after it was founded (BBDC3 – common shares and BBDC4 – preferred shares). In 2001, it began trading on the NYSE (American Depositary Receipts – Level II ADRs – BBD) and the Madrid Stock Exchange (Latibex - XBBDC). In the same year, it voluntarily adhered to the requirements of the BM&FBOVESPA's Level 1 Special Corporate Governance Segment.

Bradesco's Management comprises the Board of Directors and Board of Executive Officers. Members of the Board of Directors are elected annually by the Annual Shareholders' Meeting, and in turn elect the members of the Board of Executive Officers.

The Board of Directors is supported by several statutory advisory bodies – the Compensation, Audit, Internal Controls & Compliance, Ethical Conduct, and Integrated Risk Management & Capital Allocation Committees – and there are also a number of executive committees that help the CEO conduct the Company's business.

In compliance with CVM Rule 381/03, in 2012 the Bradesco Organization neither contracted from nor had services provided by KPMG Auditores Independentes that were not related to the external audit in an amount exceeding 5% of the total cost of this audit. The other services provided by the external auditors were pre-arranged procedures for reviewing financial information and controls, provision of assistance in meeting the requirements related to fiscal issues, process and technology diagnostics, and training.

This policy is designed to preserve the auditors' Independence in accordance with generally accepted international criteria, which state that the auditors must not audit their own work, nor perform management duties for their clients nor promote their interests.

11.1. Internal Controls and Compliance

The Fiscal Council, a non-permanent statutory body, has been installed on an annual basis since 2002. The Annual Shareholders' Meeting of March 9, 2012 resolved to maintain the body, which is composed of three sitting members and three alternate members with a mandate until the next Annual Shareholders' Meeting in 2013. One sitting member and one alternate member are elected by the preferred shareholders.

The Bank currently holds an AA+ rating (Excellent Corporate Governance Practices) from Austin Rating.

Bradesco voluntarily adhered to the Code of Self-Regulation and Best Practices of Publicly-Held Companies (ABRASCA), adopting the "apply or explain" procedure, as part of its constant drive to improve its governance.

Even though Bradesco has separated the duties of the Chairman of the Board of Directors from those of the CEO since 1999, in 2012 it included a clause in the Bylaws prohibiting the occupation of both positions by a single person, in accordance with the Level 1 Corporate Governance Listing Rules.

The efficiency of the Organization's internal controls is sustained by people, processes and technology. In this context, we rely on a group of dedicated, highly-trained professionals, well-defined and implemented processes, and technology that meets our business requirements.

The Internal Controls and Compliance Policy and the Corporate Risk Management and Control Methodology are fully aligned with the main control frameworks, such as COSO (the Committee of Sponsoring Organizations of the Treadway Commission) and COBIT (the Control Objectives for Information and Related Technology), which deal with business and technology aspects, respectively. They also comply with the requirements of National Monetary Council Resolution 2554/98, the PCAOB (Public Company Accounting Oversight Board) and Section 404 of the U.S. Sarbanes-Oxley Act.

The task of ensuring effective internal controls is developed in conjunction with the areas responsible for managing products, services and processes. These areas are subject to regular adherence tests and the results are reported to the Audit and Internal Control and Compliance Committees, as well as the Board of Directors. In cases of non-compliance, corrective measures are applied and duly monitored.

These initiatives heighten the quality of operating processes and help propagate the importance of a control culture, in turn leading to improved best practices.

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Prevention of Money Laundering and the Financing of Terrorism

Bradesco maintains specific policies, rules, procedures and systems to prevent and/or detect the use of its structure, products or services for the purpose of money laundering or financing terrorism.

Bradesco invests in employee training, with programs in various formats, including informative brochures, videos, courses, folders, distance learning and on-site lectures for areas requiring these activities.

Suspicious or atypical cases are sent for assessment to the Commission for the Evaluation of Suspicious Transactions, containing representatives from several areas, which decides whether to inform the regulatory bodies.

The program is supported by the Executive Committee to Prevent Money Laundering and Terrorism Financing, which is responsible for evaluating the work and the need (if any) to align the Bank's procedures with best national and international practices and the rules established by the regulators.

Independent Authentication of Models

The Independent Authentication of Models area is responsible for providing reasoned and independent opinions on whether the Organization's internal models are functioning in accordance with their planned objectives and if the results obtained are suitable for their purpose. It issues reports on its activities and these results, which are conveyed to management, the Internal Audit Committee and the Integrated Risk Management and Capital Allocation Committee (COGIRAC).

Based on the best practices and international standards, the corporate awareness and training programs, as well as the policies and regulations, are focused on the total protection of customer data and Bradesco's strategic information.

The Corporate Security Executive Committee meets on a quarterly basis to examine and approve guidelines, measures and directives that support the Organization's information security processes and procedures.

Integrated Management System

In an effort to improve results and expand resource management capacity, Bradesco adopted one of the most modern concepts for integrating organizational processes, Enterprise Resource Planning (ERP).

This system covers human resources, training, the purchase of materials and services, accounts payable, physical and tax receipts, fixed assets, bank accounting, cash controls, works management and maintenance, audits and real estate. System users receive continuous training through on-site and e-learning programs.

The ERP allows the Organization to standardize its processes, speeds up decision making and streamlines operational security, while minimizing operating costs and increasing productivity.

11.2. Internal Audit

Internal business support models facilitate the structuring of critical issues, the creation and fine-tuning of processes, the standardization and streamlining of decisions within their particular context, as well as being an important means of knowledge retention.

In accordance with the guidelines and directives of the New Capital Accord (Basel II) and the Brazilian Central Bank, the internal risk management models are subjected to a continuous process of critical analysis, to ensure their quality and their appropriate response to their objectives, known as the "Independent Authentication Process."

