

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



Management, Preparation
and Disclosure of the
Report on Economic and
Financial Analysis and the
Consolidated Financial
Statements of Bradesco
Organization

ISO 9001 certified

Management Report

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the period ended March 31, 2010, prepared in accordance with the Brazilian Corporation Law.

The world economy continues to recover, most notably in emerging countries, while financial risks in developed countries should diminish in the medium term. Brazil has confirmed more optimistic expectations for household consumption, investment, employment and income levels, suggesting consistent growth in this and the following year. This favorable outlook, combined with the upward trend in social mobility and stable political environment, continues to bode well for the country's medium term prospects. In this setting, Bradesco reinforces its confidence in Brazil's economic expansion over the coming years.

In the first quarter, Bradesco recorded Net Income of R\$2.103 billion, which corresponds to earnings per share of R\$0.61 and annualized return on average shareholders' equity of 21.68%^(*). Annualized return on average total assets was 1.63%, compared with 1.48% in the same quarter a year ago.

In terms of payments to shareholders, R\$2.498 billion in Interest on Shareholders' Equity and Dividends was paid and provisioned in the period from January to March 2010, of which R\$746 million was relative to net income generated in the quarter and R\$1.752 billion relative to fiscal year 2009 (monthly payment of R\$43 million paid on January 4, 2010 and a complementary payment of R\$1.709 billion made on March 9, 2010).

Taxes and contributions (including social security) paid or provisioned in the first three months of the year amounted to R\$3.197 billion, of which R\$1.360 billion involved tax withheld from third parties and R\$1.837 billion was levied on the activities developed by the Bradesco Organization, equivalent to 87.35% of Net Income.

The Adjusted Operating Efficiency Ratio in the last 12 months improved from 42.52% on March 31, 2009 to 41.20% on March 31, 2010, which was due in part to better control of administrative expenses and the continuous efforts to boost revenue.

At the end of the quarter, paid-in Capital Stock

was R\$26.500 billion. Combined with the Equity Reserves of R\$16.587 billion, Shareholders' Equity came to R\$43.087 billion, for growth of 22.04% on the same quarter a year earlier and corresponding to a book value of R\$12.60 per share.

Based on its stock price, Bradesco's Market Capitalization stood at R\$100.885 billion on March 31, equivalent to 2.34 times its book value, up 54.84% from R\$65.154 billion a year earlier.

Meanwhile, Managed Shareholders' Equity represented 8.24% of Consolidated Assets, which totaled R\$532.626 billion, an increase of 23.17% from March 2009. Accordingly, the Capital Adequacy Ratio stood at 16.76% in the consolidated financial result and 16.78% in the consolidated economic and financial result, higher than the 11% minimum established by National Monetary Council Resolution 2,099 of August 17, 1994, in conformity with the Basel Committee. At the end of the quarter, the fixed asset ratio in relation to Consolidated Reference Assets was 45.06% in the consolidated financial result and 19.85% in the consolidated economic and financial result, complying with the maximum limit of 50%.

Regarding Article 8 of Brazilian Central Bank Circular Letter 3,068 of November 8, 2001, Bradesco declares that it possesses sufficient financial capacity and plans to hold to maturity those securities classified under "held-to-maturity securities".

Total funding and assets under the management of the Bradesco Organization on March 31 was R\$739.894 billion, up 15.45% from a year earlier, broken down as follows:

- R\$298.894 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts;
- R\$258.563 billion in assets under management, comprising investment funds, managed portfolios and third-party fund shares, up 28.65% from March 31, 2009;
- R\$95.563 billion in the exchange portfolio, borrowings and onlendings, working capital, payment and collection of taxes and charges, funds from security and subordinated debt issues in Brazil and other funding operations.

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R\$77.685 billion in technical provisions for insurance, supplementary private pension plans and savings bonds, for improvement of 16.52% on a year earlier; and

R\$9.189 billion in foreign funding through public and private issues, subordinated debt and securitization of future financial flows, equivalent to US\$5.159 billion.

At the end of the period, the balance of consolidated credit operations stood at R\$235.238 billion, up 10.44% from March 2009, composed of the following:

R\$5.126 billion in advances on exchange contracts, for a total portfolio of US\$10.831 billion in export financing;

US\$2.826 billion in import financing in foreign currency;

R\$20.249 billion in leasing operations;

R\$12.338 billion in rural lending;

R\$68.236 billion in consumer finance;

R\$34.714 billion in securities and guarantees;

R\$9.272 billion in credit card receivables; and

R\$17,529 billion in operations involving the onlending of foreign and domestic funds, mainly originated from the National Economic and Social Development Bank (BNDES), which is one of the most important sources of funds for onlending.

For real estate credit activities, the Organization allocated a total of R\$1.846 billion to the construction and acquisition of own homes, which corresponded to 14,673 properties.

To capitalize businesses, Bradesco, through Banco Bradesco BBI S.A., coordinated R\$6.980 billion in deals in the period, which included issues of primary and secondary shares, debentures, promissory notes, mortgage-backed securities and receivables-backed investment funds, representing 45.09% of the volume of these issues registered at the Securities and Exchange Commission of Brazil (CVM). Another highlight was financing for structured projects and operations, which is responsible for origination,

distribution and management of clients' financial assets, flows and balances.

Grupo Bradesco de Seguros e Previdência, which is a leader in the Insurance, Supplementary Private Pension Plan and Savings Bond businesses, recorded Net Income of R\$703.439 million and Shareholders' Equity of R\$10.561 billion on March 31. Net insurance premiums written, private pension plan contributions and savings bond income was R\$6.851 billion, for growth of 24.25% on the same quarter a year ago.

With a presence in 100% of Brazil's municipalities and in several locations abroad, the Customer Service Network of the Bradesco Organization, Brazil's largest, was composed, on March 31, of: 38,945 service points, with 30,909 terminals in the Dia&Noite ATM Network, of which 30,370 also operate on weekends and holidays; and 7,863 terminals of the Banco24Horas ATM network, where Bradesco clients can also make withdrawals, transfers, obtain statements, check balances and contract loans. In the payroll-deductible segment, the network also had 702 correspondent banks of Bradesco Promotora, and, in the vehicle segment, Bradesco Financiamentos was present in 22,337 points of sale:

6,106 Branches, PABs (Banking Service Branch) and PAAs (Advanced Service Branch) in Brazil (Branches: Bradesco 3,430, Banco Bradesco Financiamentos 20, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1, Banco Alvorada 1; PABs: 1,200; and PAAs: 1,451);

4 Branches Overseas, with 1 in New York, 2 in Grand Cayman and 1 in Nassau in the Bahamas;

7 Subsidiaries Overseas (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. in Luxembourg, Bradesco Securities, Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Services Co., Ltd. in Tokyo, Cidade Capital Markets Ltd. in Grand Cayman, and Bradesco Trade Services Limited in Hong Kong);

6,110 Banco Postal Branches;

21,501 Bradesco Expresso service points;

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1,564 PAEs - Electronic Service Branches in Companies; and

3,664 External Terminals of the Bradesco Dia&Noite (Day&Night) ATM network and 6,912 Terminals of the Banco24Horas ATM network; of which 1,490 points serving both networks.

In accordance with CVM Rule 381, the Bradesco Organization neither contracted nor had services rendered by PricewaterhouseCoopers Auditores Independentes that were not related to the external audit in an amount exceeding 5% of the total cost of this audit. The policy adopted is in line with the principles of preserving the auditor's independence, which are based on generally accepted international criteria, i.e., the auditor should not audit its own work, perform managerial duties at his client or promote its interests.

In an environment propitious to innovation, Bradesco maintains its model of Excellence in Human Resources Management, which emphasizes development through heavy investment in training programs to build competencies and promote professional development in its team, which continues to generate better results in terms of service quality and efficiency. In the quarter, 684 courses were administered to a total of 410,090 employees. Benefits aimed at promoting the quality of life, well-being and security of its employees and their dependants at the end of the quarter affected 184,266 lives.

Fundação Bradesco, the pioneer social investment of the Organization, develops broad social and educational programs at its 40 Schools, which are installed in underprivileged regions in all Brazilian states, including the Federal District. With a budget of R\$268.010 million, Fundação Bradesco provides quality educational services at no charge to 662 thousand people in the various segments in which it operates, with 112 thousand of these represented by students enrolled in its schools at the following levels: Basic Education (Kindergarten to High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training. Meanwhile, more than 550 thousand people will be served through on-site and distance-learning programs administered via Virtual School, its e-learning portal, Digital Inclusion Centers (CIDs) and programs executed in strategic partnerships, such as Educa+Ação. The over 50 thousand students enrolled in the Foundation's basic education system also received uniforms, school

supplies, meals and medical and dental assistance, at no charge.

The Bradesco Organization launched its Sports and Education Program over 21 years ago, which has 37 Training and Specialist Centers for teaching volleyball and basketball, which are located in the Fundação Bradesco units in Osasco, São Paulo, public schools and sports centers in the municipality. The Program currently assists some 2 thousand girls from ages 8 to 18, reinforcing its commitment to defend a country that is ever more accepting of valuing talent, effort and the full exercise of citizenship, and integrating the elements of health, sports and education.

In the period, Bradesco received several important recognitions:

- The most valuable brand in Brazil and the most valuable brand among financial institutions in Latin America, according to a study prepared by the specialized consulting firm Brand Finance in partnership with the British magazine *The Banker*;
- The most valuable brand in Brazil, for the fourth consecutive time, according to a study conducted by the consulting firm Brand Finance South America and the magazine *The Brander*, which analyzed 100 brands in Brazil;
- The bank received the highest score and ranked first in a new quality ranking compiled by *Exame* magazine in partnership with the Brazilian Customer Relations Institute (IBRC), which evaluated Bradesco as the best company in customer service in 2009;
- Leader in the survey Companies that Most Respect the Consumer, conducted by the *Consumidor Moderno* magazine in partnership with Shopper Experience, which evaluated companies that serve customers with greater respect and professionalism;
- Top Brazilian company in a ranking of the 100 most sustainable companies on the planet organized by Corporate Knight, a Canadian publication specializing in corporate social responsibility;
- Environmental Company of the Year in the 4th Edition of the Brazilian Environmental Award organized by Editora JB, which publishes the newspaper *Jornal do Brasil*. The company also won in the categories Best Project in Waste Management and Best Project in Environmental Education;

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- Winner, for the second consecutive time, of the 2010 International Golden Peacock Global Award for Corporate Social Responsibility. It acknowledges companies that adopt the best corporate social responsibility policies;
- Winner of the Transpromo International Technology Application of the Year Award for the case study Applications for Checking Account Statements. This 25th edition of the award was sponsored by Xplor International and recognizes the Bank's excellence in applying this technology to electronic documents; and
- The consulting firm *Consultoria Economatica* selected Bradesco as one of the top 25 banks in Latin America and the United States in terms of stock performance in 2009, with Bradesco shares gaining more than 100% in the year.

The results presented reaffirm the Bradesco Organization's determination to consistently expand its market share, always rooted in the ideals of quality and efficiency, while contributing to Brazil's progress and development. In recognition of this success, we would like to thank our shareholders and customers for their support and confidence and our employees and other partners for their dedicated work.

Cidade de Deus, April 27, 2010

**Board of Directors and
Board of Executive Officers**

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

Consolidated Balance Sheet – R\$ thousand

Assets	2010	2009	
	March	December	March
Current assets	390,746,673	372,874,546	363,187,181
Cash and cash equivalents (Note 6)	8,704,665	6,946,563	7,533,368
Interbank investments (Notes 3d and 7)	96,260,856	109,719,374	92,518,981
Investments in federal funds purchased and securities sold under agreements to repurchase	89,920,738	101,837,691	83,094,204
Interbank deposits	6,340,361	7,882,542	9,425,217
Allowance for losses	(243)	(859)	(440)
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	123,602,778	116,323,999	109,441,918
Own portfolio	93,883,610	98,543,802	86,932,457
Subject to repurchases agreements	19,019,954	4,170,543	54,789
Derivative financial instruments	2,335,357	652,140	2,022,601
Compulsory deposits - Brazilian Central Bank	3,413,929	8,682,594	14,413,471
Underlying guarantee provided	4,908,201	4,229,580	5,975,073
Securities subject to repurchase agreements but not restricted	41,727	45,340	43,527
Interbank accounts	35,966,020	17,997,796	15,211,438
Unsettled payments and receipts	479,187	50,313	448,405
Restricted credits: (Note 9)			
- Compulsory deposits - Brazilian Central Bank	35,424,718	17,923,629	14,731,881
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	13,808	4,428	4,934
Correspondent banks	47,729	18,848	25,640
Interdepartmental accounts	229,728	239,698	14,731
Internal transfer of funds	229,728	239,698	14,731
Loan operations (Notes 3g, 10 and 32b)	82,534,333	79,043,243	75,933,451
Loan operations:			
- Public sector	1,061,316	1,154,309	703,541
- Private sector	90,653,338	87,483,997	82,491,208
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(9,180,321)	(9,595,063)	(7,261,298)
Leasing operations (Notes 2, 3g, 10 and 32b)	7,859,584	7,966,713	7,421,374
Leasing receivables:			
- Public sector	24,321	38,748	74,401
- Private sector	14,525,660	14,681,418	13,177,699
Unearned income from leasing	(5,901,202)	(5,955,075)	(5,395,771)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(789,195)	(798,378)	(434,955)
Other receivables	34,044,327	33,098,804	53,674,549
Receivables on sureties and guarantees honored (Note 10a-3)	21,409	21,092	7,347
Foreign exchange portfolio (Note 11a)	9,953,229	8,969,252	33,385,361
Receivables	474,547	684,461	505,129
Securities trading	1,072,850	698,154	874,432
Specific loans	2,105	1,305	882
Insurance premiums receivable	1,972,355	2,267,591	2,060,151
Sundry (Note 11b)	21,277,120	21,239,637	17,326,267
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(729,288)	(782,688)	(485,020)
Other assets (Note 12)	1,544,382	1,538,356	1,437,371
Other assets	775,021	729,773	636,632
Allowance for mark-to-market losses	(256,351)	(252,600)	(237,120)
Prepaid expenses (Notes 3i and 12b)	1,025,712	1,061,183	1,037,859
Long-term receivables	131,962,864	123,153,749	110,936,672
Interbank investments (Notes 3d and 7)	903,656	1,077,439	823,033
Interbank investments	903,656	1,077,439	823,033

Consolidated Balance Sheet – R\$ thousand

Assets	2010	2009	
	March	December	March
Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)	33,705,811	30,294,736	21,374,287
Own portfolio	27,320,923	19,096,456	19,989,450
Subject to repurchase agreements	743,709	3,231,356	906,353
Derivative financial instruments	716,163	706,433	259,290
Compulsory deposits - Brazilian Central Bank	3,576,475	6,089,646	-
Privatization currencies	92,156	94,143	99,270
Underlying guarantees provided	1,256,385	1,076,702	119,924
Interbank accounts	478,243	485,722	464,454
Restricted credits: (Note 9)			
- SFH – National Housing System	478,243	485,722	464,454
Loan operations (Notes 3g, 10 and 32b)	65,293,407	58,700,883	53,455,038
Loan operations:			
- Public sector	450,290	419,880	767,150
- Private sector	69,075,677	62,448,057	55,351,266
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(4,232,560)	(4,167,054)	(2,663,378)
Leasing operations (Notes 2, 3g, 10 and 32b)	10,708,767	11,747,405	13,234,717
Leasing receivables:			
- Public sector	9,909	7,772	16,500
- Private sector	20,305,144	21,982,152	23,420,279
Unearned income from leasing	(8,714,484)	(9,286,996)	(9,631,466)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(891,802)	(955,523)	(570,596)
Other receivables	20,489,553	20,469,176	21,197,924
Receivables	15,755	103	279
Securities trading	317,927	474,848	1,333,104
Sundry (Note 11b)	20,168,512	20,008,762	19,873,770
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(12,641)	(14,537)	(9,229)
Other assets (Note 12)	383,427	378,388	387,219
Other assets	553	553	1,187
Prepaid expenses (Notes 3i and 12b)	382,874	377,835	386,032
Permanent assets	9,916,523	10,194,797	8,017,091
Investments (Notes 3j, 4, 13 and 32b)	1,536,687	1,548,817	1,400,346
Interest in unconsolidated companies:			
- Local	1,018,329	1,026,280	884,357
Other investments	799,369	805,348	866,185
Allowance for losses	(281,011)	(282,811)	(350,196)
Premises and equipment (Notes 3k and 14)	3,235,933	3,406,308	3,275,273
Premises	1,022,909	1,024,269	1,030,669
Other assets	6,916,190	7,000,677	6,634,820
Accumulated depreciation	(4,703,166)	(4,618,638)	(4,390,216)
Leased assets (Note 14)	8,334	11,646	10,854
Leased assets	20,972	27,854	22,222
Accumulated depreciation	(12,638)	(16,208)	(11,368)
Intangible assets (Notes 3l, 4 and 15)	5,135,569	5,228,026	3,330,618
Intangible assets	8,674,765	8,491,567	6,061,496
Accumulated amortization	(3,539,196)	(3,263,541)	(2,730,878)
Total	532,626,060	506,223,092	482,140,944

The Notes are an integral part of the Financial Statements.