Information Security

Information security comprises a set of controls, procedures, processes, organizational structures, policies and regulations to ensure the confidentiality, integrity and availability of information. The guidelines for protecting information assets are contained in Bradesco's Corporate Information Security Policy and Rules.

Reporting directly to the Board of Directors, the General Inspectorate is responsible for the Organization's internal audit. It performs corporate inspections and consulting and auditing tasks in order to mitigate business and information technology risks while ensuring compliance with the various policies, norms, standards, procedures and internal and external regulations governing the area.

11.3. Information Disclosure and Transparency Policies

In line with its market transparency principle, Bradesco publishes a number of periodicals. The *Cliente Sempre em Dia* newsletter, with a print-run of 300 thousand copies, and *Revista Bradesco*, with a print-run of 1.5 thousand copies, are published every three months, *PrimeLine*, with a print-run of 200 thousand copies, is published every two months, and Fact Sheet, which presents Bradesco's financial highlights for the period, is printed on demand. All are geared to external audiences. The Bank's Management Report and Sustainability Report are published annually and the Report on Economic and Financial Analysis Report, which is a detailed compilation of the data most requested by readers interested in the area, is available on its investor relations website bradesco.com.br/ri.

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11.4. Investor Relations – IR

12. Integrated Risk Control

12.1. Risk Management

The Investor Relations area ensures that the Bank retains direct relations with individual and corporate investors in Brazil and abroad. Its interactivity plays a fundamental role in Bradesco and benefits the entire market, enabling investors to form an accurate assessment of the Bank, as well as giving the Institution important insights into the opinions and performance of the financial community.

The Company's IR website bradesco.com.br/ri, which is available in Portuguese and English and is segmented for each investor profile, provides shareholders, investors and market analysts with clear, timely and extensive information, including a corporate profile, historical data, ownership structure, management reports, financial results and APIMEC meetings, as well as other information of interest to the financial market.

In order to disclose its performance, in 2012 the Bank held 18 meetings with APIMEC (Association of Capital Market and Investment Professionals), with over 4 thousand participants, all of which were broadcast live over the internet, with simultaneous translation into English, attracting over 5 thousand viewers. In addition to transmission via iPhones, iPads and Android-equipped phones, the Sao Paulo event was also broadcast in Libras (Brazilian Sign Language), increasing the democratization of information. It also took part in several editions of ExpoMoney, the largest financial education event in Latin America, in Belo Horizonte, Brasília, Curitiba, Florianópolis, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo.

Throughout the year, Bradesco held video chat to disclose its results and also 149 internal and external meetings with analysts, 236 conference calls and 26 events abroad, as well as 292 communications with investors via the *Fale com o RI* (Contact the IR Department) service on the website.

11.5. Bradesco Ombudsman

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

The Organization exercises corporate risk control in an integrated and independent manner, preserving and valuing collegiate decision-making and developing and implementing methodologies, models, and measurement and control tools, supported by statutory and executive committees, including the Audit Committee. It also ensures that all employees, from the business areas to the Board of Directors, are aware of these mechanisms.

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

12.2. Credit Risk

Created in 1985, five years before the issue of the new Consumer Defense Code, to register and handle complaints and suggestions from the Bank's clients, Alô Bradesco was the financial market's first communications channel with the general public.

The Ombudsman's Department promotes the values that guided the creation of Alô Bradesco, and includes the position of Ombudsman, who maintains open and direct dialogue with customers and users, the response to which underlines Bradesco's commitment to ensuring customer satisfaction and recognizing client tendencies and demands.

433,181 contacts registered in 2012.

Credit risk management is a continuous and evolutionary process of mapping, developing, measuring and diagnosing through models, instruments and procedures; it requires a high degree of discipline and control when analyzing operations in order to preserve process integrity and independence. Credit risk management considers all aspects related to the granting of loans, including the characteristics of the borrower, concentration, guarantees and terms, on which the quality of the portfolio is based.

The Organization continuously maps all activities that could generate exposure to credit risk, measuring and classifying each in terms of probability and magnitude, identifying their managers and planning for mitigation. Control is exercised on a centralized and standardized corporate basis.

12.3. Market Risk

Market risk is carefully identified, mapped, measured, mitigated and managed. The Organization's market risk exposure profile is conservative and guidelines and limits are independently monitored on a daily basis.

All the activities of all the Organization's companies exposed to market risk are controlled on a centralized, corporate basis.

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12.4 Liquidity Risk

The Market and Liquidity Risk Management Policy, together with the resulting rules and procedures, defines minimum liquidity levels, including stress scenarios, the types of financial instrument in which funds should be applied and the operational strategy to be adopted, if needed.

The liquidity risk management process involves monitoring the composition of available funds on a daily basis, ensuring compliance with minimum liquidity levels and drawing up a contingency plan for stress situations. The control and monitoring of positions is conducted on a centralized basis.

12.5. Operational Risk

Bradesco's strategic planning always seeks the best results, setting realistic and conservative goals that take into consideration: the value of the Bradesco brand; best corporate governance and culture practices; the scale of its businesses; the various relationship channels with its different target groups; an innovative information technology policy; the broad diversification of its products, services and solutions and the coverage and reach of the customer service network, which is present in all of Brazil's municipalities and abroad; a dynamic and responsible social and environmental responsibility policy; a robust human resources policy that: a) ensures solid relations between all employees and consequently increases the level of mutual trust; b) indicates the opportunities for professional recognition and development; c) substantially reduces the staff turnover rate and associated costs; and d) cultivates a long-term vision at all levels of the Organization. All of these factors are inextricably linked to sustainability.

13.1. Bradesco Brand

In 2012, the Bradesco brand received substantial recognition:

- One of the 10 most valuable brands in the financial sector, according to a ranking by the consulting firm Brand Finance published by *The Banker* magazine;
- The most valuable financial institution brand in Latin America, according to the consulting firm BrandAnalytics / Milward Brown, published in *IstoÉ Dinheiro* magazine;
- The most valuable brand in Latin America for the second consecutive year, according to a survey by the consulting firm Brand Finance Latin America; and

The management of operational risk is essential for the generation of added value. This risk is controlled in a centralized manner through identification, measurement, planned mitigation and follow up on a consolidated basis and in each Organization company.

One of the most important mitigation mechanisms is business continuity management, which comprises a series of structured plans to be adopted in crisis situations to ensure the recovery and continuity of business and the prevention of losses.

12.6. Risk Factors and Critical Accounting Policies

- The most memorable brand in the Top Finance and Insurance categories of the Top of Mind 2012 Awards, granted by the newspaper *Folha de S.Paulo*.

13.2. Human Resources

Bradesco's Human Resources Management model is guided by excellence, transparent relations based on respect, and ongoing investments aimed at developing and sharing knowledge, while valuing all people equally, without discrimination.

The Organization's Human Resources Management Policy is based on recognizing employees' performance and increasing their potential for achievement through intensive training. At the close of 2012, it had 103,385 employees, 85,777 working for the Bank and 17,608 for affiliated companies.

Investments in training programs, geared towards all areas of the Organization, are aimed at enhancing skills and promoting professional growth, and the results have been exceptionally positive in terms of the quality and excellence of the services provided.

In order to ensure that its employees keep abreast of the latest advances, the Organization promotes managerial development programs through specialization courses, as well as graduate courses and MBAs in partnership with universities and business schools.

Bradesco discloses its risk factors and critical accounting policies in the Reports and Spreadsheets – SEC Reports section of its IR website bradesco.com.br/ri, pursuant to best international corporate governance practices and the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These factors include potential political and economic situations in local and international markets that could have a direct impact on the Bank's day-to-day operations and, consequently, its financial situation.

13. Intangible Assets

Based on the price of its shares on December 31, 2012, Bradesco's market capitalization stood at R\$131.908 billion, equivalent to 1.9 times its book value of R\$70.047 billion. The substantial difference is due to the strength of its intangible assets, which, although not reflected in the balance sheet, are perceived and evaluated by investors.

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The Advanced Development Program enables executives to study at top universities abroad, in order to develop and refine their technical and personal skills, ensuring the continuous improvement of management processes through the addition of global knowledge.

The increasing investments in training, which make use of the potential of technological innovations, allow the Bank to expand its educational resources to include on-site or distance learning through video courses, workbooks, e-learning, teleconferences, videoconferences, etc. These initiatives include TreiNet – Training by Internet/Intranet, a distance-learning tool with extensive coverage. In 2012, 1,328,242 employees took part in the program, underlining its importance and the extent of its coverage.

Bradesco provides its employees with a series of benefits aimed at improving their safety, well-being and overall quality of life, as well as that of their dependents. In 2012, 206,685 individuals benefited. These benefits include:

- Healthcare plans;
- Dental plans;
- Private pension and retirement plans;
- Group life and personal accident insurance;
- Group auto insurance; and
- The VIVA BEM Program, a set of initiatives designed to improve employees' quality of life – Healthy Management, Stopping Smoking, Physical Activity, Health Training, Nutritional Guidance and 0800 VIVA BEM.

Bradesco is recognized as a Career Bank, which acts as a motivating factor for all of its employees,

R\$132.596 million invested in training programs, with 2,089,907 participations.

R\$1.090 billion invested in the Food Program, with the daily supply of 136,467 meals, 148,843 meal vouchers and 268,338 food vouchers.

5,026 million medical and hospital consultations.

462,639 dental service consultations.

Internal Communication

The Organization's employees receive information on the policies, guidelines and operational procedures to be adopted, through newsletters available on the Intranet (Section "Normativos"), a protected area regulated by the Corporate Information Security Policies and Regulations, as well as the Rules and Procedures for Using and Accessing the Intranet.

Objective and consistent, TV Bradesco is an excellent internal communications channel at every level, informing, integrating and motivating the Bank's employees. In this context, the publications *Revista Interação* and *Sempre em Dia* (daily update), made available through the Intranet, have made an outstanding contribution.

The CEO's Blog is as an internal and interactive channel to promote the exchange of information and opinions between employees and the CEO's office. The blog discusses issues of particular importance to the Organization and the country and is also available through the Intranet.

13.3. Information Technology

Bradesco is among the Banks that invest most in information technology, which is one of the central pillars of its strategy, in order to offer its customers

since it provides opportunities for development, planning and access to all hierarchical levels, allowing employees who join the Company in entry level positions to prosper and grow.

For the thirteenth consecutive year, Bradesco figured among the 100 Best Companies to Work For in Brazil, according to an *Época* magazine survey compiled by the Great Place to Work Institute, a global working environment consulting firm. It was also included in the *Guia Você S/A* 150 Best Companies to Work survey conducted by the Fundação Instituto de Administração (FIA) for the fourteenth consecutive year and in the 30 Best Places to Begin a Career list, conducted by FIA and Cia. de Talentos and published by *Você S/A* magazine, for the second consecutive year, in which it received special recognition in the Talent Retention area. In addition, it was featured for the ninth time in *Valor Carreira* magazine's Best in People Management rankings, edited by *Valor Econômico* newspaper, with technical support from Aon Hewitt.

increasing levels of comfort, facility and security through services that meet their needs.

Bradesco's technological environment is fully up to date and equipped to meet the growth in business volume and customer transactions. In 2012, the processing capacity of the Bank's computers increased by 20.10%, given an average daily volume of 269 million transactions. Data storage increased by 17.90%, allowing for even greater availability of service and business information.

Bradesco's broad framework and state-of-the-art technology are recognized throughout the world, underlining its leading role in the financial sector and making it a benchmark in regard to technology applied to banking. Its Information Technology Center (CTI), which houses the computers for the different platforms and the entire systemic operational support infrastructure, is one of the most modern in the world.