Consolidated Balance Sheet – R\$ thousand

Liabilities	2010	2009	
	March	December	March
Current liabilities	321,166,083	298,608,497	270,904,658
Deposits (Notes 3n and 16a)	103,857,996	104,481,562	89,839,871
Demand deposits	31,590,287	34,627,064	24,999,970
Savings deposits	45,194,691	44,162,309	37,391,607
Interbank deposits	329,218	741,355	384,993
Time deposits (Notes 16a and 32b)	25,749,548	23,915,158	26,181,451
Other deposits	994,252	1,035,676	881,850
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	98,260,955	86,590,180	63,115,027
Own portfolio	30,582,625	17,575,088	4,069,749
Third-party portfolio	66,823,881	68,417,064	55,702,256
Unrestricted portfolio	854,449	598,028	3,343,022
Funds from issuance of securities (Notes 16c and 32b)	3,060,285	3,367,651	3,005,901
Exchange acceptances	-	-	256
Mortgage and real estate notes, letters of credit and others	2,420,734	2,457,601	2,223,898
Debentures (Note 16c-1)	25,852	10,287	76,119
Securities issued abroad	613,699	899,763	705,628
Interbank accounts	203,613	22,968	123,920
Interbank onlending	-	-	1,851
Correspondent banks	203,613	22,968	122,069
Interdepartmental accounts	1,859,048	2,927,186	2,163,045
Third-party funds in transit	1,859,048	2,927,186	2,163,045
Borrowing (Notes 17a and 32b)	7,823,288	7,683,073	12,049,075
Local borrowing - official institutions	-	-	10
Local borrowing - other institutions	557	540	525
Borrowing abroad	7,822,731	7,682,533	12,048,540
Local onlending - official institutions (Notes 17b and 32b)	6,772,140	6,521,754	6,927,635
National treasury	62,143	124,020	103,631
National Bank for Economic and Social Development (BNDES)	2,221,555	2,274,498	2,864,867
Caixa Econômica Federal – Federal savings bank (CEF)	17,341	17,023	16,213
Fund for financing the acquisition of industrial machinery and equipment (Finame)	4,471,101	4,105,565	3,942,916
Other institutions	-	648	8
Foreign onlending (Notes 17b and 32b)	482,959	794	381
Foreign onlending	482,959	794	381
Derivative financial instruments (Notes 3f and 32)	2,361,013	435,175	2,075,938
Derivative financial instruments	2,361,013	435,175	2,075,938
Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)	59,014,470	57,489,599	49,019,882
Other liabilities	37,470,316	29,088,555	42,583,983
Collection of taxes and other contributions	3,015,045	258,123	2,498,280
Foreign exchange portfolio (Note 11a)	5,452,357	3,918,034	22,367,012
Social and statutory	918,024	1,784,142	771,495
Fiscal and social security (Note 20a)	2,455,976	3,265,674	2,081,029
Securities trading	1,566,917	1,116,282	1,139,803
Financial and development funds	221	438	6,342
Subordinated debts (Notes 4, 19 and 32b)	4,772,011	320,460	564,949
Sundry (Notes 4 and 20b)	19,289,765	18,425,402	13,155,073
Long-term liabilities	167,263,667	164,742,544	175,319,989
Deposits (Notes 3n and 16a)	66,863,677	66,591,522	79,263,263
Interbank deposits	36,540	10,704	21,171
Time deposits (Notes 16a and 32b)	66,827,137	66,580,818	79,242,092
Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)	29,911,020	26,682,866	28,544,174
Own portfolio	29,911,020	26,682,866	28,544,174

Consolidated Balance Sheet – R\$ thousand

Liabilities	2010	2009	
	March	December	March
Funds from issuance of securities (Notes 16c and 32b)	5,490,228	4,114,933	6,273,819
Mortgage and real estate notes, letters of credit and others	39,108	26,954	196,584
Debentures (Note 16c-1)	730,163	730,165	1,455,357
Securities issued abroad	4,720,957	3,357,814	4,621,878
Borrowing (Notes 17a and 32b)	770,265	322,063	631,081
Local borrowing - official institutions	-	-	19
Borrowing abroad	770,265	322,063	631,062
Local onlending - official institutions (Notes 17b and 32b)	14,358,227	12,800,052	10,812,027
BNDES	6,114,515	5,864,982	4,129,875
CEF	71,581	74,101	80,280
FINAME	8,171,480	6,860,969	6,601,132
Other institutions	651	-	740
Borrowings and Onlendings Abroad (Notes 17b and 32b)	865	-	-
Onlending abroad	865	-	-
Derivative financial instruments (Notes 3f and 32)	107,726	96,019	217,949
Derivative financial instruments	107,726	96,019	217,949
Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)	18,670,521	18,082,322	17,653,175
Other liabilities	31,091,138	36,052,767	31,924,501
Fiscal and social security (Note 20a)	11,146,891	9,937,994	9,590,431
Subordinated debts (Notes 4, 19 and 32b)	18,768,718	22,783,517	19,709,056
Sundry (Notes 4 and 20b)	1,175,529	3,331,256	2,625,014
Deferred income	292,397	320,625	272,930
Deferred income	292,397	320,625	272,930
Minority interest in subsidiaries (Note 22)	816,547	797,675	337,010
Shareholders' equity (Note 23)	43,087,366	41,753,751	35,306,357
Capital:			
- Domiciled in Brazil	25,703,438	25,635,353	22,135,032
- Domiciled abroad	796,562	864,647	864,968
Capital reserves	62,614	62,614	62,614
Profit reserves	16,185,632	15,022,670	12,936,218
Assets valuation adjustments	339,120	357,341	(687,295)
Treasury shares (Notes 23d and 32b)	-	(188,874)	(5,180)
Shareholders' equity managed by the Parent Company	43,903,913	42,551,426	35,643,367
Total	532,626,060	506,223,092	482,140,944

The Notes are an integral part of the Financial Statements.

Consolidated Statement of Income – R\$ thousand

	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Revenues from financial intermediation	15,490,486	15,065,016	16,499,653
Loan operations (Note 10j)	8,459,551	8,140,757	7,848,097
Leasing operations (Note 10j)	641,936	760,669	888,685
Operations with securities (Note 8h)	3,823,475	3,728,940	4,783,392
Financial income from insurance, private pension plans and savings bonds (Note 8h)	2,272,263	1,998,812	1,986,067
Derivative financial instruments (Note 8h)	(38,762)	142,714	537,398
Foreign exchange operations (Note 11a)	130,877	134,943	308,745
Compulsory deposits (Note 9b)	184,700	139,882	147,269
Sale or transfer of financial assets	16,446	18,299	-
Financial intermediation expenses	9,647,594	9,697,436	11,665,907
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	5,511,475	5,490,984	6,885,965
Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e)	1,493,549	1,171,800	1,373,602
Borrowing and onlending (Note 17c)	481,459	302,503	485,112
Leasing operations (Note 10j)	1,824	2,116	1,624
Allowance for loan losses (Notes 3g, 10g and 10h)	2,159,287	2,730,033	2,919,604
Gross income from financial intermediation	5,842,892	5,367,580	4,833,746
Other operating income/expenses	(3,057,822)	(2,477,084)	(2,381,156)
Fee and commission income (Notes 4 and 24)	3,080,431	3,094,465	2,750,086
Other fee and commission income	2,484,218	2,530,495	2,204,805
Revenues from banking fees	596,213	563,970	545,281
Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d)	6,790,967	8,003,075	5,445,094
Net premiums written	6,851,334	8,040,563	5,513,953
Reinsurance premiums	(60,367)	(37,488)	(68,859)
Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o)	(3,119,227)	(4,464,610)	(2,262,667)
Retained claims (Note 3o)	(2,267,327)	(2,196,702)	(1,981,545)
Savings bonds drawings and redemptions (Note 3o)	(451,350)	(522,102)	(363,563)
Insurance, private pension plans and savings bonds selling expenses (Note 3o)	(371,477)	(335,411)	(298,683)
Personnel expenses (Notes 4 and 25)	(2,120,571)	(2,080,952)	(1,852,076)
Other administrative expenses (Notes 4 and 26)	(2,564,249)	(2,674,496)	(2,157,744)
Tax expenses (Notes 4 and 27)	(735,743)	(697,357)	(595,953)
Equity in the earnings of affiliates (Note 13c)	28,755	142,011	5,567
Other operating income (Note 28)	654,186	917,936	471,875
Other operating expenses (Notes 4 and 29)	(1,982,217)	(1,662,941)	(1,541,547)
Operating income	2,785,070	2,890,496	2,452,590
Non-operating income (Note 30)	(95,374)	(131,694)	(39,979)
Income before taxes on income and minority interest	2,689,696	2,758,802	2,412,611
Income taxes and social contribution (Notes 34a and 34b)	(569,318)	(569,023)	(684,057)
Minority interest in subsidiaries	(17,672)	(8,838)	(5,542)
Net income	2,102,706	2,180,941	1,723,012

The Notes are an integral part of the Financial Statements.

Statement of Changes in Shareholders' Equity – R\$ thousand

Events	Capital stock	Capital reserves		Profit reserves		Asset valuation adjustments		Treasury shares	Retained earnings	Total
		Income tax incentives from income tax	Other	Legal	Statutory	Bradesco	Subsidiaries			
Balances on December 31, 2008	23,000,000	2,103	60,511	1,853,688	10,006,599	(53,961)	(607,543)	(4,853)	-	34,256,544
Acquisition of treasury shares	-	-	-	-	-	-	-	(327)	-	(327)
Assets valuation adjustments	-	-	-	-	-	(106,069)	80,278	-	-	(25,791)
Net income	-	-	-	-	-	-	-	-	1,723,012	1,723,012
Allocations: - Reserves	-	-	-	86,151	989,780	-	-	-	(1,075,931)	-
- Provisioned interest on shareholders' equity	-	-	-	-	-	-	-	-	(523,150)	(523,150)
- Paid and/or provisioned dividends	-	-	-	-	-	-	-	-	(123,931)	(123,931)
Balances on March 31, 2009	23,000,000	2,103	60,511	1,939,839	10,996,379	(160,030)	(527,265)	(5,180)	-	35,306,357
Balances on September 30, 2009	23,000,000	2,103	60,511	2,145,255	13,559,049	(108,639)	314,158	(94,950)	-	38,877,487
Capital increase by merger of shares	1,368,183	-	-	-	-	-	-	-	-	1,368,183
Capital increase with reserves	2,131,817	-	-	-	(2,131,817)	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(93,924)	-	(93,924)
Asset valuation adjustments	-	-	-	-	-	116,560	35,262	-	-	151,822
Net income	-	-	-	-	-	-	-	-	2,180,941	2,180,941
Allocations: - Reserves	-	-	-	109,047	1,341,136	-	-	-	(1,450,183)	-
- Provisioned interest on shareholders' equity	-	-	-	-	-	-	-	-	(525,494)	(525,494)
- Paid and/or provisioned dividends	-	-	-	-	-	-	-	-	(205,264)	(205,264)
Balances on December 31, 2009	26,500,000	2,103	60,511	2,254,302	12,768,368	7,921	349,420	(188,874)	-	41,753,751
Acquisition of treasury shares	-	-	-	-	-	-	-	(4,740)	-	(4,740)
Cancellation of treasury shares	-	-	-	-	(193,614)	-	-	193,614	-	-
Asset valuation adjustments	-	-	-	-	-	50,408	(68,629)	-	-	(18,221)
Net income	-	-	-	-	-	-	-	-	2,102,706	2,102,706
Allocations: - Reserves	-	-	-	105,135	1,251,441	-	-	-	(1,356,576)	-
- Provisioned interest on shareholders' equity	-	-	-	-	-	-	-	-	(608,025)	(608,025)
- Paid and/or provisioned dividends	-	-	-	-	-	-	-	-	(138,105)	(138,105)
Balances on March 31, 2010	26,500,000	2,103	60,511	2,359,437	13,826,195	58,329	280,791	-	-	43,087,366

The Notes are an integral part of the Financial Statements.

Value Added Statement – R\$ thousand

Description	2010		2009			
	1 st quarter	%	4 th quarter	%	1 st quarter	%
1 – Income	15,771,693	277.0	15,204,991	267.3	15,917,141	318.7
1.1) Financial intermediation	15,490,486	272.0	15,065,016	264.8	16,499,653	330.3
1.2) Fee and commission	3,080,431	54.1	3,094,465	54.4	2,750,086	55.0
1.3) Allowance for loan losses	(2,159,287)	(37.9)	(2,730,033)	(48.0)	(2,919,604)	(58.4)
1.4) Other	(639,937)	(11.2)	(224,457)	(3.9)	(412,994)	(8.2)
2 – Financial intermediation expenses	(7,488,307)	(131.5)	(6,967,403)	(122.5)	(8,746,303)	(175.1)
3 – Inputs acquired from third-parties	(2,101,504)	(37.0)	(2,226,927)	(39.1)	(1,768,193)	(35.4)
Materials, water, energy and gas	(117,417)	(2.1)	(117,567)	(2.1)	(103,943)	(2.1)
Third-party services	(724,077)	(12.7)	(701,426)	(12.3)	(585,195)	(11.7)
Other	(1,260,010)	(22.2)	(1,407,934)	(24.7)	(1,079,055)	(21.6)
- Communication	(334,475)	(5.9)	(327,884)	(5.8)	(298,692)	(6.0)
- Financial system services	(86,059)	(1.5)	(88,665)	(1.6)	(61,809)	(1.2)
- Advertising and marketing	(152,363)	(2.7)	(282,488)	(5.0)	(109,265)	(2.2)
- Transportation	(142,311)	(2.5)	(149,688)	(2.6)	(147,723)	(3.0)
- Data processing	(190,766)	(3.3)	(212,022)	(3.7)	(182,574)	(3.7)
- Maintenance and repairs	(107,456)	(1.9)	(111,485)	(2.0)	(99,347)	(2.0)
- Security and surveillance	(66,143)	(1.2)	(64,083)	(1.1)	(60,260)	(1.2)
- Travel	(21,154)	(0.4)	(22,341)	(0.4)	(15,545)	(0.3)
- Other	(159,283)	(2.8)	(149,278)	(2.5)	(103,840)	(2.0)
4 – Gross value added (1-2-3)	6,181,882	108.5	6,010,661	105.7	5,402,645	108.2
5 – Depreciation, amortization and depletion	(515,261)	(9.0)	(463,732)	(8.2)	(412,385)	(8.3)
6 – Net value added produced by the Entity (4-5)	5,666,621	99.5	5,546,929	97.5	4,990,260	99.9
7 – Value added received in transfer	28,755	0.5	142,011	2.5	5,567	0.1
Equity in earnings (losses) of unconsolidated companies	28,755	0.5	142,011	2.5	5,567	0.1
8 – Value added to distribute (6+7)	5,695,376	100.0	5,688,940	100.0	4,995,827	100.0
9 – Value added distributed	5,695,376	100.0	5,688,940	100.0	4,995,827	100.0
9.1) Personnel	1,836,435	32.3	1,811,705	31.8	1,613,760	32.2
Payroll	1,000,991	17.6	1,003,676	17.6	948,279	19.0
Benefits	417,442	7.3	396,794	7.0	363,403	7.3
FGTS (Government Severance Indemnity Fund for Employees)	92,305	1.6	94,514	1.7	81,501	1.6
Other	325,697	5.8	316,721	5.5	220,577	4.3
9.2) Taxes, fees and contributions	1,589,197	27.9	1,535,627	26.9	1,518,326	30.4
Federal	1,482,815	26.1	1,433,606	25.1	1,424,718	28.5
State	1,806	-	4,158	0.1	854	-
Municipal	104,576	1.8	97,863	1.7	92,754	1.9
9.3) Third-party capital compensation	149,366	2.6	151,829	2.8	135,187	2.8
Rentals	143,519	2.5	145,479	2.6	133,447	2.7
Asset leasing	97,710	1.7	99,563	1.8	108,056	2.2
Asset leasing - Law 11,638/07	(91,863)	(1.6)	(93,213)	(1.6)	(106,316)	(2.1)
9.4) Shareholders' equity remuneration	2,120,378	37.2	2,189,779	38.5	1,728,554	34.6
Interest on shareholders' equity	608,025	10.7	525,494	9.2	523,150	10.5
Dividends	138,105	2.4	205,264	3.6	123,931	2.5
Retained earnings	1,356,576	23.8	1,450,183	25.5	1,075,931	21.5
Interest of minority shareholders in retained earnings	17,672	0.3	8,838	0.2	5,542	0.1

The Notes are an integral part of the Financial Statements.