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The Organization's performance is clear evidence of its effectiveness in deploying innovative options that help fine-tune its excellent service, with a focus on customer satisfaction and its pioneering role in the adoption of new technologies.

For example, August 30, 2012 marked the inauguration of Bradesco Next, an innovative space designed to provide unique, cutting-edge, technological solutions, where members of the public can access a digital, multi-touch environment, which includes such features as financial consulting services at a desk with an interactive screen, and an ATM that sends transaction receipts via e-mail and allows withdrawals using biometric information only – the palm of the hand – without the need for a card, among other customer-relations innovations.

R\$4.408 billion invested in IT maintenance, expansion and innovation.

14. Marketing

2012 was an important year for Bradesco's communications initiatives. With the advent of the London Olympics and Paralympics, the Bank stepped up its 2016 Rio Olympics sponsorship publicity in several media, and reiterated its commitment to helping build a Brazil that is rich in ideas, attitudes and achievements.

The slogan *Agora é BRA. BRA de Brasil. BRA de Bradesco* (Now it's BRA. BRA for Brazil. BRA for Bradesco) encapsulates the Bank's commitment to the country and to the Olympic values applied to everyday life. Campaigns such as *Contagem Regressiva, Brazuca, Uniforme* and *Uniforme Paralímpicos* were part of the marketing effort based on this theme.

The film *O Rio agora é BRA* celebrated the moment that Brazil was chosen to be the host of the next

Another chapter in Bradesco's marketing campaign involved regional festivals. To show its encouragement and support, the Bank ran campaigns based on each event in the local media, including *Carnaval, Círio de Nazaré, Semana Farroupilha, Natal Luz de Gramado* and *Sonho de Natal de Canela*.

The end-of-year campaign used texts from the Brazilian literary cannon by writers such as Carlos Drummond de Andrade, Mário Quintana and Fernando Sabino. The spots, which used typography and animation, and were released on the social networks, expressed the sentiment that the new year is a great opportunity to start over, to transform, and to believe that 2013 will be even better.

Once again, Grupo Bradesco Seguros presented the city of Rio de Janeiro with its traditional Christmas Tree on Rodrigo de Freitas lake. With the theme *As Quatro Estações do Ano* (The four seasons), this event is already part of the city's calendar of tourist attractions, in addition to embodying the principles of social and environmental responsibility, being powered by a biodiesel generator.

280 regional, industry and/or professional events held nationwide, including trade fairs, seminars, congresses and cultural/community events, received Bradesco's support in 2012.

15. Sustainability at the Bradesco Organization

Ever since it was founded, the Bradesco Organization has been committed to the social and economic development of Brazil. Issues such as banking inclusion, education and best practices in regard to sustainable business development have always been part of its day-to-day activities. Its initiatives in this area are focused on three pillars:

Olympic Games, sharing with Brazilians, from every region, state, city and belief system the beginning of this journey to construct an Olympic legacy.

It also ran a film that highlighted the special moment being experienced by Brazil, in terms of its economy and the shared history of confidence in the country, side-by-side with the bank's customers, in the fields, in the cities, in industry, in business, in communities, in the past, in the present and in the future. The *Gerente* campaign showed the importance of managers in the Bank's branch network, in their dealings with customers, based on first-class customer service, the provision of products and services, and the clarification of any doubts. The *Uniforme Kids* campaign reaffirmed the Bank's commitment to the Brazil of tomorrow, with children symbolizing the strength of our partnership with the population, while the *Mobilidade* campaign emphasized Bradesco's extensive range of secure and convenient customer service channels, particularly during the holidays, such as ATMs, mobile banking and Internet Banking.

sustainable finances, responsible management and social and environmental investments.

The financial inclusion initiatives focus on accessibility, both physical and digital, the development and marketing of specific products and services, and financial education activities focused on the responsible use of credit and the other products and services offered to the population, as well as personal finance.

The Bank maintains an Executive Sustainability Committee comprising two members of the Board of Directors and statutory executive officers. The issue of sustainability is also handled by other committees and included in the Organization's strategic planning.

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Bradesco's Corporate Sustainability Policy emphasizes such aspects as ethical behavior and transparency and underpins the Bank's actions at all levels of activities and relationships. It also defines the risks and socially responsible criteria for doing business, such as lending and investments. In order to continue its engagement with stakeholders, in April 2012 Bradesco held a meeting to discuss the Organization's current approach to sustainability and evaluate the expectations of its various stakeholders.

Having adhered to the Equator Principles since 2004, in 2012 the Organization took part in discussions in Washington D.C. to revise the commitment, as a result of which the signatory financial institutions undertook to adopt criteria for evaluating the risk and social and environmental impact of the projects they finance. It is also a signatory to the UN's Principles for Responsible Investment (PRI) through BRAM - Bradesco Asset Management, which evaluates social, environmental and corporate governance questions in its investment analysis. Through the Brazilian Federation of Banks (FEBRABAN), it also signed the Green Protocol, a commitment proposed by the Ministry of the Environment to implement a common sustainability agenda for the banking sector.

In 2012, for the third time, the Bank sponsored the World Forum on Sustainability, held in Manaus, Amazonas, under the theme "Green Economy and Sustainable Development." It also attended the United Nations Conference on Sustainable Development, Rio+20, held in June in Rio de Janeiro, during which it took part in talks, and sponsored the Global Compact's "Rio+20 Corporate Sustainability Forum: Innovation & Collaboration for the Future We Want" event. Financial inclusion, which is one of Bradesco's business priorities, was the main issue for the panel at this event.

Bradesco's Sustainability Report has been published on an annual basis since 2006, in accordance with the guidelines of the Global Reporting Initiative (GRI) and constitutes an important tool for communicating the Organization's main sustainable development initiatives.

Fundação Bradesco

Fundação Bradesco, the Organization's pioneering social investment vehicle which runs one of the largest private social and educational programs in Brazil and the world, has 40 schools which are located in all Brazilian states, including the Federal District, mostly in socially and economically underprivileged regions.

In 2012, it had 111,512 students enrolled in its schools in the following areas: Basic Education (Kindergarten to High School) and Vocational Training - High School); Youth and Adult Education; and Preliminary and Continuing Vocational Training, which focuses on creating jobs and income. In addition to a formal education, the more than 47 thousand students enrolled in Fundação Bradesco's basic education system also receive uniforms, school supplies, meals, and medical and dental assistance free of charge.

A total of 365,430 students also completed at least one of the distance learning courses available on the Virtual School e-learning portal, while a further 118,595 benefited from partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the *Educa+Ação* program and technology courses (*Educar e Aprender*).

The pass rate at the Fundação Bradesco schools averaged 95.00% in 2012.

One of Fundação Bradesco's main concerns is to produce creative, productive and entrepreneurial citizens and it therefore offers training and

Concerned with the rational use of natural resources and in line with the Guidelines of the Eco-efficient Management Program, the Organization has an entire area dedicated to managing electricity and water consumption. The Program also covers other initiatives, including recycling, the appropriate disposal of technological waste and the use of certified paper, refilled ink cartridges and furniture made of certified wood. In 2012, it held the 10th Meeting of Bradesco Suppliers, involving, in each of the meetings, approximately 1,000 companies from a variety of segments, in order to engage them in the culture of social and environmental responsibility.

For the seventh consecutive year, in recognition of its corporate policies, the Bank was included in the NYSE's Dow Jones Sustainability Index, comprising those companies with the best sustainable development performance. Since 2010, it has been included in the BM&FBOVESPA's Carbon Efficient Index (ICO2) and, for the eighth consecutive year, it was selected for inclusion in the portfolio of BM&FBOVESPA's Corporate Sustainability Index (ISE), which includes companies with the best corporate sustainability indicators.

vocational courses for workers at a variety of levels. There are a wide range of courses with flexible and customized curriculums that aim to provide the students with a foundation for starting up their own business or taking advantage of better jobs and opportunities in the market.

For the tenth consecutive year, the National Volunteer Action Day, held on May 19, mobilized more than 26 thousand volunteers from all the its units, who performed over 430 thousand services in the areas of citizenship, education, leisure, sports and the environment at more than 80 sites, including the Digital Inclusion Centers (CIDs).

Since its pioneering implementation in 1998, the Program to Promote Computer Use by the Visually Impaired, has trained 11,930 individuals, ensuring the social inclusion of thousands of people.

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Fundação Bradesco also develops initiatives in several other areas, including environmental education, finance and taxes, work and consumption, sexuality and personal care, prevention of drug abuse and the responsible use of the internet, in conjunction with various partners specializing in preparing educators and educational materials, including Canal Futura and SOS Mata Atlântica, among others.

Fundação Bradesco helps improve the quality of life of the communities where it operates, making it a socially responsible investment in the best sense of the term. It also represents a unique means of distributing the wealth generated by the Bradesco Organization, given that most of its resources derive from its status as a Bradesco shareholder.

R\$374.213 million in investments by Fundação Bradesco in 2012, with R\$460.961 million programmed for 2013 to finance educational benefits for: a) 106,843 students enrolled in its schools, in basic education, youth and adult education, and preliminary and continuing vocational training; b) 350 thousand students who will complete at least one of the distance-learning courses on offer (EaD); and c) 68,323 people through partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the *Educa+Ação* program and technology courses (*Educar e Aprender*).

R\$3.732 billion, in present value, invested by Fundação Bradesco to finance its activities in the last ten years.

R\$262.391 million in other investments by the Bradesco Organization in 2012, in social projects focusing on education, the arts, culture, sports, health, sanitation, combating hunger and food safety.

Bradesco Sports and Education Program

16. Recognition

Ratings– In 2012, Bradesco received the highest ratings attributed to Brazilian banks from domestic and international ratings agencies:

- Fitch Ratings discontinued its global individual ratings, replacing them with feasibility ratings. Bradesco received a feasibility rating of “a-“. All of the other ratings were maintained;
- Moody’s Investors Service confirmed Bradesco’s long-term foreign currency deposit rating at “Baa2”, with a positive outlook, its short-term foreign currency deposit rating at “Prime-2”, and its long-term foreign currency senior debt rating at “Baa1”, also with a positive outlook;
- Standard & Poor’s raised Bradesco’s short-term foreign and local currency rating from “A3” to “A2”. All of the other ratings were maintained;
- The Rating and Investment Information (R&I) credit risk rating agency, confirmed Bradesco’s global scale issuer rating at “BBB”.

Rankings – In 2012 Bradesco was honored by several important domestic and international publications:

- One of the 10 most valuable brands in the global financial sector, according to Brand Finance and the British magazine *The Banker*, published by the Financial Times group;
- Most valuable brand in Latin America, by Brand Finance Latin America;
- The private company with the most valuable brand in Brazil, according to BrandAnalytics/Millward Brown, for *IstoÉ Dinheiro* magazine;

Aiming to encourage citizenship and social inclusion among children and teenagers, the Bradesco Sports and Education Program has been promoting the practice of sporting activities for more than 25 years, together with initiatives related to education, health, and well-being.

The Program maintains 17 Training and Specialist Centers in Osasco (SP) to teach women's basketball and volleyball in the Sports Development Center, Fundação Bradesco schools, Sports Centers and private and public schools. Currently, more than 2 thousand girls aged from 8 to 18 take part in the program, reinforcing the Organization's commitment to a country that is ever more accepting of valuing talent, effort and the exercise of citizenship.