Consolidated Statement of Cash Flows – R\$ thousand

	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Cash flow from operating activities:			
Net Income before income tax and social contribution	2,689,696	2,758,802	2,412,611
Adjustments to net income before taxes	5,387,210	3,088,603	5,479,269
Allowance for loan losses	2,159,287	2,730,033	2,919,604
Depreciation and amortization	456,388	430,261	387,808
Goodwill amortization	58,873	33,471	24,577
Impairment losses/losses on assets	(2,445)	(108,058)	(2,706)
(Reversal)/expenses with civil, labor and tax provisions	1,117,271	(1,242,946)	713,652
Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds	1,493,549	1,171,800	1,373,602
Equity in the earnings (losses) of unconsolidated companies	(28,755)	(142,011)	(5,567)
(Gain)/loss on sale of investments	-	(44,540)	(29,498)
(Gain)/loss on sale of fixed assets	(4,240)	2,352	(3,063)
(Gain)/loss on sale of foreclosed assets	90,660	115,987	46,568
Other	46,622	142,254	54,292
Adjusted net income before taxes	8,076,906	5,847,405	7,891,880
(Increase)/decrease in interbank investments	1,059,199	(14,144,588)	1,195,222
(Increase)/decrease in securities and derivative financial instruments	(2,902,350)	997,076	1,965,551
(Increase)/decrease in interbank and interdepartmental accounts	(1,337,179)	1,338,693	(982,132)
(Increase)/decrease in loan and leasing operations	(11,117,654)	(10,768,164)	(2,177,853)
(Increase)/decrease in insurance premiums receivable	295,236	(112,447)	(697,326)
Increase in technical provisions for insurance, private pension plans and savings bonds	619,521	2,999,357	665,554
Increase/(decrease) in deferred income	(28,228)	23,402	(576)
(Increase)/decrease in other receivables and other assets	(813,768)	4,638,395	(9,709,752)
Increase/(decrease) in other liabilities	3,121,873	(3,767,119)	11,220,696
Minority interest	1,200	429,017	9,969
Income tax and social contribution paid	(1,282,026)	(629,335)	(1,166,545)
Net cash provided by/used in operating activities	(4,307,270)	(13,148,308)	8,214,688
Cash flow from investing activities:			
(Increase) in reserve requirements in the Brazilian Central Bank	(17,501,089)	(1,650,542)	(1,531,204)
(Increase) in available-for-sale securities	(4,128,146)	(588,297)	(1,051,035)
(Increase)/decrease in held-to-maturity securities	(1,740,034)	(264,149)	67,105
Proceeds from sale of foreclosed assets	27,178	101,028	63,192
Divestments	(534)	142,812	156,407
Proceeds from the sale of premises and equipment and leased assets	114,989	46,260	64,979
Decrease in intangible assets	52,345	-	8,064
Acquisition of foreclosed assets	(221,585)	(269,212)	(253,355)
Acquisition of investments	(701)	(106,408)	(179,824)
Acquisition of premises and equipment and leased assets	(170,547)	(416,625)	(311,458)
Investment in intangible assets	(233,654)	(1,905,763)	(463,345)
Dividends and interest on shareholders' equity received	5,190	3,792	1,624
Net cash provided by/used in investing activities	(23,796,588)	(4,907,104)	(3,428,850)
Cash Flow from financing activities:			
Increase/(decrease) in deposits	(351,411)	3,085,563	4,609,781
Increase in federal funds purchased and securities sold under agreements to repurchase	14,898,929	10,669,366	11,682,048
Increase in funds from issue of securities	1,067,929	371,750	268,049
Increase/(decrease) in borrowings and onlendings	2,880,008	303,220	(1,526,924)
Increase in subordinated debts	436,752	223,300	496,366
Capital increase by merger of shares	-	1,368,183	-
Dividends and interest on shareholders' equity paid	(1,639,225)	(331,261)	(1,733,695)
Acquisition of own shares	(4,740)	(93,924)	(327)
Net cash provided by/used in financing activities	17,288,242	15,596,197	13,795,298
Net increase/(decrease) in cash and cash equivalents	(10,815,616)	(2,459,215)	18,581,136
Cash and cash equivalents – At the beginning of the period	82,720,913	85,180,128	64,131,372
Cash and cash equivalents – At the end of the period	71,905,297	82,720,913	82,712,508
Net increase/(decrease) in cash and cash equivalents	(10,815,616)	(2,459,215)	18,581,136

The Notes are an integral part of the Financial Statements

Notes to the Consolidated Financial Statements Index

We present below the Notes to the Consolidated Financial Statements of Banco Bradesco S.A. subdivided as follows:

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Notes to the Consolidated Financial Statements

1) OPERATIONS

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company that, operating as a Multiple Service Bank, carries out all types of authorized banking activities through its commercial, foreign exchange, consumer financing and housing loan portfolios. The Bank also operates in a number of other activities through its direct and indirect subsidiaries, particularly in leasing, investment banking, brokerage, consortium management, credit cards, insurance, private pension plans and savings bonds. Operations are conducted within the context of the Bradesco Organization companies, working in an integrated manner in the market.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Bradesco include the financial statements of Banco Bradesco, its foreign branches, direct and indirect subsidiaries and jointly-controlled investments, in Brazil and abroad, including SPEs. They were prepared based on accounting practices determined by Law 6,404/76 (Brazilian Corporation Law), with the amendments introduced by Laws 11,638/07 and 11,941/09 related to the accounting of operations, as well as the rules and instructions of the Monetary National Council (CMN) and the Brazilian Central Bank (Bacen), Securities and Exchange Commission of Brazil (CVM), National Private Insurance Council (CNSP), Insurance Superintendence (Susep), National Agency for Supplementary Healthcare (ANS), and consider the financial statements of leasing companies based on the finance lease method, whereby leased fixed assets are reclassified to the leasing operations account, less the residual value paid in advance.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these financial statements, as well as separate presentation of net income and shareholders' equity referring to the interest of non-controlling shareholders. In the case of investments which are jointly controlled with other shareholders, asset, liability and income components were included in the consolidated financial statements in proportion to the capital stock percentage owned of each investee. Goodwill determined on acquisition of investments in subsidiaries and jointly-controlled companies up to March 31, 2008 was fully amortized. Goodwill ascertained as of that date is presented under investments and intangible assets (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries is presented in the income statement item together with derivative financial instruments, in order to eliminate the effect of these investment hedge instruments.

The financial statements include estimates and assumptions, such as the calculation of the allowance for loan losses, estimates of the fair value of certain financial instruments, provision for contingencies, losses from impairment of securities classified as available-for-sale and held-to-maturity and non-financial assets, other provisions, the calculation of technical provisions for insurance, supplementary pension plans and savings bonds and the determination of the useful life of specific assets. Actual results could differ from those estimates and assumptions.

The financial statements were approved by the Board of Directors on April 27, 2010.

We present below the main direct and indirect investees included in the Consolidated Financial Statements:

Notes to the Consolidated Financial Statements

	Activity	Total ownership		
		2010	2009	
		March 31	December 31	March 31
Financial Area - Brazil				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.	Banking	100.00%	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	99.94%	99.94%	99.88%
Banco Bradesco Financiamentos S.A.(3)	Banking	100.00%	100.00%	100.00%
Banco Bankpar S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco BBI S.A.(4)	Investment bank	98.35%	98.35%	98.33%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Bankpar Arrendamento Mercantil S.A.	Leasing	100.00%	100.00%	100.00%
Banco Bradesco Cartões S.A.	Banking	100.00%	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%	100.00%
Banco Ibi S.A.(2) (10)	Banking	100.00%	100.00%	-
Cielo S.A. (2) (5) (6) (7) (8) (11)	Services	26.56%	26.56%	39.26%
Financial Area - abroad				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Luxembourg S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (9)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Nassau Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%	100.00%
Insurance, Private Pension Plans and Savings Bonds Area				
Atlântica Capitalização S.A.	Savings bonds	100.00%	100.00%	100.00%
Bradesco Argentina de Seguros S.A.	Insurance	99.90%	99.90%	99.90%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A.	Savings bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Bradesco Dental S.A.(12)	Insurance/dental health	43.50%	43.50%	100.00%
Odontoprev S.A.(2) (13)	Insurance/dental health	43.50%	43.50%	-
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A.	Private pension plans/insurance	100.00%	100.00%	100.00%
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Other activities				
Átria Participações Ltda.	Holding	100.00%	100.00%	100.00%
Andorra Holdings S.A.	Holding	54.01%	54.01%	54.01%
Bradescor Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	100.00%
Bradesplan Participações Ltda.	Holding	100.00%	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	100.00%
CPM Holdings Limited(6)	Holding	49.00%	49.00%	49.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%	100.00%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%	100.00%

Notes to the Consolidated Financial Statements

	Activity	Total ownership		
		2010	2009	
		March 31	December 31	March 31
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	100.00%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
União Participações Ltda.	Holding	100.00%	100.00%	100.00%

- (1) Increase in interest by the total subscription of the capital increase in April 2009;
- (2) Company whose audit services in 2009 were carried out by other independent auditors;
- (3) Current name of Banco Finasa BMC S.A.;
- (4) Increase in ownership interest due to the subscription of the total capital stock increase in December 2009;
- (5) Companies whose audit services in 2010 were carried out by other independent auditors;
- (6) Companies proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (7) Reduction in interest by partial sale in June and July 2009;
- (8) The special purpose entity Brazilian Merchant Voucher Receivables Limited is being consolidated. The company takes part in the securitization operation of the future flow of credit card bills receivables of clients domiciled abroad (Note 16d);
- (9) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d);
- (10) Company acquired in October 2009;
- (11) Current name of Companhia Brasileira de Meios de Pagamento – Visanet;
- (12) Reduction of interest due to the merger of Bradesco Dental shares by Odontoprev in October 2009; and
- (13) Interest received from the merger of Bradesco Dental shares by Odontoprev in October 2009.

3) SIGNIFICANT ACCOUNTING POLICIES

a) Functional and Presentation Currencies

Financial statements are presented in Reais, which is Bradesco's functional currency. Operations of foreign branches and subsidiaries are essentially a continuation of the activities in Brazil, and therefore, assets, liabilities and results are adjusted to comply with the accounting practices adopted in Brazil and translated into Reais using the exchange rate of the applicable currency. Gains and losses arising from this translation process are recorded in the period's income.

b) Determination of net income

Net income is determined on the accrual basis of accounting which establishes that income and expenses should be included in the determination of the results of the period to which they relate, always simultaneously when they are correlated, regardless of receipt or payment. Transactions with fixed rates are recorded at their redemption value and unearned income and unexpired expenses are recorded as a deduction from the corresponding assets and liabilities. Financial income and expenses are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to foreign transactions which are calculated based on the straight-line method.

Floating rate or foreign-currency-indexed transactions are adjusted to the balance sheet date.

Insurance and coinsurance premiums, net of premiums assigned in coinsurance and reinsurance, as well as corresponding commissions, are appropriated to income over the period of corresponding insurance policies and invoices and are deferred for appropriation on a straight-line basis, during the risk coverage period, by means of accrual and reversal of unearned premiums reserve and deferred selling expenses. Accepted coinsurance and retrocession operations are recorded based on the information received from other companies and reinsurance companies, respectively.

Notes to the Consolidated Financial Statements

Supplementary pension plans contributions and life insurance premiums with a survival clause are recognized in income as they are received.

Revenue from savings bonds is recognized at the time of receipt, except for pre-printed bonds of established amount and lump-sum payment, which are recorded at the time of issue. The expenses for placement of bonds, classified as "Selling Expenses," are recognized as they are incurred. Brokerage expenses are recorded when the respective savings bonds contributions are effectively received. Redemptions and drawings are recorded simultaneously to the accounting for the corresponding revenues.

Expenses for technical provisions for private pension plans and savings bonds are recorded at the same time as the corresponding revenues thereof are recognized.

c) Cash and cash equivalents

Cash and Cash Equivalents are represented by: cash in domestic and foreign currency, investments in gold, open market investments and deposits in other banks, with maturities on the application date of 90 days or less and present an insignificant risk of change in fair value, used by the Bank to manage its short-term commitments.

d) Interbank investments

Purchase and sale commitments with unrestricted movement agreements are adjusted to market value. Other investments are recorded at acquisition cost, plus income earned up to the balance sheet date, net of loss accrual, when applicable.

e) Securities – classification:

- Trading securities – securities acquired for the purpose of being actively and frequently traded, adjusted to market value against the income in the period;
- Available-for-sale securities – securities which are not specifically intended for trading purposes or as held to maturity, adjusted to market value against a specific account in shareholders' equity, net of tax effects; and
- Held-to-maturity securities – securities for which there is intention and financial capacity to hold in the portfolio up to maturity, recorded at acquisition cost, plus earnings recognized against income for the period.

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

f) Derivative financial instruments (assets and liabilities)

Classified based on Management's intended use thereof on the date of the contracting of the operation and whether it was carried out for hedging purposes or not.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage the overall exposure, as well as for meeting clients requests for the management of

Notes to the Consolidated Financial Statements

their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

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

- Market risk hedge: for financial instruments classified in this category as well as the hedge-related financial assets and liabilities, gains and losses, realized or not, are recorded in income statement; and
- Cash flow hedge: for financial instruments classified in this category, the effective valuation or devaluation portion is recorded, net of tax effects, in a specific account in shareholders' equity. The non-effective portion of the respective hedge is directly recognized in the income statement.

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

Loan and leasing operations, advances on foreign exchange contracts and other receivables with credit characteristics are classified in their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution 2,682/99, at nine levels from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's assessment risk. This assessment, which is carried out on a periodic basis, considers current economic conditions and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. Moreover, the length of the delay in payment defined in CMN Resolution 2,682/99 is also taken into account for client risk rating purposes as follows:

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

(1) For operations unexpired term of over 36 months, the periods are doubled, as allowed by CMN Resolution 2,682/99.

The accrual of revenue on operations past due up to 59 days is recorded in income and subsequent to the 60th day, in unearned income.

H-rated past-due operations remain at this level for six months, after which they are written-off against the existing allowance and controlled in memorandum accounts for at least five years, no longer being recognized in the balance sheet.

Renegotiated operations are maintained, at least, at the same classification as their prior rating. Renegotiations already charged-off against the allowance and which are recorded in memorandum accounts are rated as "H" level and any possible revenues derived from their renegotiation are recognized as revenue only when they are effectively received. When there is a significant payment on the operation or when new material facts justify a change in risk level, the operation may be reclassified to a lower risk category.

Notes to the Consolidated Financial Statements

The allowance for loan losses is calculated at an amount sufficient to cover probable losses and takes into consideration CMN and Bacen rules and instructions, together with assessments carried out by the Management, in the determination of credit risk.

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

Income tax and social contribution credits, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in "Other Receivables - Sundry" and the provision for deferred tax liabilities on tax difference in leasing depreciation and mark-to-market adjustments of securities is recorded in "Other Liabilities – Tax and Social Security". Only income tax rate is applied on tax difference in leasing depreciation.

Tax credits on temporary additions will be realized upon use and/or reversal of the corresponding provisions to which they refer. Tax credits on tax losses and negative basis of social contribution will be realized as taxable income is generated, considering the 30% limit of the taxable profit of the reference period. Such tax credits are recorded based on current expectations for realization, taking into account the technical studies and analyses carried out by Management.