- One of the most solid banks in the world according to a survey by Bloomberg News, the leading international financial news agency. Bradesco was placed 13th among 20 institutions worldwide, and was the only genuinely Brazilian bank in the list;
- Best Brazilian and Latin American Bank by *LatinFinance*, which is regarded as a benchmark publication by the international financial sector;
- Best Brazilian bank in the 2012 edition of The Banker Awards, granted by *The Banker* magazine, a leading financial sector publication which elects the best banks from a variety of countries and regions every year;
- Largest private group in Brazil, according to the Valor Grandes Grupos ranking, published by the newspaper *Valor Econômico* and Valor Data;

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- Leader in the Folha Top of Mind survey, in the Top Finance category, with Bradesco Seguros heading the Insurance category;
- First in the 200 Largest Groups and the 50 Largest Banks Operating in Brazil by *Exame* magazine's Biggest and Best yearbook. It was also the top private-sector financial institution in terms of cash deposits and rural credit, with the highest number of account holders and the leader in terms of active credit cards. In the Insurance segment, three Grupo Bradesco Seguros e Previdência companies were ranked among the top six in the country: Bradesco Saúde, in first place, Bradesco Vida e Previdência and Bradesco Auto/RE;
- Included in the Top Management 2012 ranking, compiled by *ValorInveste* magazine, a *Valor Econômico* publication, in a survey conducted by Standard & Poor's, which lists the best fund managers of 2012, and also in the Investment Report – The Best Funds, published by the newspaper *Brasil Econômico*, and prepared by Austin Rating;
- Elected the Best Bank in Latin America, according to a study prepared by *América Economia* magazine;
- Elected Company of the Year by the Best of Dinheiro 2012 yearbook in a survey conducted by *IstoÉ Dinheiro* magazine in association with KPMG, Trevisan and Economatica. The Bradesco Organization was also elected Best Insurance Company, Best Health Company and Best Human Resources Management Company;
- Ranked first in the Banks category by the Best of Brazil 2012 year book, promoted by *Brasil Econômico* newspaper, in a survey by the consulting firm Austin Rating;
- Bradesco BBI elected 2011 fixed income origination leader by the Brazilian Financial and Capital Markets Association (Anbima). The magazine *Global Finance*, a publication specializing in international finance, chose it as the best investment bank in Brazil; and
- Bradesco Corretora was ranked first in Agência Estado's AE Projeções ranking in the Top 10 General and Top 10 Basic categories.

Awards – The Organization won 56 awards from independent sources in 2012 in recognition of the quality of its products and services:

- Best Places to Start a Career Award, in the category of young talent retention, by *Você S/A* magazine, in partnership with Fundação Instituto de Administração (FIA);
- Award for Excellence 2012, from *Euromoney* magazine, in the Best Bank in LatAm and Best Bank in Brazil categories;
- Latin Finance – Deals of the Year Award, from *Latin Finance* magazine; and
- Granted the Best Relations with Financial Sector Investors Award, promoted by *IR magazine* together with *Revista RI* and the Brazilian Investor Relations Institute (IBRI).

Certifications – The Bradesco Organization has received the following certifications for its Management System:

- **SA8000 – Social Responsibility**

Bradesco's Social Responsibility Management System, based on International Standard SA 8000®:2008, establishes requirements in accordance with the Organization's Human Resources Management Policy and is aimed at

- Elected the most innovative company in customer relations, according to a survey conducted by DOM Strategy Partners, published in *Consumidor Moderno* magazine;

- Elected one of the 100 Best Companies to Work For in Brazil, according to a survey by *Época* magazine, evaluated by the Great Place to Work Institute;

- Elected one of the 150 Best Companies to Work For, according to *Guia 2012 Você S/A*, in a study conducted by the Management Institute Foundation – FIA;

- Highlighted by the Valor 1000 year book, published by *Valor Econômico* newspaper, which elected Grupo Bradesco Seguros e Previdência as Brazil's best insurance company;

promoting the ongoing improvement of workplace relations and conditions, extending its commitment to respect for human rights, children's rights and fundamental labor rights to its suppliers.

- **OHSAS 18001 – Occupational Health and Safety**

This internationally recognized certification for occupational health and safety management systems covers the Information Technology Center in Cidade de Deus, in Osasco (SP) and the buildings on Av. Paulista and Rua Itapeva, in São Paulo (SP). OHSAS 18001 was developed to be compatible with ISO 9001 and ISO 14001. The Occupational Health and Safety Management System effectively helps to identify dangers and risks, visually monitor working environments and ensure compliance with the current legislation, thereby ensuring a safe and healthy workplace.

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- **ISO 14001 – Environmental Management**

ISO 14001 recognizes management systems that help achieve environmental goals, especially initiatives for reducing solid waste from construction work and consumption items. Bradesco was the first financial institution in Brazil to receive this certification, for the Avenida Paulista building, in São Paulo (SP), and the Information Technology Center, in Cidade de Deus, in Osasco (SP).

- **ISO 14064 – Measurement and Reporting of Greenhouse Gas Emissions**

This certification covers the entire Bradesco Organization and includes direct and indirect emissions from the importing of electricity and other indirect emissions from companies controlled by Bradesco.

- **GoodPriv@cy – Data Protection and Privacy**

Six certificates were granted to the Organization's products and services, which guarantees the adoption of internationally established data protection and privacy standards.

ISO 9001 – Quality Management

The Organization was granted 210 certificates that seek to continuously improve processes and business performance in order to increase customer satisfaction while considering the needs of all stakeholders.

- **ISO 27001 – Information Security Management**

Bradesco holds two certifications, one relating to logical security processes, which guarantees access codes for applications on the Bank's internal network in the Security and Contingency Management area,

- **ISO 20.000 – Management of IT Service Delivery**

Certification of services to process routines and transactional services, transfer files, print reports and documents for clients, as well as data communications, software installations and support for user equipment.

The results for the fiscal year reflect the success of the Organization's efforts in a volatile macroeconomic environment and consolidate the positions it has achieved, motivating our entire team to exceed expectations in pursuit of increasingly consistent results and reinforcing our unshakable optimism and willingness to help to build a just and prosperous nation. These results would not have been possible without the support and trust of our shareholders and customer

Cidade de Deus, January 25, 2013

The Board of Directors and

Board of Executive Officers

(*)Excludes the mark-to-market effect of available-for-sale securities recorded under shareholders' equity. s, as well as the efficient and dedicated work of all our employees.

and the other relating to certifications of
infrastructure, storage and operations in the
Information Technology Center – CTI.

Report on Economic and Financial Analysis - December 2012

Financial Statements, Independent Auditors' Report, Summary of the Audit Committee's Report and Fiscal Council's Report

Consolidated Statement of Financial Position - R\$ thousand

Assets	2012		2011
	December	September	December
Current assets	626,948,689	612,443,567	562,506,507
Cash and due from banks (Note 6)	12,077,018	12,943,991	22,573,846
Interbank investments (Notes 3d and 7)	150,950,829	125,892,805	80,409,064
Investments in federal funds purchased and securities sold under agreements to repurchase	142,546,268	117,856,744	71,526,347
Interbank deposits	8,404,561	8,037,180	8,883,970
Allowance for loan losses	-	(1,119)	(1,253)
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	231,812,289	241,899,736	224,554,220
Own portfolio	171,561,707	176,499,275	131,896,960
Subject to repurchase agreements	42,342,657	57,957,328	73,902,952
Derivative financial instruments (Notes 3f, 8e II and 32b)	2,580,583	2,585,305	755,178
Subject to the Brazilian Central Bank	5,195,610	-	8,500,046
Underlying guarantee provided	10,127,402	4,008,664	2,101,308
Securities subject to unrestricted repurchase agreements	4,330	849,164	7,397,776
Interbank accounts	48,064,254	55,071,776	71,300,080
Unsettled payments and receipts	28,189	768,037	33,170
Restricted credit (Note 9):			
- Reserve requirement - Brazilian Central Bank	47,952,417	54,222,409	71,210,757
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	5,186	2,243	3,238
Correspondent banks	77,884	78,509	52,337
Interdepartmental accounts	1,142,013	654,931	1,076,713
Internal transfer of funds	1,142,013	654,931	1,076,713
Loans (Notes 3g, 10 and 32b)	124,544,744	121,870,197	112,208,345
Loans:			
- Public sector	332,345	338,055	642,055
- Private sector	136,909,456	134,108,179	123,256,396
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(12,697,057)	(12,576,037)	(11,690,106)
Leasing (Notes 2, 3g, 10 and 32b)	4,001,849	4,370,926	5,470,640
Leasing receivables:			
- Public sector	-	-	4,571
- Private sector	7,839,788	8,516,508	10,582,854
Unearned income from leasing	(3,396,060)	(3,663,648)	(4,463,540)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(441,879)	(481,934)	(653,245)
Other receivables	51,913,480	47,273,435	42,876,830
Receivables on sureties and guarantees honored (Note 10a-3)	10,013	7,230	10,241
Foreign exchange portfolio (Note 11a)	11,556,711	11,243,408	9,893,051

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Receivables	730,696	678,519	671,821
Securities trading	3,765,737	3,309,379	2,213,190
Specific loans	2,658	2,503	2,193
Insurance premiums receivable	2,710,945	2,780,945	2,322,922
Sundry (Note 11b)	33,963,552	29,976,066	28,471,268
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(826,832)	(724,615)	(707,856)
Other assets (Note 12)	2,442,213	2,465,770	2,036,769
Other assets	1,101,430	1,259,762	1,044,399
Provision for losses	(475,173)	(621,824)	(522,405)
Prepaid expenses (Notes 3i and 12b)	1,815,956	1,827,832	1,514,775
Long-term receivables	237,330,661	227,852,187	183,583,922
Interbank investments (Notes 3d and 7)	861,938	879,572	1,894,062

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

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Financial Statements, Independent Auditors' Report, Summary of the Audit Committee's Report and Fiscal Council's Report

Consolidated Statement of Financial Position - R\$ thousand

Assets	2012		2011
	December	September	December
Interbank investments	861,938	879,572	1,894,062
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	83,674,776	77,637,517	41,169,373
Own portfolio	61,072,453	51,751,401	34,406,424
Subject to repurchase agreements	17,584,243	24,498,921	6,053,058
Derivative financial instruments (Notes 3f, 8e II and 32b)	575,482	514,354	163,659
Subject to the Brazilian Central Bank	1,498,742	-	-
Privatization currencies	73,917	75,222	81,328
Underlying guarantees provided	402,819	797,619	464,904
Securities subject to unrestricted repurchase agreements	2,467,120	-	-
Interbank accounts	555,758	549,063	528,685
Restricted credits (Note 9):			
- SFH	555,758	549,063	528,685
Loans (Notes 3g, 10 and 32b)	115,648,226	112,785,040	107,156,705
Loans:			
- Public sector	90,835	138,620	399,481
- Private sector	122,572,350	119,431,942	112,869,947
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(7,014,959)	(6,785,522)	(6,112,723)
Leasing (Notes 2, 3g, 10 and 32b)	3,281,427	3,537,135	5,053,182
Leasing receivables:			
- Private sector	7,329,630	7,865,903	10,584,266
Unearned income from leasing	(3,737,904)	(3,987,493)	(5,157,314)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(310,299)	(341,275)	(373,770)
Other receivables	31,742,479	30,832,996	26,923,447
Receivables	38,038	39,265	36,476
Securities trading	240,503	131,178	218,459
Sundry (Note 11b)	31,471,500	30,668,041	26,671,260
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(7,562)	(5,488)	(2,748)
Other assets (Note 12)	1,566,057	1,630,864	858,468
Other assets	164	164	565
Prepaid expenses (Notes 3i and 12b)	1,565,893	1,630,700	857,903
Permanent assets	14,812,828	15,992,229	15,442,123
Investments (Notes 3j, 13 and 32b)	1,864,841	1,907,178	2,051,717
Equity interest in unconsolidated companies - In Brazil	1,363,029	1,415,539	1,377,255
Other investments	775,815	765,592	937,472
Allowance for losses	(274,003)	(273,953)	(263,010)
Premises and equipment (Notes 3k and 14)	4,677,858	4,499,596	4,412,633
Premises	1,313,800	1,289,384	1,204,813
Other assets	9,638,712	9,252,973	8,721,606