The provision for income tax is recorded at the base rate of 15% of taxable income, plus a 10% surcharge. Social contribution is calculated at a 15% rate for financial institutions and insurance companies and at 9% for other companies.

Tax credits brought forward from previous periods, resulting from the increase of the social contribution rate to 15% are recorded up to the limit of the corresponding consolidated tax liabilities (Note 34).

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

Pursuant to Law 11,941/09, changes in the determination criteria for income, costs and expenses included in the net income for the period, enacted by Law 11,638/07 and by Articles 37 and 38 of Law 11,941/09, shall not have effect taxable income for corporate entities opting for the Transitional Tax Regime (RTT), and, for tax purposes, accounting methods and criteria in force on December 31, 2007 will be considered. For accounting purposes, the tax effects of adopting Law 11,638/07 are recorded in the corresponding deferred tax assets and liabilities.

Notes to the Consolidated Financial Statements

i) Prepaid expenses

Payments for future benefits or services are registered in assets according to the accrual method of accounting.

This group is basically represented by: insurance selling expenses, insurance expenses and advertising and marketing expenses, as described in note 12b.

j) Investments

Investments in subsidiaries, jointly-controlled companies and affiliates, with significant influence over the investee or ownership of 20% or more in the voting capital, are evaluated by the equity accounting method.

Tax incentives and other investments are assessed at acquisition cost, net of the provision for impairment, when applicable.

k) Fixed assets

Correspond to tangible assets used in the Bank's activities or acquired with this purpose, including those deriving from operations which transfer risks, benefits and controls of the assets.

Fixed assets are stated at acquisition cost, net of the respective accumulated depreciations, calculated on the straight-line method according to the estimated economic useful life of assets, being: premises – 4% p.a.; furniture and fixtures, machinery and equipment – 10% p.a.; transport systems – 20% p.a.; and data processing systems – 20% to 50% p.a. and impairment, when applicable.

l) Intangible assets

Intangible assets are intangible rights acquired for business activities or exercised with that purpose.

Intangible assets comprise:

- Future profitability/client portfolio acquired and acquisition of the right to provide banking services; and

These are recorded and amortized over the period in which the asset will directly and indirectly contribute to the future cash flow and adjusted by the impairment, when applicable.

- Software

Software is recorded at cost less amortization on the straight-line method during the estimated useful life (20% to 50% p.a.), as from the date it is available for use and adjusted by *impairment*, when applicable. Internal software development expenses are recognized as assets when it is possible to demonstrate the intention and ability to complete such development, as well as reliably measuring costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

Notes to the Consolidated Financial Statements

m) Asset impairment

Securities classified as available-for-sale, held-to-maturity and non-financial assets, except other assets and tax credits, are tested, at least annually, for impairment, which is recognized in the income statement for the period if the book value of an asset or its cash-generating unit exceeds its recoverable value.

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

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

These are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily prorated basis.

o) Technical provisions related to insurance, private pension plans and savings bonds activities

Technical provisions are calculated according to actuarial technical notes approved by Susep and ANS, and criteria set forth by CNSP Resolutions 162/06, 181/07, 195/08 and 204/09.

- Basic, life and health insurance lines:

- Unearned Premiums Provision (PPNG) comprises retained premiums (except reinsurance assignment, once according to CNSP Resolution 195/08, as of 2009, insurance companies should not deduct the amounts transferred to third parties through reinsurance operations from the calculation of provisions) which are deferred during the term of effectiveness of the insurance policies, determining the daily prorated value of the unearned premium of the unexpired risk period (future risk of policies in effect);
- The provision for claims Incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the amount of claims occurred and not reported by policyholders/beneficiaries. Pursuant to CNSP Resolution 195/08, as of 2009, insurance companies cannot deduct the amounts transferred to third parties through reinsurance operations from calculation of provisions;
- The provision for unsettled claims is recorded based on indemnity estimates for notices of claims received from policyholders up to the balance sheet date. The provision is monetarily restated and includes all claims under litigation. In the case of health insurance, according to the technical note approved by ANS, the provision for unsettled claims comprises litigations and complements to IBNR provision;
- The Supplementary Premium Provision (PCP) is recorded on a monthly basis to complement the PPNG;
- The provision for insufficient premiums is recorded when there is insufficiency of the unearned premium provision to cover incurred claims, considering expected indemnities and related expenses, throughout periods to be incurred related to risks in effect on the reference date of calculation;
- Other technical provisions refer to the provision for future readjustments of premiums and those required for the technical balance of the individual health plan portfolio, adopting a method included in the actuarial technical note approved by ANS;

Notes to the Consolidated Financial Statements

- The provision for benefits to be granted, of the individual health plan portfolio, refers to a 5-year coverage for dependents if the policyholder is deceased, adopting a formulation included in the actuarial technical note approved by ANS; and
- The provision for benefits granted, of the individual health plan portfolio, is comprised by liabilities arising from payment release contractual clauses referring to health plan coverage, and its accounting complies with Resolution - RN 75/04 of ANS, and by premiums for the payment release of Bradesco Saúde policyholders - "Plano GBS".
- Supplementary private pension plans and life insurance covering survival:
 - The mathematical provision for benefits to be granted refers to participants whose benefits have not yet begun. In private pension plans known as "traditional", the provision represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations assumed under retirement, disability, pension and regular income plans, and are calculated using methodologies and premises set forth in the Actuarial Technical Notes.

Mathematical provisions of benefits to be granted pegged to life insurance and Unrestricted Benefits Generating private pension plans (VGBL and PGBL) represent the amount of contributions made by the participants, net of carrying costs and other contractual charges, plus financial earnings generated by investments in fund quotas in Exclusive Investment Funds (FIEs);

 - The mathematical provision for benefits granted refers to participants already using the benefits and corresponds to the present value of future obligations related to the payment of ongoing benefits;
 - The contribution insufficiency provision (PIC) is recorded for an eventual unfavorable fluctuation in technical risks taken in the mathematical provision for benefits to be granted, in the mathematical provision for benefits granted, considering that the participants are likely to have a higher survival rate. In plans covering survival, the provision is calculated on an actuarial basis and takes into consideration the actuarial tables AT-2000 Male (normalized) for males and AT-2000 Female (normalized) for females, with improvement of 1.5% p.a. and actual interest rate of 4% p.a.. In disability plans covering survival risks, the provision takes into consideration the biometric AT-49 Male table and real interest rate of 4% p.a.. Improvement is a technique that automatically updates the survival table, considering the expected increase in future survival rates.
 - The financial fluctuation provision is recorded up to a limit of 15% of the mathematical provision for benefits to be granted related to the private pension plans in the category of variable contribution with guarantee of earnings to meet possible financial fluctuations; and
 - The administrative expenses provision is recorded to cover administrative expenses of defined benefit and variable contribution plans. It is calculated in conformity with the methodology set forth in the actuarial technical note.
- Savings bonds:
 - The mathematical provision for redemptions is recorded for each active or suspended savings bond during the estimated term set forth in the general conditions of the plan. It is calculated according to the methodology set forth in the actuarial technical notes approved by Susep;

Notes to the Consolidated Financial Statements

- The provisions for redemptions are established for the expired savings bonds and unexpired plans where early redemption has been required by the clients. The provisions are monetarily restated based on the indexes determined in each plan; and
- The provisions for unrealized and payable drawings are recorded to cover prizes in future drawings (unrealized) and also for prizes in drawings where clients have already been selected (payable).

p) Contingent assets and liabilities and legal liabilities – tax and social security

The recognition, measurement and disclosure of contingent assets and liabilities and legal liabilities are in accordance with the criteria defined in CMN Resolution 3,823/09 and CVM Resolution 594/09.

- Contingent Assets: are not recognized in the financial statements, except when Management has total control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, characterizing the gain as practically certain and confirmed expectations of receipt or compensation with another liability. Contingent assets with probable chances of success are disclosed in the notes to the financial statements (Note 18a);
- Contingent Liabilities: are recorded taking into consideration the opinion of legal advisors, the nature of the lawsuits, the similarity with previous processes, the complexity and positioning of the courts, whenever the loss is evaluated as probable, which would cause a probable outflow of funds for the settlement of liabilities and when the amounts involved are measurable with sufficient reliability. Contingent liabilities classified as possible losses are not recognized in the financial statements, and they must only be disclosed in the notes, when individually material, and those classified as remote do not require provision nor disclosure (Notes 18b and 18c); and
- Legal Liabilities – Tax and Social Security: result from judicial proceedings related to tax liabilities, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements (note 18b).

q) Funding expenses

Expenses related to funding transactions involving the issue of securities are recorded as reduction of the liability and are allocated to income over the term of the transaction.

r) Other assets and liabilities

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

Notes to the Consolidated Financial Statements

4) INFORMATION FOR COMPARISON PURPOSES

Reclassifications

For a better comparison of the financial statements, reclassifications were made in the balances for the period ended December 31 and March 31, 2009, to comply with the accounting procedures/classifications adopted in 2010.

Notes to the Consolidated Financial Statements

Balance Sheet

	On December 31, 2009 - R\$ thousand		
	As previously reported	Reclassifications	Reclassified balance
Assets			
Permanent assets	10,194,797	-	10,194,797
Investments	1,260,819	287,998	1,548,817
Equity in the earnings/losses of unconsolidated companies:			
- Domestic (1)	738,282	287,998	1,026,280
Intangible assets	5,516,024	(287,998)	5,228,026
Intangible assets (1)	8,779,565	(287,998)	8,491,567
Total	506,223,092	-	506,223,092

	On March 31, 2009 - R\$ thousand		
	As previously reported	Reclassifications	Reclassified balance
Assets			
Permanent assets	8,017,091	-	8,017,091
Investments	1,095,181	305,165	1,400,346
Equity in the earnings/losses of unconsolidated companies:			
- Domestic (1)	579,192	305,165	884,357
Intangible assets	3,635,783	(305,165)	3,330,618
Intangible assets (1)	6,366,661	(305,165)	6,061,496
Total	482,140,944	-	482,140,944
Liabilities			
Current liabilities	270,904,658	-	270,904,658
Other liabilities	42,583,983	-	42,583,983
Subordinated debts (2)	71,134	493,815	564,949
Sundry (2)	13,648,888	(493,815)	13,155,073
Long-term liabilities	175,319,989	-	175,319,989
Other liabilities	31,924,501	-	31,924,501
Subordinated debts (2)	19,673,798	35,258	19,709,056
Sundry (2)	2,660,272	(35,258)	2,625,014
Total	482,140,944	-	482,140,944

Statement of Income

	On March 31, 2009 - R\$ thousand		
	As previously reported	Reclassifications	Reclassified balance
Other operating revenues/expenses	(2,381,156)	-	(2,381,156)
Fee and Commission Income (3)	2,836,569	(86,483)	2,750,086
Other Revenues from Fees and Commissions	2,291,288	(86,483)	2,204,805
Personnel Expenses (4)	(1,776,156)	(75,920)	(1,852,076)
Other Administrative Expenses (3) (4)	(2,126,848)	(30,896)	(2,157,744)
Tax Expenses (3)	(595,318)	(635)	(595,953)
Other Operating Expenses (3) (4)	(1,735,481)	193,934	(1,541,547)
Net Income	1,723,012	-	1,723,012

Notes to the Consolidated Financial Statements

- (1) Reclassification of intangible assets for interest in domestic affiliates, related to goodwill based on the asset's market value - investments;
- (2) Reclassification of Other Liabilities – Sundry to Subordinated Debts related to CDB issue;
- (3) Reclassification of Fee and Commission Income and Other Administrative Expenses to Other Operating Expenses, related to interbank fees, which now is named Reimbursement of Operating Costs; and
- (4) Reclassification of Other Operating Expenses to Personnel Expenses, Other Administrative Expenses and Tax Expenses, related to the breakdown of sale of non-financial companies.

Notes to the Consolidated Financial Statements

5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT

a) Balance sheet

	R\$ thousand						
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Eliminations (4)	Total consolidated
	Brazil	Abroad	Brazil	Abroad			
Assets							
Current and long-term assets	406,961,418	35,124,863	92,559,265	11,338	1,083,048	(13,030,395)	522,709,537
Cash and cash equivalents	5,426,579	3,220,819	145,228	9,738	15,177	(112,876)	8,704,665
Interbank investments	95,730,454	1,434,058	-	-	-	-	97,164,512
Securities and derivative financial instruments	64,558,475	6,266,387	86,773,161	42	521,265	(810,741)	157,308,589
Interbank and interdepartmental accounts	36,253,911	420,080	-	-	-	-	36,673,991
Loan and leasing operations	152,601,911	23,320,799	-	-	-	(9,526,619)	166,396,091
Other receivables and other assets	52,390,088	462,720	5,640,876	1,558	546,606	(2,580,159)	56,461,689
Permanent assets	34,445,752	6,902	2,098,005	34	132,802	(26,766,972)	9,916,523
Investments	26,916,002	-	1,323,346	-	64,311	(26,766,972)	1,536,687
Premises and equipment and leased assets	2,948,957	6,755	232,041	34	56,480	-	3,244,267
Intangible assets	4,580,793	147	542,618	-	12,011	-	5,135,569
Total on March 31, 2010	441,407,170	35,131,765	94,657,270	11,372	1,215,850	(39,797,367)	532,626,060
Total on December 31, 2009	414,654,040	27,778,897	92,086,729	17,277	1,186,389	(29,500,240)	506,223,092
Total on March 31, 2009	396,325,050	30,335,673	80,707,403	23,508	839,849	(26,090,539)	482,140,944
Liabilities							
Current and long-term liabilities	397,692,462	19,681,179	83,478,533	2,450	605,521	(13,030,395)	488,429,750
Deposits	165,430,043	5,418,101	-	-	-	(126,471)	170,721,673
Federal funds purchased and securities sold under agreements to repurchase	127,417,101	856,962	-	-	-	(102,088)	128,171,975
Funds from issuance of securities	4,106,102	5,334,656	-	-	-	(890,245)	8,550,513
Interbank and interdepartmental accounts	2,061,156	1,505	-	-	-	-	2,062,661
Borrowing and onlending	35,711,601	3,828,980	-	-	-	(9,332,837)	30,207,744
Derivative financial instruments	2,371,322	97,417	-	-	-	-	2,468,739
Technical provisions from insurance, private pension plans and savings bonds	-	-	77,683,205	1,786	-	-	77,684,991
Other liabilities:							
- Subordinated debts	19,686,786	3,853,943	-	-	-	-	23,540,729
- Other	40,908,351	289,615	5,795,328	664	605,521	(2,578,754)	45,020,725
Deferred income	292,397	-	-	-	-	-	292,397
Shareholders' equity/minority interest in subsidiaries	334,945	15,450,586	11,178,737	8,922	610,329	(26,766,972)	816,547
Shareholders' equity - parent company	43,087,366	-	-	-	-	-	43,087,366
Total on March 31, 2010	441,407,170	35,131,765	94,657,270	11,372	1,215,850	(39,797,367)	532,626,060
Total on December 31, 2009	414,654,040	27,778,897	92,086,729	17,277	1,186,389	(29,500,240)	506,223,092
Total on March 31, 2009	396,325,050	30,335,673	80,707,403	23,508	839,849	(26,090,539)	482,140,944

Notes to the Consolidated Financial Statements

b) Statement of income

	R\$ thousand						
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Eliminations (4)	Total consolidated
	Brazil	Abroad	Brazil	Abroad			
Revenues from financial intermediation	12,837,193	386,862	2,272,298	-	10,442	(16,309)	15,490,486
Expenses from financial intermediation	8,152,469	17,787	1,493,549	-	-	(16,211)	9,647,594
Gross income from financial intermediation	4,684,724	369,075	778,749	-	10,442	(98)	5,842,892
Other operating income/expenses	(3,454,066)	(29,164)	379,900	(963)	46,373	98	(3,057,822)
Operating income	1,230,658	339,911	1,158,649	(963)	56,815	-	2,785,070
Non-operating income	(90,028)	1,464	(6,759)	-	(51)	-	(95,374)
Income before taxes and minority interest	1,140,630	341,375	1,151,890	(963)	56,764	-	2,689,696
Income tax and social contribution	(116,339)	(518)	(436,386)	314	(16,389)	-	(569,318)
Minority interest in subsidiaries	(6,123)	-	(11,416)	-	(133)	-	(17,672)
Net income for 1Q10	1,018,168	340,857	704,088	(649)	40,242	-	2,102,706
Net income for 4Q09	1,276,139	50,465	826,483	949	26,905	-	2,180,941
Net income for 1Q09	639,356	423,685	646,777	2,774	10,420	-	1,723,012

(1) The "Financial" segment comprises: financial institutions; holding companies (which are mainly responsible for managing financial resources); as well as credit card and asset management companies;

(2) The balances of equity accounts, income and expenses among companies from the same segment are being eliminated;

(3) The "Insurance Group" segment comprises insurance, private pension plans and savings bonds companies; and

(4) Amounts eliminated among companies from different segments, as well as operations carried out in Brazil and abroad.

6) CASH AND CASH EQUIVALENTS

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Funds available in domestic currency	5,209,507	5,507,300	5,009,832
Funds available in foreign currency	3,495,086	1,439,198	2,523,466
Investments in gold	72	65	70
Total funds available (cash)	8,704,665	6,946,563	7,533,368
Short-term interbank investments (1)	63,200,632	75,774,350	75,179,140
Total cash and cash equivalents	71,905,297	82,720,913	82,712,508

(1) Refers to operations with maturities on the application date of 90 days or less and with insignificant risk of change in fair value.

Notes to the Consolidated Financial Statements

7) INTERBANK INVESTMENTS

a) Breakdown and maturities

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
Investments in the open market:							
Own portfolio position	7,432,635	14,979,422	-	-	22,412,057	33,326,754	24,323,216
• Financial treasury bills	1,708,637	-	-	-	1,708,637	780,904	2,226,633
• National treasury notes	1,995,789	12,999,190	-	-	14,994,979	19,185,687	18,887,098
• National treasury bills	3,649,275	1,980,232	-	-	5,629,507	13,350,807	3,206,435
• Other	78,934	-	-	-	78,934	9,356	3,050
Funded position	59,384,778	7,317,494	-	-	66,702,272	67,957,781	55,592,152
• Financial treasury bills	27,144,804	-	-	-	27,144,804	20,945,416	43,734,397
• National treasury notes	25,809,892	3,048,245	-	-	28,858,137	28,537,680	11,824,284
• National treasury bills	6,430,082	4,269,249	-	-	10,699,331	18,474,685	33,471
Short position	230,235	576,174	-	-	806,409	553,156	3,178,836
• National treasury bills	230,235	576,174	-	-	806,409	553,156	3,178,836
Subtotal	67,047,648	22,873,090	-	-	89,920,738	101,837,691	83,094,204
Deposits in other banks:							
• Deposits in other banks	2,818,638	2,319,644	1,202,079	903,656	7,244,017	8,959,981	10,248,250
• Provisions for losses	-	(239)	(4)	-	(243)	(859)	(440)
Subtotal	2,818,638	2,319,405	1,202,075	903,656	7,243,774	8,959,122	10,247,810
Total on March 31, 2010	69,866,286	25,192,495	1,202,075	903,656	97,164,512		
%	72.0	25.9	1.2	0.9	100.0		
Total on December 31, 2009	84,014,995	23,461,341	2,243,038	1,077,439		110,796,813	
%	75.8	21.2	2.0	1.0		100.0	
Total on March 31, 2009	77,618,587	14,074,221	826,173	823,033			93,342,014
%	83.2	15.1	0.9	0.8			100.0

b) Income from interbank investments

Classified in the statement of income as income on securities transactions

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Income from investments in purchase and sale commitments:			
Own portfolio position	592,398	580,234	685,664
Funded position	1,442,604	1,574,524	1,471,813
Short position	58,768	17,333	149,809
Subtotal	2,093,770	2,172,091	2,307,286
Income from interest-earning deposits in other banks	167,388	142,215	278,083
Total (Note 8h)	2,261,158	2,314,306	2,585,369

Notes to the Consolidated Financial Statements

8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Information on securities and derivative financial instruments is as follows:

a) Summary of the consolidated classification of securities by business segment and issuer

	R\$ thousand									
	2010						2009			
	Financial	Insurance/ Savings bonds	Private pension plans	Other activities	March 31	%	December 31	%	March 31	%
Trading securities	43,996,110	2,395,723	30,655,515	324,537	77,371,885	59.0	70,712,303	59.5	76,073,739	68.0
- Government securities	23,147,599	1,082,175	220,746	287,273	24,737,793	18.9	23,095,598	19.4	30,731,644	27.5
- Corporate bonds	17,796,991	1,313,548	218,871	37,264	19,366,674	14.8	16,803,535	14.2	15,487,144	13.8
- Derivative financial instruments (1)	3,051,520	-	-	-	3,051,520	2.3	1,358,573	1.1	2,281,891	2.0
- PGBL / VGBL restricted bonds	-	-	30,215,898	-	30,215,898	23.0	29,454,597	24.8	27,573,060	24.7
Available-for-sale securities	22,592,707	1,752,133	1,818,986	30,017	26,193,843	19.9	22,083,918	18.6	11,821,515	10.6
- Government securities	16,158,202	153,244	234,644	-	16,546,090	12.6	13,610,163	11.5	3,261,349	2.9
- Corporate bonds	6,434,505	1,598,889	1,584,342	30,017	9,647,753	7.3	8,473,755	7.1	8,560,166	7.7
Held-to-maturity securities (4)	875,870	7,002,164	19,800,584	-	27,678,618	21.1	25,938,584	21.9	23,953,802	21.4
- Government securities	875,870	7,002,164	19,095,460	-	26,973,494	20.6	25,266,822	21.3	23,304,559	20.8
- Corporate bonds	-	-	705,124	-	705,124	0.5	671,762	0.6	649,243	0.6
Subtotal	67,464,687	11,150,020	52,275,085	354,554	131,244,346	100.0	118,734,805	100.0	111,849,056	100.0
Purchase and sale commitments (2)	2,665,847	4,828,984	18,519,113	50,299	26,064,243		27,883,930		18,967,149	
Overall total	70,130,534	15,979,004	70,794,198	404,853	157,308,589		146,618,735		130,816,205	
- Government securities	40,181,671	8,237,583	19,550,850	287,273	68,257,377	52.0	61,972,583	52.2	57,297,552	51.2
- Corporate bonds	27,283,016	2,912,437	2,508,337	67,281	32,771,071	25.0	27,307,625	23.0	26,978,444	24.1
- PGBL / VGBL restricted bonds	-	-	30,215,898	-	30,215,898	23.0	29,454,597	24.8	27,573,060	24.7
Subtotal	67,464,687	11,150,020	52,275,085	354,554	131,244,346	100.0	118,734,805	100.0	111,849,056	100.0
Purchase and sale commitments (2)	2,665,847	4,828,984	18,519,113	50,299	26,064,243		27,883,930		18,967,149	
Overall total	70,130,534	15,979,004	70,794,198	404,853	157,308,589		146,618,735		130,816,205	

Notes to the Consolidated Financial Statements

b) Breakdown of consolidated portfolio by issuer

Securities (3)	R\$ thousand										
	2010							2009			
	March 31							December 31		March 31	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market
Government securities	1,155,874	1,400,872	8,633,047	57,067,584	68,257,377	67,981,974	275,403	61,972,583	423,826	57,297,552	1,024,217
Financial treasury bills	38,848	497,548	95,307	18,134,338	18,766,041	18,771,614	(5,573)	14,374,635	(5,928)	10,479,469	(6,834)
National treasury bills	892,306	41,776	6,131,829	504,203	7,570,114	7,576,563	(6,449)	4,336,011	(9,786)	2,818,564	19,687
National treasury notes	6,279	839,212	286,312	38,324,188	39,455,991	39,455,388	603	40,121,292	29,981	39,241,125	584,223
Brazilian foreign debt notes	38,517	-	1,962,885	-	2,001,402	1,727,591	273,811	2,813,150	398,181	3,473,768	342,585
Privatization currencies	-	-	-	92,156	92,156	77,471	14,685	94,143	14,593	99,270	13,495
Foreign government securities	179,924	16,793	154,327	-	351,044	353,171	(2,127)	211,765	(3,670)	1,177,722	71,067
Other	-	5,543	2,387	12,699	20,629	20,176	453	21,587	455	7,634	(6)
Corporate bonds	8,911,654	3,098,602	4,110,867	16,649,948	32,771,071	32,309,581	461,490	27,307,625	378,381	26,978,444	(928,514)
Bank deposit certificates	202,080	132,156	136,446	612,429	1,083,111	1,083,111	-	1,097,396	-	1,886,702	-
Shares	4,332,237	-	-	-	4,332,237	4,190,639	141,598	3,294,980	115,220	3,155,107	(1,158,463)
Debentures	3,720	182,823	1,001,830	9,403,670	10,592,043	10,462,034	130,009	9,033,521	139,678	7,613,696	205,271
Promissory notes	104,599	2,480,988	409,756	-	2,995,343	2,995,978	(635)	2,047,780	(421)	5,417,814	-
Foreign corporate bonds	600,318	6,865	2,283,458	21,507	2,912,148	2,801,860	110,288	2,228,011	77,255	1,897,328	(110,734)
Derivative financial instruments (1)	2,037,850	222,895	74,612	716,163	3,051,520	2,988,525	62,995	1,358,573	117,559	2,281,891	140,762
Other	1,630,850	72,875	204,765	5,896,179	7,804,669	7,787,434	17,235	8,247,364	(70,910)	4,725,906	(5,350)
PGBL / VGBL restricted bonds	3,698,807	8,420,539	5,697,323	12,399,229	30,215,898	30,215,898	-	29,454,597	-	27,573,060	-
Subtotal	13,766,335	12,920,013	18,441,237	86,116,761	131,244,346	130,507,453	736,893	118,734,805	802,207	111,849,056	95,703
Purchase and sale commitments (2)	25,404,360	594,006	64,180	1,697	26,064,243	26,064,243	-	27,883,930	-	18,967,149	-
Hedge – cash flow (Note 8g)	-	-	-	-	-	-	67,030	-	150,089	-	(225,784)
Overall total	39,170,695	13,514,019	18,505,417	86,118,458	157,308,589	156,571,696	803,923	146,618,735	952,296	130,816,205	(130,081)

Notes to the Consolidated Financial Statements

c) Consolidated classification by category, maturity and business segment

l) Trading securities

Securities (3)	R\$ thousand										
	2010							2009			
	March 31							December 31		March 31	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market
- Financial	4,098,386	3,534,942	1,704,284	34,658,498	43,996,110	43,757,246	238,864	38,510,735	360,116	45,720,520	1,002,884
National treasury bills	892,306	41,756	165,153	499,621	1,598,836	1,598,805	31	2,336,454	(900)	2,704,013	19,046
Financial treasury bills	1,958	180,140	29,745	16,187,802	16,399,645	16,405,267	(5,622)	12,325,394	(6,252)	8,769,633	(7,621)
Bank deposit certificates	18,728	71,958	95,140	584,692	770,518	770,518	-	818,582	-	1,425,414	-
Derivative financial instruments (1)	2,037,850	222,895	74,612	716,163	3,051,520	2,988,525	62,995	1,358,573	117,559	2,281,891	140,762
Debentures	3,455	124,535	726,919	7,974,219	8,829,128	8,705,272	123,856	7,303,605	135,940	5,462,778	201,356
Promissory notes	104,600	2,480,812	409,756	-	2,995,168	2,995,803	(635)	2,047,235	(421)	4,690,175	-
Brazilian foreign debt notes	952	-	32,069	-	33,021	1,037	31,984	35,278	3,677	41,438	3,317
National treasury notes	-	383,756	87	4,512,728	4,896,571	4,869,331	27,240	7,083,823	111,006	16,960,874	584,227
Foreign corporate securities	565,403	2,661	31,415	21,507	620,986	616,656	4,330	60,968	3,497	92,429	(5,804)
Foreign government securities	179,439	16,793	5,194	-	201,426	201,851	(425)	82,020	(636)	1,177,710	71,067
Shares	74,218	-	-	-	74,218	75,868	(1,650)	60,023	-	20,608	-
Other	219,477	9,636	134,194	4,161,766	4,525,073	4,528,313	(3,240)	4,998,780	(3,354)	2,093,557	(3,466)
- Insurance companies and savings bonds	1,150,851	209,405	75,142	960,325	2,395,723	2,395,723	-	1,990,690	-	2,123,965	-
Financial treasury bills	-	139,103	-	879,326	1,018,429	1,018,429	-	644,228	-	659,948	-
National treasury bills	-	-	56,590	469	57,059	57,059	-	70,184	-	19,441	-
Bank deposit certificates	-	59,126	12,324	10,369	81,819	81,819	-	79,028	-	283,019	-
National treasury notes	-	-	-	6,686	6,686	6,686	-	6,354	-	7,868	-
Shares	32,986	-	-	-	32,986	32,986	-	38,556	-	46,109	-
Debentures	-	4	1,020	4,155	5,179	5,179	-	4,915	-	93,720	-
Foreign private bonds	-	-	5,208	-	5,208	5,208	-	5,073	-	-	-
Promissory notes	-	-	-	-	-	-	-	-	-	133,556	-
Other	1,117,865	11,172	-	59,320	1,188,357	1,188,357	-	1,142,352	-	880,304	-

Notes to the Consolidated Financial Statements

Securities (3)	R\$ thousand										
	2010							2009			
	March 31							December 31		March 31	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market
- Private pension plans	3,917,677	8,434,503	5,706,890	12,596,445	30,655,515	30,655,345	170	29,906,576	(31)	27,972,487	-
Financial treasury bills	-	13,964	11	185,030	199,005	199,005	-	206,815	-	195,837	-
National treasury notes	-	-	-	12,186	12,186	12,016	170	11,246	(31)	2,988	-
Bank deposit certificates	-	-	-	-	-	-	-	-	-	5,413	-
National treasury bills	-	-	9,556	-	9,556	9,556	-	9,321	-	-	-
Shares	2,745	-	-	-	2,745	2,745	-	2,715	-	1,848	-
Debentures	-	-	-	-	-	-	-	-	-	2,872	-
PGBL / VGBL restricted bonds	3,698,807	8,420,539	5,697,323	12,399,229	30,215,898	30,215,898	-	29,454,597	-	27,573,060	-
Other	216,125	-	-	-	216,125	216,125	-	221,882	-	190,469	-
- Other activities	51,945	19,243	21,724	231,625	324,537	324,537	-	304,302	-	256,767	266
Financial treasury bills	36,890	13,606	973	223,402	274,871	274,871	-	228,405	-	164,732	-
Bank deposit certificates	8,276	1,073	10,685	917	20,951	20,951	-	15,981	-	30,966	-
National treasury bills	-	-	336	4,083	4,419	4,419	-	8,520	-	20,871	266
Debentures	-	4,091	9,335	1,311	14,737	14,737	-	18,877	-	38,418	-
National treasury notes	6,279	151	-	1,555	7,985	7,985	-	28,494	-	799	-
Promissory notes	-	175	-	-	175	175	-	545	-	-	-
Other	500	147	395	357	1,399	1,399	-	3,480	-	981	-
Subtotal	9,218,859	12,198,093	7,508,040	48,446,893	77,371,885	77,132,851	239,034	70,712,303	360,085	76,073,739	1,003,150
Purchase and sale commitments (2)	25,404,360	594,006	64,180	1,697	26,064,243	26,064,243	-	27,883,930	-	18,967,149	-
- Financial	2,661,239	52,292	918	1,697	2,716,146	2,716,146	-	3,656,410	-	3,128,033	-
- Insurance companies and savings bonds	4,447,726	381,258	-	-	4,828,984	4,828,984	-	4,045,712	-	3,551,511	-
- Private pension plans	18,295,395	160,456	63,262	-	18,519,113	18,519,113	-	20,181,808	-	12,287,605	-
- PGBL/VGBL	17,935,518	160,456	63,262	-	18,159,236	18,159,236	-	17,454,794	-	11,626,320	-
- Funds	359,877	-	-	-	359,877	359,877	-	2,727,014	-	661,285	-
Overall total	34,623,219	12,792,099	7,572,220	48,448,590	103,436,128	103,197,094	239,034	98,596,233	360,085	95,040,888	1,003,150
Derivative financial instruments (liabilities)	(1,997,427)	(150,239)	(213,347)	(107,726)	(2,468,739)	(2,473,805)	5,066	(531,194)	30,510	(2,293,887)	(60,738)