Accumulated depreciation	(6,274,654)	(6,042,761)	(5,513,786)
Leased assets (Note 14)	-	-	210
Leased assets	-	-	8,578
Accumulated depreciation	-	-	(8,368)
Intangible assets (Notes 3I and 15)	8,270,129	9,585,455	8,977,563
Intangible assets	16,047,935	16,094,453	14,656,406
Accumulated amortization	(7,777,806)	(6,508,998)	(5,678,843)
Total	879,092,178	856,287,983	761,532,552

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

Report on Economic and Financial Analysis - December 2012

Consolidated Statement of Financial Position - R\$ thousand

Liabilities	2012		2011
	December	September	December
Current liabilities	591,437,924	565,085,672	467,011,126
Deposits (Notes 3n and 16a)	147,917,594	140,689,185	132,108,336
Demand deposits	38,411,734	33,627,630	33,120,757
Savings deposits	69,041,721	65,540,064	59,656,319
Interbank deposits	281,900	252,806	506,045
Time deposits (Notes 16a and 32b)	40,182,239	41,268,685	38,825,215
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	235,321,953	222,559,493	160,814,898
Own portfolio	97,965,691	113,035,061	92,262,194
Third-party portfolio	123,819,731	97,004,669	57,751,033
Unrestricted portfolio	13,536,531	12,519,763	10,801,671
Funds from issuance of securities (Notes 16c and 32b)	30,219,478	28,364,747	14,508,443
Mortgage and real estate notes, letters of credit and others	25,072,831	23,388,301	13,877,269
Securities issued abroad	5,146,647	4,976,446	631,174
Interbank accounts	1,306,231	902,062	681,787
Correspondent banks	1,306,231	902,062	681,787
Interdepartmental accounts	4,360,998	2,747,108	3,932,282
Third-party funds in transit	4,360,998	2,747,108	3,932,282
Borrowing (Notes 17a and 32b)	7,261,939	9,248,622	15,760,057
Borrowing in Brazil - other institutions	2,483	2,140	-
Borrowing abroad	7,259,456	9,246,482	15,760,057
Onlending in Brazil - official institutions (Notes 17b and 32b)	12,281,228	13,792,651	11,218,989
National treasury	102,688	116,773	56,455
Brazilian Development Bank (BNDES)	5,080,812	5,093,958	4,430,487
Caixa Econômica Federal - Federal savings bank (CEF)	20,296	19,789	18,079
Fund for financing the acquisition of industrial machinery and equipment (Finame)	7,076,874	8,560,879	6,712,720
Other institutions	558	1,252	1,248
Onlending abroad (Notes 17b and 32b)	68,539	124,399	83,998
Onlending abroad	68,539	124,399	83,998
Derivative financial instruments (Notes 3f, 8e II and 32b)	3,126,193	3,418,049	451,433
Derivative financial instruments	3,126,193	3,418,049	451,433
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	99,340,258	93,179,728	82,059,465
Other liabilities	50,233,513	50,059,628	45,391,438
Collection of taxes and other contributions	438,752	3,228,428	337,691
Foreign exchange portfolio (Note 11a)	5,070,653	3,765,147	3,123,287
Social and statutory	2,479,032	1,748,713	2,352,511
Tax and social security (Note 20a)	5,974,933	5,857,307	4,775,106

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Securities trading	5,449,518	4,880,677	2,551,279
Financial and development funds	3,110	1,230	1,521
Subordinated debts (Notes 19 and 32b)	2,141,981	4,397,055	7,509,427
Sundry (Note 20b)	28,675,534	26,181,071	24,740,616
Long-term liabilities	216,360,954	223,949,769	237,653,174
Deposits (Notes 3n and 16a)	63,939,930	72,180,416	85,315,891
Interbank deposits	100,574	69,878	13,742
Time deposits (Notes 16a and 32b)	63,839,356	72,110,538	85,302,149
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	20,269,199	22,978,124	36,633,328

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

Consolidated Statement of Financial Position - R\$ thousand

Liabilities	2012		2011
	December	September	December
Own portfolio	20,269,199	22,978,124	36,633,328
Funds from issuance of securities (Notes 16c and 32b)	21,139,829	25,445,465	27,013,719
Mortgage and real estate notes, letters of credit and others	12,098,236	16,424,785	19,235,015
Securities issued abroad	9,041,593	9,020,680	7,778,704
Borrowing (Notes 17a and 32b)	849,162	902,896	1,497,384
Borrowing in Brazil - other institutions	8,282	7,277	-
Borrowing abroad	840,880	895,619	1,497,384
Onlending in Brazil - official institutions (Notes 17b and 32b)	23,725,289	21,329,874	24,686,508
BNDES	7,377,168	7,124,721	8,627,613
CEF	37,173	40,962	50,952
FINAME	16,309,696	14,163,607	16,007,340
Other institutions	1,252	584	603
Derivative financial instruments (Notes 3f, 8e II and 32b)	875,062	729,662	283,138
Derivative financial instruments	875,062	729,662	283,138
Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)	24,877,162	24,627,726	21,593,528
Other liabilities			