Notes to the Consolidated Financial Statements

II) Available-for-sale securities

Securities (3) (8)	R\$ thousand										
	2010							2009			
	March 31							December 31		March 31	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market
- Financial	1,558,263	643,048	9,485,899	10,905,497	22,592,707	22,177,087	415,620	19,615,769	461,657	7,912,435	(92,370)
National treasury bills	-	20	5,900,195	29	5,900,244	5,906,724	(6,480)	1,911,532	(8,886)	74,239	375
Brazilian foreign debt securities	15,983	-	1,090,570	-	1,106,553	864,725	241,828	1,922,269	394,504	2,307,524	339,268
Foreign corporate securities	34,915	4,204	2,246,835	-	2,285,954	2,179,996	105,958	2,161,970	73,758	1,804,899	(104,930)
National treasury notes	-	455,304	-	7,979,777	8,435,081	8,461,887	(26,806)	8,593,907	(80,994)	101,679	(4)
Financial treasury bills	-	71,891	8,240	391,889	472,020	472,202	(182)	539,984	(88)	235,910	(23)
Bank deposit certificates	171,298	-	18,297	16,450	206,045	206,045	-	175,743	-	141,416	-
Debentures	-	54,165	67	807,782	862,014	862,979	(965)	868,420	(1,152)	1,242,578	(2,128)
Shares	1,308,535	-	-	-	1,308,535	1,254,971	53,564	1,439,018	143,103	434,661	(323,651)
Privatization currencies	-	-	-	92,156	92,156	77,471	14,685	94,143	14,593	99,270	13,495
Foreign governments bonds	485	-	149,133	-	149,618	151,320	(1,702)	129,745	(3,034)	12	-
Other	27,047	57,464	72,562	1,617,414	1,774,487	1,738,767	35,720	1,779,038	(70,147)	1,470,247	(14,772)
- Insurance companies and savings bonds	1,423,029	35,423	18,838	274,843	1,752,133	1,707,971	44,162	1,349,829	12,986	1,660,850	(410,259)
Financial treasury bills	-	35,394	18,838	99,011	153,243	153,191	52	121,523	63	132,105	288
Shares	1,399,252	-	-	-	1,399,252	1,347,909	51,343	1,012,817	4,987	1,188,602	(429,472)
Debentures	-	29	-	175,832	175,861	168,142	7,719	165,942	4,890	124,087	6,043
Promissory notes	-	-	-	-	-	-	-	-	-	163,802	-
Other	23,777	-	-	-	23,777	38,729	(14,952)	49,547	3,046	52,254	12,882
- Private pension plans	1,514,323	41,075	25,833	237,755	1,818,986	1,780,626	38,360	1,110,114	(32,647)	2,247,671	(404,885)
Shares	1,514,323	-	-	-	1,514,323	1,476,142	38,181	741,707	(32,996)	1,463,194	(405,407)
Financial treasury bills	-	41,075	25,833	167,736	234,644	234,465	179	294,535	349	308,468	522
Promissory notes	-	-	-	-	-	-	-	-	-	430,281	-
Other	-	-	-	70,019	70,019	70,019	-	73,872	-	45,728	-
- Other activities	30,017	-	-	-	30,017	29,857	160	8,206	126	559	67
Bank deposit certificates	3,778	-	-	-	3,778	3,778	-	8,062	-	474	-

Notes to the Consolidated Financial Statements

Securities (3) (8)	R\$ thousand										
	2010							2009			
	March 31							December 31		March 31	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market	Market/ book value (5) (6) (7)	Mark-to- market
Shares	178	-	-	-	178	18	160	144	126	85	67
Other	26,061	-	-	-	26,061	26,061	-	-	-	-	-
Subtotal	4,525,632	719,546	9,530,570	11,418,095	26,193,843	25,695,541	498,302	22,083,918	442,122	11,821,515	(907,447)
Hedge – cash flow (Note 8g)	-	-	-	-	-	-	67,030	-	150,089	-	(225,784)
Overall total (8)	4,525,632	719,546	9,530,570	11,418,095	26,193,843	25,695,541	565,332	22,083,918	592,211	11,821,515	(1,133,231)

III) Held-to-maturity securities

Securities	R\$ thousand						
	2010					2009	
	March 31					December 31	March 31
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Restated cost (5) (6)	Restated cost value (5) (6)	Restated cost value (5) (6)
Financial	21,582	2,375	851,913	-	875,870	869,354	1,137,642
Brazilian foreign debt notes	21,582	-	840,246	-	861,828	855,603	1,124,806
Financial treasury bills	-	2,375	11,667	-	14,042	13,751	12,836
Insurance companies and savings bonds	-	-	-	7,002,164	7,002,164	7,494,856	6,335,984
National treasury notes	-	-	-	7,002,164	7,002,164	7,494,856	6,335,984
Private pension plans	-	-	550,715	19,249,869	19,800,584	17,574,374	16,480,176
Debentures	-	-	264,489	440,635	705,124	671,762	649,243
National treasury notes	-	-	286,226	18,809,092	19,095,318	16,902,612	15,830,933
Financial treasury bills	-	-	-	142	142	-	-
Overall total (4)	21,582	2,375	1,402,628	26,252,033	27,678,618	25,938,584	23,953,802

Notes to the Consolidated Financial Statements

d) Breakdown of the portfolios by financial statements classification

Securities	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total on March 31 (3) (5) (6) (7)	Total on December 31 (3) (5) (6) (7)	Total on March 31 (3) (5) (6) (7)
Own portfolio	37,113,375	12,304,491	11,529,718	60,256,949	121,204,533	117,640,258	106,921,907
Fixed income securities	32,781,138	12,304,491	11,529,718	60,256,949	116,872,296	114,345,278	103,766,800
• Financial treasury bills	38,848	373,828	75,103	5,181,297	5,669,076	5,579,803	6,035,641
• Purchase and sale commitments (2)	25,404,360	594,006	64,180	1,697	26,064,243	27,883,930	18,967,149
• National treasury notes	6,279	234	286,312	26,463,975	26,756,800	25,076,016	23,831,327
• Brazilian foreign debt securities	19,064	-	1,154,772	-	1,173,836	2,362,493	3,473,768
• Bank deposit certificates	202,080	132,156	136,446	612,429	1,083,111	1,097,396	1,886,702
• National treasury bills	892,306	17,841	68,403	264,266	1,242,816	1,137,529	1,159,053
• Foreign corporate securities	600,301	6,865	2,274,114	21,507	2,902,787	2,191,497	1,897,328
• Debentures	3,720	182,823	1,001,830	9,403,670	10,592,043	9,033,521	7,613,696
• Promissory notes	104,599	2,480,988	409,756	-	2,995,343	2,047,780	5,417,814
• Foreign government securities	179,924	16,793	154,327	-	351,044	211,765	1,177,722
• PGBL/VGBL restricted bonds	3,698,807	8,420,539	5,697,323	12,399,229	30,215,898	29,454,597	27,573,060
• Other	1,630,850	78,418	207,152	5,908,879	7,825,299	8,268,951	4,733,540
Equity securities	4,332,237	-	-	-	4,332,237	3,294,980	3,155,107
• Shares of listed companies (technical provision)	426,983	-	-	-	426,983	676,452	1,257,799
• Shares of listed companies (other)	3,905,254	-	-	-	3,905,254	2,618,528	1,897,308
Restricted securities	19,470	986,632	6,901,086	25,103,621	33,010,809	27,574,564	21,568,880
Repurchase agreements	19,470	785,269	4,331,083	14,627,841	19,763,663	7,401,899	961,142
• National treasury bills	-	-	3,513,626	231,981	3,745,607	182,109	98,270
• Brazilian foreign debt securities	19,453	-	808,113	-	827,566	450,657	-
• Financial treasury bills	-	-	-	7,037,921	7,037,921	3,155,927	862,872
• National treasury notes	-	785,269	-	7,357,939	8,143,208	3,576,692	-
• Foreign corporate securities	17	-	9,344	-	9,361	36,514	-
Central Bank	-	-	1,411,074	5,579,330	6,990,404	14,772,240	14,413,471
• National treasury bills	-	-	1,411,074	-	1,411,074	2,335,104	510,096
• National treasury notes	-	-	-	2,207,463	2,207,463	8,871,523	11,428,080
• Financial treasury bills	-	-	-	3,371,867	3,371,867	3,565,613	2,475,295

Notes to the Consolidated Financial Statements

Securities	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Total on March 31 (3) (5) (6) (7)	Total on December 31 (3) (5) (6) (7)	Total on March 31 (3) (5) (6) (7)
Privatization currencies	-	-	-	92,156	92,156	94,143	99,270
Guarantees provided	-	201,363	1,158,929	4,804,294	6,164,586	5,306,282	6,094,997
• National treasury bills	-	23,935	1,138,725	7,956	1,170,616	681,269	1,027,954
• Financial treasury bills	-	123,719	20,204	2,501,527	2,645,450	2,027,952	1,085,325
• National treasury notes	-	53,709	-	2,294,811	2,348,520	2,597,061	3,981,718
Derivative financial instruments (1)	2,037,850	222,895	74,612	716,163	3,051,520	1,358,573	2,281,891
Securities subject to repurchase agreements but not restricted	-	-	-	41,727	41,727	45,340	43,527
• National treasury bills	-	-	-	-	-	-	23,191
• Financial treasury bills	-	-	-	41,727	41,727	45,340	20,336
Overall total	39,170,695	13,514,018	18,505,416	86,118,460	157,308,589	146,618,735	130,816,205
%	24.9	8.6	11.8	54.7	100.0	100.0	100.0

- (1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/02 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedge under the category "Trading Securities";
- (2) These refer to investment funds resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, except those considered as cash flow hedge, included in the consolidated financial statements;
- (3) The investment fund quotas were distributed according to the instruments composing their portfolios and preserving the category classification of the funds;
- (4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/02, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified as 'held-to-maturity'. This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations as of March 31, 2010;
- (5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (6) This column reflects book value subsequent to mark-to-market according to item (7), except for held-to-maturity securities, whose market value is higher than the restated cost in the amount of R\$3,602,028 thousand (December 31, 2009 – R\$3,082,780 thousand and March 31, 2009 – R\$2,168,206 thousand);
- (7) The market value of securities is determined based on the market price available on the balance sheet date. Should there be no market prices available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or price quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the market value of the respective quotas; and
- (8) In the fourth quarter of 2009, non-temporary losses totaled R\$24,726 thousand, for securities classified as available-for-sale. There were no other than temporary losses in the first quarter of 2010.

Notes to the Consolidated Financial Statements

e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in the balance sheet or memorandum accounts, to meet its own needs in managing its global exposure, as well as to meet its clients requests, in order to manage their exposures. These operations involve a series of derivatives, including interest rate swaps, currency swaps, futures and options. Bradesco's risk management policy is based on the utilization of derivative financial instruments with a view to mitigating the risks of operations carried out by the Bank and its subsidiaries.

Securities classified in the trading and available-for-sale categories, as well as derivative financial instruments are stated in the consolidated balance sheet at their estimated fair value. Fair value is generally based on market prices or quotations for assets or liabilities with similar characteristics. Should market prices not be available, fair values are based on dealer quotations, pricing models, discounted cash flows or similar techniques for which the determination of fair value may require judgment or significant estimates by the Management.

Market price quotations are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flows modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained at BM&FBovespa (Futures and Commodities Exchange) and in the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factors swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded at the stock exchange or using methodologies similar to those outlined for swaps. The fair value of loan derivative instruments is determined based on market price quotation or from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to price the volatilities.

Derivative financial instruments in Brazil mainly refer to swap and futures operations and are recorded at Cetip (OTC Clearing House) and BM&FBovespa.

Operations involving forward contracts of indexes and currencies are contracted to manage and hedge Bradesco's overall exposures and to meet client needs.

Derivative financial instruments abroad refer to swap, forward, options, credit and futures operations and are mainly carried out at the stock exchanges of Chicago and New York, as well as the over-the-counter markets.

Notes to the Consolidated Financial Statements

I) Amount of derivative financial instruments recorded in equity and memorandum accounts

	R\$ thousand					
	2010		2009			
	March 31		December 31		March 31	
	Overall amount	Net amount	Overall amount	Net amount	Overall amount	Net amount
Futures contracts						
Purchase commitments:	26,422,667	-	32,437,198	-	32,266,160	
- Interbank market	20,889,122	-	28,801,451	-	26,155,682	-
- Foreign currency	5,531,713	-	3,507,063	-	6,062,560	-
- Other	1,832	-	128,684	128,684	47,918	47,918
Sale commitments:	129,927,454		85,907,008		90,394,421	
- Interbank market (1)	108,657,000	87,767,878	69,821,858	41,020,407	74,641,681	48,485,999
- Foreign currency (2)	21,238,341	15,706,628	16,085,150	12,578,087	15,752,740	9,690,180
- Other	32,113	30,281	-	-	-	-
Option contracts						
Purchase commitments:	44,323,113		12,642,784		1,617,273	
- Interbank market	39,392,127	-	9,823,400	-	293,100	-
- Foreign currency	4,209,752	-	2,042,627	-	372,519	-
- Other	721,234	-	776,757	-	951,654	-
Sale commitments:	81,127,781		24,421,386		4,487,471	
- Interbank market	74,893,670	35,501,543	19,664,000	9,840,600	1,819,400	1,526,300
- Foreign currency	5,381,028	1,171,276	2,258,586	215,959	601,380	228,861
- Other	853,083	131,849	2,498,800	1,722,043	2,066,691	1,115,037
Forward contracts						
Purchase commitments:	4,958,099		2,823,597		6,492,418	
- Foreign currency	2,881,248	-	2,804,582	-	6,382,339	332,081
- Other	2,076,851	430,214	19,015	19,015	110,079	-
Sale commitments:	5,618,682		4,713,011		6,862,403	
- Foreign currency	3,972,045	1,090,797	4,713,011	1,908,429	6,050,258	-
- Other	1,646,637	-	-	-	812,145	702,066
Swap contracts						
Beneficiary:	18,543,044		15,361,965		16,923,902	
- Interbank market	5,279,252	1,364,129	5,092,790	1,281,946	5,568,991	-
- Prefixed	969,199	-	1,955,635	1,285,261	700,475	406,026
- Foreign currency (3)	9,781,197	-	5,857,812	-	8,446,810	-
- Reference Interest Rate - TR	1,913,666	1,905,042	1,775,100	1,625,242	1,647,377	1,457,695

Notes to the Consolidated Financial Statements

	R\$ thousand					
	2010		2009			
	March 31		December 31		March 31	
	Overall amount	Net amount	Overall amount	Net amount	Overall amount	Net amount
- Special Clearance and Custody System (Selic)	46,788	-	86,506	369	269,605	162,737
- General Price Index –Market (IGP-M)	148,260	-	143,628	-	123,126	-
- Other (3)	404,682	-	450,494	-	167,518	-
Guarantor:	17,885,017		14,614,579		16,915,568	
- Interbank market	3,915,123	-	3,810,844	-	5,745,265	176,274
- Fixed rate	1,629,509	660,310	670,374	-	294,449	-
- Foreign currency (3)	11,005,526	1,224,329	8,744,116	2,886,304	9,491,694	1,044,884
- TR	8,624	-	149,858	-	189,682	-
- Selic	77,180	30,392	86,137	-	106,868	-
- IGP-M	701,445	553,185	531,326	387,698	570,486	447,360
- Other (3)	547,610	142,928	621,924	171,430	517,124	349,606

- (1) Includes cash flow hedges to protect CDI-related funding in the amount of R\$53,418,721 thousand (December 31, 2009 – R\$66,380,865 thousand and March 31, 2009 – R\$20,475,182 thousand) (note 8g);
- (2) Includes specific hedges to protect investments abroad that totaled R\$15,505,354 thousand (December 31, 2009 – R\$10,469,740 thousand and March 31, 2009, R\$9,323,886 thousand) (note 13a); and
- (3) Includes derivative credit operations (note 8f).

Derivatives include operations maturing in D+1.

Notes to the Consolidated Financial Statements

II) Breakdown of derivative financial instruments (assets and liabilities) stated at restated cost and market value

	R\$ thousand								
	2010			2009					
	March 31			December 31			March 31		
	Restated cost	Mark-to-market adjustment	Market value	Restated cost	Mark-to-market adjustment	Market value	Restated cost	Mark-to-market adjustment	Market Value
Adjustment receivables – swaps	939,357	76,728	1,016,085	943,315	93,692	1,037,007	728,063	119,657	847,720
Receivable forward purchases	1,042,512	(993)	1,041,519	22,409	(5)	22,404	420,742	(16)	420,726
Receivable forward sales	906,302	(640)	905,662	194,527	-	194,527	899,889	(551)	899,338
Premiums on exercisable options	100,354	(12,100)	88,254	80,763	23,872	104,635	92,435	21,672	114,107
Total assets	2,988,525	62,995	3,051,520	1,241,014	117,559	1,358,573	2,141,129	140,762	2,281,891
Adjustment payables – swaps	(330,120)	(27,938)	(358,058)	(293,739)	4,118	(289,621)	(816,596)	(22,790)	(839,386)
Payable forward purchases	(1,120,793)	993	(1,119,800)	(115,357)	5	(115,352)	(129,311)	17	(129,294)
Payable forward sales	(858,580)	640	(857,940)	(12,252)	-	(12,252)	(886,966)	809	(886,157)
Premiums on written options	(164,312)	31,371	(132,941)	(140,356)	26,387	(113,969)	(400,276)	(38,774)	(439,050)
Total liabilities	(2,473,805)	5,066	(2,468,739)	(561,704)	30,510	(531,194)	(2,233,149)	(60,738)	(2,293,887)

III) Futures, option, forward and swap contracts

	R\$ thousand						
	2010					2009	
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	Total on March 31	Total on December 31	Total on March 31
Futures contracts	56,227,473	35,864,939	43,032,067	21,225,642	156,350,121	118,344,206	122,660,581
Option contracts	26,268,875	88,867,398	8,905,862	1,408,759	125,450,894	37,064,170	6,104,744
Forward contracts	8,657,465	1,134,752	767,952	16,612	10,576,781	7,536,608	13,354,821
Swap contracts	5,846,733	461,521	3,068,005	8,150,700	17,526,959	14,324,958	16,076,182
Total on March 31, 2010	97,000,546	126,328,610	55,773,886	30,801,713	309,904,755		
Total on December 31, 2009	79,329,944	41,445,650	17,854,061	38,640,287		177,269,942	
Total on March 31, 2009	75,958,351	18,083,133	42,315,084	21,839,760			158,196,328

Notes to the Consolidated Financial Statements

IV) Types of guarantee margin for derivative financial instruments, mainly futures contracts

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Government securities			
National treasury notes	2,188,603	2,215,179	3,034,477
Financial treasury bills	763,341	132,009	24,021
National treasury bills	900,399	412,045	52,356
Total	3,852,343	2,759,233	3,110,854

V) Revenues and expenses, net

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Swap contracts	(75,999)	67,588	328,569
Forward contracts	(24,945)	(6,981)	(781)
Option contracts	119,836	21,647	185,335
Futures contracts	(134,004)	239,818	145,731
Foreign exchange variation of investments abroad	76,350	(179,358)	(121,456)
Total	(38,762)	142,714	537,398

VI) Overall amounts of derivative financial instruments, broken down by trading place and counter-parties

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Cetip - OTC Clearing House (over-the-counter)	10,629,165	9,994,562	5,134,675
BM&FBovespa (stock exchange)	287,253,663	158,252,596	139,962,783
Foreign (over-the-counter) (1)	6,452,544	3,895,521	10,113,677
Foreign (stock exchange) (1)	5,569,383	5,127,263	2,985,193
Total	309,904,755	177,269,942	158,196,328

(1) Comprise operations carried out on the Stock Exchanges of Chicago and New York and the over-the-counter markets.

On March 31, 2010, counter parties are distributed among corporate entities with 95%, financial institutions with 4% and individuals/others with 1%. Specifically regarding currency financial instruments, Bradesco does not enter into any exotic operations, so called target forward swaps, or any other leveraged derivatives.

Notes to the Consolidated Financial Statements

f) Credit Default Swaps (CDS)

In general these represent a bilateral agreement in which one of the parties purchases protection against credit risk of a certain financial instrument (the risk is transferred). The selling counterparty receives a remuneration that is usually paid in a linear manner during the operation effectiveness.

In the case of a default, the purchasing counterparty will receive a payment to offset the loss incurred on the financial instrument. In such case, the selling counterparty usually receives the asset object of the agreement in exchange for the payment.

	R\$ thousand					
	Credit risk amount			Effect on the calculation of the required shareholders' equity		
	2010	2009		2010	2009	
	March 31	December 31	March 31	March 31	December 31	March 31
Transferred						
Credit swaps whose underlying assets are:						
• Securities – Brazilian public debt	(739,115)	(548,478)	(773,370)	-	-	-
• Securities – Foreign public debt	(641,160)	-	-	-	-	-
• Derivatives with companies	(3,562)	(3,482)	(4,630)	(196)	(192)	(255)
Received						
Credit swaps whose underlying assets are:						
• Securities – Brazilian public debt	6,653,816	7,810,152	11,554,006	-	-	-
• Derivatives with companies	14,248	13,930	168,978	1,567	1,532	18,558
Total	5,284,227	7,272,122	10,944,984	1,371	1,340	18,303
Deposited margin	352,832	428,565	1,316,760			

Bradesco carries out operations involving credit derivatives with the purpose of better managing its risk exposure and assets. Contracts related to the credit derivatives operations described above have several maturities up to 2017, 99.0% of which mature in 2010. The mark-to-market of protection rates that remunerate the counterparty selling protection amount to R\$(2,894) thousand (December 31, 2009 – R\$(2,067) thousand and March 31, 2009 – R\$(261,164) thousand). During the period, there was no credit event related to triggering events as defined in the contracts.

Notes to the Consolidated Financial Statements

g) Cash flow hedge

Bradesco uses cash flow hedges to protect its cash flows from variable interest risk of the debt in Bank Deposit Certificates (CDB) indexed to the Interbank Deposit Rate (DI CETIP), converting variable payments into fixed payments.

Bradesco trades DI Future contracts at BM&FBovespa as from 2009, used as a cash flow hedge for funding linked to DI CETIP. The following table presents the DI Future position, where:

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
DI Future with maturity between 2010 and 2017	53,418,721	66,380,865	20,475,182
Funding indexed to CDI	53,064,015	66,068,498	20,279,968
Mark-to-market adjustment recorded in shareholders' equity (1)	67,030	150,089	(225,784)
Non-effective market value recorded in result	11,961	(16,167)	1,732

(1) The adjustment in the shareholders' equity is R\$40,218 thousand net of tax effects (December 31, 2009 - R\$90,053 thousand and March 31, 2009 - R\$135,470).

The effectiveness of the hedge portfolio was assessed in conformity with Bacen Circular Letter 3,082/02.

h) Income from securities, insurance, private pension plans and savings bonds financial activities and derivative financial instruments

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Fixed income securities	1,550,784	1,425,923	2,246,205
Interbank investments (Note 7b)	2,261,158	2,314,306	2,585,369
Equity securities	11,533	(11,289)	(48,182)
Subtotal	3,823,475	3,728,940	4,783,392
Financial result of insurance, private pension plans and savings bonds	2,272,263	1,998,812	1,986,067
Income from derivative financial instruments (Note 8e V)	(38,762)	142,714	537,398
Total	6,056,976	5,870,466	7,306,857

Notes to the Consolidated Financial Statements

9) INTERBANK ACCOUNTS – RESTRICTED DEPOSITS

a) Restricted credit

	Remuneration	R\$ thousand		
		2010	2009	
		March 31	December 31	March 31
Reserve requirements – demand deposits	not remunerated	9,139,508	8,961,995	7,059,990
Reserve requirements – savings deposits	savings index	9,192,045	8,961,634	7,671,891
Additional reserve requirements (1)	Selic rate	17,093,165	-	-
• Savings deposits		4,596,022	-	-
• Demand deposits		2,620,896	-	-
• Time deposits		9,876,247	-	-
Restricted deposits – National Housing System (SFH)	TR + interest rate	492,051	490,150	469,388
Funds from rural loan	not remunerated	578	578	578
Total		35,917,347	18,414,357	15,201,847

(1) According to Bacen's Circular Letter 3,486/10, as from 2010, additional liabilities are collected in cash at the following rates: demand and time deposits – 8%; and savings deposits – 10%, the requirement of which, up to December 2009, were pegged to securities as shown below (See Note 35b).

Additional reserve requirement

	R\$ thousand	
	2009	
	December 31	March 31
Restricted to securities (2)		
Savings deposits	4,124,301	3,476,980
Demand deposits	1,460,936	1,016,345
Time deposits	4,580,724	4,709,050
Total	10,165,961	9,202,375

(2) Classified in item "securities" and "interbank investments".

b) Result from compulsory deposits

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Compulsory deposits - Bacen (reserves requirement)	178,743	134,309	140,167
Restricted deposits - SFH	5,957	5,573	7,102
Total	184,700	139,882	147,269

Notes to the Consolidated Financial Statements

10) LOAN OPERATIONS

The information relating to loan operations, including advances on foreign exchange contracts, leasing operations and other receivables with characteristics of credit, is as follows:

a) By type and maturity

	R\$ thousand											
	Performing loans											
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	2010		2009			
							Total on March 31 (A)	% (6)	Total on December 31 (A)	% (6)	Total on March 31 (A)	% (6)
Discounted trade receivables and loans (1)	14,191,890	8,961,785	7,296,091	10,689,248	11,246,155	30,930,789	83,315,958	38.3	77,803,223	36.9	69,529,806	35.4
Financing	2,906,388	2,677,491	2,430,106	5,407,033	8,304,375	30,485,450	52,210,843	23.9	48,379,074	22.9	45,902,320	23.3
Agricultural and agribusiness financing	1,029,330	487,275	756,521	2,517,040	2,393,956	4,661,964	11,846,086	5.4	11,454,815	5.4	10,050,467	5.1
Subtotal	18,127,608	12,126,551	10,482,718	18,613,321	21,944,486	66,078,203	147,372,887	67.6	137,637,112	65.2	125,482,593	63.8
Leasing operations	842,030	652,421	626,550	1,814,117	3,324,204	9,954,847	17,214,169	7.9	18,481,747	8.8	19,374,730	9.9
Advances on foreign exchange contracts (2)	672,324	737,051	543,687	1,560,988	1,558,883	-	5,072,933	2.3	5,580,817	2.6	10,160,396	5.2
Subtotal	19,641,962	13,516,023	11,652,955	21,988,426	26,827,573	76,033,050	169,659,989	77.8	161,699,676	76.6	155,017,719	78.9
Other receivables (3)	4,812,948	1,156,446	1,056,650	1,829,489	1,493,636	1,055,500	11,404,669	5.2	12,270,944	5.8	8,628,285	4.4
Total loan operations	24,454,910	14,672,469	12,709,605	23,817,915	28,321,209	77,088,550	181,064,658	83.0	173,970,620	82.4	163,646,004	83.3
Sureties and guarantees (4)	1,632,026	2,502,336	538,187	1,768,084	3,224,546	25,048,488	34,713,667	15.9	34,667,709	16.4	30,711,721	15.6
Credit assignment (5)	27,933	26,977	26,060	71,503	99,791	125,351	377,615	0.2	374,180	0.2	422,147	0.2
Credit assignment – Real estate receivables certificate	30,139	30,137	30,136	86,732	129,440	435,185	741,769	0.3	770,177	0.4	656,812	0.3
Advances of credit card receivables	345,924	154,264	109,886	285,922	323,755	78,280	1,298,031	0.6	1,276,739	0.6	1,154,251	0.6
Overall total on March 31, 2010	26,490,932	17,386,183	13,413,874	26,030,156	32,098,741	102,775,854	218,195,740	100.0				
Overall total on December 31, 2009	26,777,601	18,226,186	12,797,924	24,897,315	31,300,327	97,060,072			211,059,425	100.0		
Overall total on March 31, 2009	25,952,037	14,787,610	12,113,777	22,080,003	33,013,065	88,644,443					196,590,935	100.0

Notes to the Consolidated Financial Statements

	R\$ thousand										
	Non-performing loans										
	Installments past due										
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 540 days	2010		2009			
						Total on March 31 (B)	% (6)	Total on December 31 (B)	% (6)	Total on March 31 (B)	% (6)
Discounted trade receivables and loans (1)	746,127	714,517	676,946	1,232,480	1,737,197	5,107,267	76.3	5,268,595	76.8	4,589,907	74.1
Financing	211,791	162,572	84,256	188,268	175,400	822,287	12.3	848,347	12.4	876,837	14.2
Agricultural and agribusiness financing	23,168	19,612	10,143	37,657	42,870	133,450	2.0	149,346	2.2	203,802	3.3
Subtotal	981,086	896,701	771,345	1,458,405	1,955,467	6,063,004	90.6	6,266,288	91.4	5,670,546	91.6
Leasing operations	106,688	94,471	50,459	109,520	130,160	491,298	7.3	462,664	6.7	268,658	4.3
Advances on foreign exchange contracts (2)	15,829	3,817	14,661	11,296	7,413	53,016	0.8	22,129	0.3	59,815	1.0
Subtotal	1,103,603	994,989	836,465	1,579,221	2,093,040	6,607,318	98.7	6,751,081	98.4	5,999,019	96.9
Other receivables (3)	17,344	1,490	2,197	11,437	51,551	84,019	1.3	107,491	1.6	190,372	3.1
Overall total on March 31, 2010	1,120,947	996,479	838,662	1,590,658	2,144,591	6,691,337	100.0				
Overall total on December 31, 2009	1,008,361	902,338	796,589	1,629,246	2,522,038			6,858,572	100.0		
Overall total on March 31, 2009	1,184,764	994,769	855,417	1,605,472	1,548,969					6,189,391	100.0

Notes to the Consolidated Financial Statements

	R\$ thousand											
	Non-performing loans											
	Outstanding Installments											
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	2010		2009			
							Total on March 31 (C)	% (6)	Total on December 31 (C)	% (6)	Total on March 31 (C)	% (6)
Discounted trade receivables and loans (1)	407,652	285,400	285,431	613,377	872,151	1,478,337	3,942,348	38.0	3,736,084	36.8	3,479,090	34.1
Financing	201,458	188,781	176,743	486,780	780,327	1,670,140	3,504,229	33.9	3,502,462	34.5	4,231,859	41.4
Agricultural and agribusiness financing	10,934	3,311	3,911	17,537	23,173	299,287	358,153	3.5	364,297	3.6	449,077	4.4
Subtotal	620,044	477,492	466,085	1,117,694	1,675,651	3,447,764	7,804,730	75.4	7,602,843	74.9	8,160,026	79.9
Leasing operations	91,091	75,462	72,370	220,180	439,056	1,645,722	2,543,881	24.6	2,523,608	24.8	2,018,254	19.8
Subtotal	711,135	552,954	538,455	1,337,874	2,114,707	5,093,486	10,348,611	100.0	10,126,451	99.7	10,178,280	99.7
Other receivables (3)	145	131	131	359	460	983	2,209	0.0	33,479	0.3	33,882	0.3
Overall total on March 31, 2010	711,280	553,085	538,586	1,338,233	2,115,167	5,094,469	10,350,820	100.0				
Overall total on December 31, 2009	655,489	589,240	497,590	1,292,915	2,019,654	5,105,042			10,159,930	100.0		
Overall total on March 31, 2009	704,623	600,780	541,788	1,317,092	2,061,009	4,986,870					10,212,162	100.0

Notes to the Consolidated Financial Statements

	R\$ thousand					
	Overall total					
	2010		2009			
	Total on March 31 (A+B+C)	% (6)	Total on December 31 (A+B+C)	% (6)	Total on March 31 (A+B+C)	% (6)
Discounted trade receivables and loans (1)	92,365,573	39.2	86,807,902	38.1	77,598,803	36.5
Financing	56,537,359	24.0	52,729,883	23.1	51,011,016	23.9
Agricultural and agribusiness financing	12,337,689	5.2	11,968,458	5.2	10,703,346	5.0
Subtotal	161,240,621	68.4	151,506,243	66.4	139,313,165	65.4
Leasing operations	20,249,348	8.6	21,468,019	9.4	21,661,642	10.2
Advances on foreign exchange contracts (2)	5,125,949	2.2	5,602,946	2.5	10,220,211	4.8
Subtotal	186,615,918	79.2	178,577,208	78.3	171,195,018	80.4
Other receivables (3)	11,490,897	4.9	12,411,914	5.4	8,852,539	4.2
Total loan operations	198,106,815	84.1	190,989,122	83.7	180,047,557	84.6
Sureties and guarantees (4)	34,713,667	14.8	34,667,709	15.2	30,711,721	14.4
Credit assignment (5)	377,615	0.2	374,180	0.2	422,147	0.2
Credit assignment – real estate receivable certificate	741,769	0.3	770,177	0.3	656,812	0.3
Advance of credit card receivables	1,298,031	0.6	1,276,739	0.6	1,154,251	0.5
Overall total on March 31, 2010	235,237,897	100.0				
Overall total on December 31, 2009			228,077,927	100.0		
Overall total on March 31, 2009					212,992,488	100.0

- (1) It includes loans of credit card operations and operations for advances of credit card receivables in the amount of R\$11,363,508 thousand (December 31, 2009 – R\$10,848,139 thousand and March 31, 2009 – R\$8,577,079 thousand);
- (2) Advances on foreign exchange contracts are classified as a deduction from “Other Liabilities”;
- (3) Item “Other Receivables” comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and credit purchases from merchants) in the amount of R\$9,271,887 thousand (December 31, 2009 – R\$9,753,006 thousand and March 31, 2009 - R\$5,926,150 thousand);
- (4) Registered in memorandum accounts;
- (5) Restated amount of the credit assignment up to March 31, 2010, net of installments received; and
- (6) Ratio between each type and the total loan portfolio including sureties and guarantee.

Notes to the Consolidated Financial Statements

b) By type and risk level

Loan operations	R\$ thousand														
	Risk levels														
	AA	A	B	C	D	E	F	G	H	2010		2009			
										Total on March 31	%	Total on December 31	%	Total on March 31	%
Discounted trade receivables and loans	19,068,279	39,773,316	7,989,622	14,874,916	2,171,413	1,098,847	960,377	953,858	5,474,945	92,365,573	46.7	86,807,902	45.5	77,598,803	43.2
Financings	8,795,290	26,549,063	7,186,486	11,222,631	722,723	292,505	315,941	199,577	1,253,143	56,537,359	28.5	52,729,883	27.6	51,011,016	28.3
Agricultural and agribusiness financings	1,594,048	3,234,363	1,632,335	4,887,983	466,374	84,013	217,465	72,838	148,270	12,337,689	6.2	11,968,458	6.3	10,703,346	5.9
Subtotal	29,457,617	69,556,742	16,808,443	30,985,530	3,360,510	1,475,365	1,493,783	1,226,273	6,876,358	161,240,621	81.4	151,506,243	79.4	139,313,165	77.4
Leasing operations	140,101	9,165,130	2,967,351	5,902,250	464,345	276,315	227,118	184,993	921,745	20,249,348	10.2	21,468,019	11.2	21,661,642	12.0
Advances on foreign exchange contracts	1,706,438	1,747,431	968,194	554,849	50,175	1,380	2,255	1,069	94,158	5,125,949	2.6	5,602,946	2.9	10,220,211	5.7
Subtotal	31,304,156	80,469,303	20,743,988	37,442,629	3,875,030	1,753,060	1,723,156	1,412,335	7,892,261	186,615,918	94.2	178,577,208	93.5	171,195,018	95.1
Other receivables	153,053	8,915,027	503,723	1,452,431	86,318	34,521	21,885	17,240	306,699	11,490,897	5.8	12,411,914	6.5	8,852,539	4.9
Overall total on March 31, 2010	31,457,209	89,384,330	21,247,711	38,895,060	3,961,348	1,787,581	1,745,041	1,429,575	8,198,960	198,106,815	100.0				
%	15.9	45.1	10.7	19.7	2.0	0.9	0.9	0.7	4.1	100.0					
Overall total on December 31, 2009	30,668,636	86,155,593	20,018,743	36,523,729	3,777,367	1,916,316	1,791,271	1,339,468	8,797,999			190,989,122	100.0		
%	16.1	45.1	10.5	19.1	2.0	1.0	0.9	0.7	4.6			100.0			
Overall total on March 31, 2009	33,431,117	78,868,743	22,062,762	31,939,578	3,572,216	1,748,964	1,502,758	1,324,323	5,597,096					180,047,557	100.0
%	18.6	43.8	12.3	17.7	2.0	1.0	0.8	0.7	3.1					100.0	

Notes to the Consolidated Financial Statements

c) Maturity ranges and risk level

	R\$ thousand														
	Risk levels														
	Non-performing loan operations														
	AA	A	B	C	D	E	F	G	H	2010		2009			
										Total on March 31	%	Total on December 31	%	Total on March 31	%
Outstanding installments	-	-	1,997,023	2,259,960	1,286,572	806,568	743,182	542,610	2,714,905	10,350,820	100.0	10,159,930	100.0	10,212,162	100.0
1 to 30	-	-	149,399	201,543	73,821	46,521	36,842	32,740	170,414	711,280	6.9	655,489	6.5	704,623	6.9
31 to 60	-	-	118,259	135,498	59,055	38,056	31,263	26,311	144,643	553,085	5.3	589,240	5.8	600,780	5.9
61 to 90	-	-	109,444	125,484	59,325	38,939	31,707	26,693	146,994	538,586	5.2	497,590	4.9	541,788	5.3
91 to 180	-	-	250,337	311,481	151,503	99,731	82,284	68,942	373,955	1,338,233	12.9	1,292,915	12.7	1,317,092	12.9
181 to 360	-	-	393,142	488,028	242,979	160,394	132,695	112,032	585,897	2,115,167	20.4	2,019,654	19.9	2,061,009	20.2
More than 360	-	-	976,442	997,926	699,889	422,927	428,391	275,892	1,293,002	5,094,469	49.3	5,105,042	50.2	4,986,870	48.8
Past due installments	-	-	394,898	739,177	622,811	490,416	466,904	469,203	3,507,928	6,691,337	100.0	6,858,572	100.0	6,189,391	100.0
1 to 14	-	-	16,628	80,758	32,480	20,138	15,247	13,149	70,628	249,028	3.7	243,225	3.5	374,805	6.1
15 to 30	-	-	348,875	227,387	83,447	38,426	26,121	21,790	125,873	871,919	13.0	765,136	11.2	809,959	13.1
31 to 60	-	-	29,395	417,212	164,999	88,163	53,625	39,862	203,223	996,479	14.9	902,338	13.2	994,769	16.1
61 to 90	-	-	-	9,988	310,758	113,895	73,767	52,635	277,619	838,662	12.5	796,589	11.6	855,417	13.8
91 to 180	-	-	-	3,832	31,127	221,782	281,526	321,586	730,805	1,590,658	23.8	1,629,246	23.7	1,605,472	25.9
181 to 360	-	-	-	-	-	8,012	16,618	20,181	2,026,310	2,071,121	31.0	2,445,741	35.7	1,452,281	23.4
More than 360	-	-	-	-	-	-	-	-	73,470	73,470	1.1	76,297	1.1	96,688	1.6
Subtotal	-	-	2,391,921	2,999,137	1,909,383	1,296,984	1,210,086	1,011,813	6,222,833	17,042,157		17,018,502		16,401,553	
Specific provision	-	-	23,919	89,974	190,938	389,095	605,043	708,268	6,222,833	8,230,070		8,886,147		6,794,386	

Notes to the Consolidated Financial Statements

	R\$ thousand														
	Risk levels														
	Performing loan operations														
	AA	A	B	C	D	E	F	G	H	2010		2009			
										Total on March 31	%	Total on December 31	%	Total on March 31	%
Outstanding installments	31,457,209	89,384,330	18,855,790	35,895,923	2,051,965	490,597	534,955	417,762	1,976,127	181,064,658	100.0	173,970,620	100.0	163,646,004	100.0
1 to 30	3,219,079	13,949,835	1,690,917	4,703,409	283,942	69,524	48,918	35,262	454,024	24,454,910	13.5	24,045,786	13.8	22,762,045	13.8
31 to 60	2,473,004	7,842,132	1,189,600	2,765,520	149,383	30,394	20,918	15,920	185,598	14,672,469	8.1	17,011,816	9.8	13,900,487	8.5
61 to 90	2,047,396	6,106,648	1,380,533	2,836,599	94,155	28,887	20,754	55,326	139,307	12,709,605	7.0	11,738,117	6.7	11,093,451	6.8
91 to 180	3,502,333	12,190,972	2,609,139	4,959,226	190,374	57,226	49,652	34,384	224,609	23,817,915	13.2	21,678,736	12.5	19,728,796	12.1
181 to 360	3,311,468	15,345,170	2,935,800	5,921,148	276,260	77,782	68,699	45,738	339,144	28,321,209	15.6	27,708,423	15.9	29,090,131	17.8
More than 360	16,903,929	33,949,573	9,049,801	14,710,021	1,057,851	226,784	326,014	231,132	633,445	77,088,550	42.6	71,787,742	41.3	67,071,094	41.0
Generic provision	-	446,920	188,558	1,076,877	205,197	147,179	267,478	292,433	1,976,127	4,600,769		4,424,421		2,940,718	
Overall total on March 31, 2010.	31,457,209	89,384,330	21,247,711	38,895,060	3,961,348	1,787,581	1,745,041	1,429,575	8,198,960	198,106,815					
Existing provision	-	568,508	226,361	2,373,311	1,045,904	857,719	1,171,629	1,393,415	8,198,960	15,835,807					
Minimum required provision	-	446,920	212,477	1,166,851	396,135	536,274	872,521	1,000,701	8,198,960	12,830,839					
Additional provision	-	121,588	13,884	1,206,460	649,769	321,445	299,108	392,714	-	3,004,968					
Overall total on December 31, 2009	30,668,636	86,155,593	20,018,743	36,523,729	3,777,367	1,916,316	1,791,271	1,339,468	8,797,999			190,989,122			
Existing provision	-	546,212	211,991	2,333,157	995,662	923,226	1,202,470	1,302,526	8,797,999			16,313,243			
Minimum required provision	-	430,778	200,187	1,095,712	377,736	574,894	895,635	937,627	8,797,999			13,310,568			
Additional provision	-	115,434	11,804	1,237,445	617,926	348,332	306,835	364,899	-			3,002,675			
Overall total on March 31, 2009	33,431,117	78,868,743	22,062,762	31,939,578	3,572,216	1,748,964	1,502,758	1,324,323	5,597,096					180,047,557	
Existing provision	-	373,068	221,311	1,312,533	922,781	837,607	1,005,464	1,154,616	5,597,096					11,424,476	
Minimum required provision	-	372,380	218,420	1,104,622	352,146	519,463	745,293	825,684	5,597,096					9,735,104	
Additional provision	-	688	2,891	207,911	570,635	318,144	260,171	328,932	-					1,689,372	

Notes to the Consolidated Financial Statements

d) Concentration of loan operations

	R\$ thousand					
	2010		2009			
	March 31	%	December 31	%	March 31	%
Largest borrower	2,328,998	1.2	1,872,135	1.0	1,860,778	1.0
10 largest borrowers	12,441,160	6.3	11,633,663	6.1	12,051,535	6.7
20 largest borrowers	18,876,402	9.5	17,667,906	9.3	18,647,732	10.4
50 largest borrowers	29,905,508	15.1	29,175,990	15.3	29,602,581	16.4
100 largest borrowers	37,913,430	19.1	37,046,603	19.4	38,281,131	21.3

e) By economic activity sector

	R\$ thousand					
	2010		2009			
	March 31	%	December 31	%	March 31	%
Public sector	1,545,836	0.8	1,620,709	0.8	1,561,592	0.9
Federal Government	1,046,540	0.6	1,155,865	0.6	1,074,703	0.6
Petrochemical	1,012,311	0.6	1,109,345	0.6	983,802	0.5
Financial intermediaries	34,229	-	46,520	-	90,901	0.1
State Government	499,296	0.2	464,844	0.2	486,889	0.3
Production and distribution of electricity	499,296	0.2	464,844	0.2	486,889	0.3
Private sector	196,560,979	99.2	189,368,413	99.2	178,485,965	99.1
Manufacturing	39,351,328	19.9	39,284,780	20.6	40,870,909	22.6
Food products and beverages	10,615,070	5.4	11,140,801	5.8	11,247,376	6.3
Steel, metallurgy and mechanics	6,410,845	3.2	5,795,745	3.0	5,986,751	3.3
Chemical	4,277,893	2.2	4,690,332	2.5	4,849,568	2.7
Pulp and paper	2,341,076	1.2	2,298,941	1.2	3,113,965	1.7
Textiles and apparel	2,122,336	1.1	2,158,949	1.1	2,104,963	1.2
Oil refining and production of alcohol	2,040,310	1.0	1,907,556	1.0	2,121,500	1.2
Rubber and plastic articles	1,999,239	1.0	1,777,291	0.9	2,011,522	1.1
Extraction of metallic and non-metallic ores	1,778,908	0.9	1,734,326	0.9	1,918,805	1.1
Light and heavy vehicles	1,525,742	0.8	1,451,063	0.8	1,634,239	0.9
Furniture and wood products	1,326,766	0.7	1,340,587	0.7	1,226,422	0.7
Electric and electronic products	1,259,123	0.6	1,317,879	0.7	809,592	0.4
Non-metallic materials	1,012,428	0.5	1,229,665	0.7	1,169,111	0.6
Automotive parts and accessories	844,099	0.4	846,583	0.5	1,021,545	0.5
Leather articles	458,614	0.2	514,432	0.3	586,208	0.3
Publishing, printing and reproduction	423,772	0.2	413,763	0.2	500,448	0.3
Other industries	915,107	0.5	666,867	0.3	568,894	0.3

Notes to the Consolidated Financial Statements

	R\$ thousand					
	2010		2009			
	March 31	%	December 31	%	March 31	%
Commerce	27,003,722	13.6	26,436,144	13.8	24,039,552	13.4
Merchandise in specialty stores	7,052,297	3.6	6,752,181	3.5	6,215,150	3.4
Food products, beverages and tobacco	3,371,904	1.7	3,600,675	1.9	3,232,242	1.8
Non-specialized retailer	2,460,351	1.2	2,236,477	1.2	1,895,268	1.1
Automobile	2,378,704	1.2	2,556,112	1.3	1,882,449	1.0
Motor vehicle repairs, parts and accessories	1,949,643	1.0	1,902,265	1.0	1,813,064	1.0
Clothing and footwear	1,854,531	0.9	1,714,029	0.9	1,381,556	0.8
Grooming and household articles	1,673,090	0.8	1,606,086	0.8	1,512,416	0.8
Waste and scrap	1,322,063	0.7	1,254,257	0.7	1,212,440	0.7
Fuel	1,221,297	0.6	1,146,730	0.6	1,052,022	0.6
Trade intermediary	1,061,298	0.5	1,053,773	0.6	1,081,208	0.6
Wholesale of goods in general	958,315	0.5	984,878	0.5	1,107,112	0.6
Agricultural products	791,080	0.4	786,522	0.4	841,176	0.5
Other commerce	909,149	0.5	842,159	0.4	813,449	0.5
Financial intermediaries	787,821	0.4	821,104	0.4	1,104,545	0.6
Services	42,103,883	21.2	39,250,247	20.6	37,267,979	20.7
Transportation and storage	10,046,446	5.0	9,394,322	4.9	9,368,286	5.2
Real estate activities, rentals and corporate services	8,480,308	4.3	7,939,730	4.2	7,602,550	4.2
Civil construction	8,298,177	4.2	7,529,345	3.9	6,369,104	3.6
Production and distribution of electric power, gas and water	4,839,323	2.5	4,735,394	2.5	3,506,519	1.9
Holding companies, legal, accounting and business advisory services	2,294,610	1.2	1,881,796	1.0	3,268,330	1.8
Social services, education, health, defense and social security	1,600,175	0.8	1,551,795	0.8	1,495,434	0.8
Hotels and catering	1,484,747	0.7	1,409,004	0.8	1,367,545	0.8
Clubs, leisure, cultural and sport activities	1,116,442	0.6	983,911	0.5	937,536	0.5
Telecommunications	586,797	0.3	597,467	0.3	525,196	0.3
Other services	3,356,858	1.6	3,227,483	1.7	2,827,479	1.6
Agriculture, cattle raising, fishing, forestry and timber industry	2,584,978	1.3	2,654,315	1.4	2,696,509	1.5
Individuals	84,729,247	42.8	80,921,823	42.4	72,506,471	40.3
Total	198,106,815	100.0	190,989,122	100.0	180,047,557	100.0

Notes to the Consolidated Financial Statements

f) Breakdown of loan operations and allowance for loan losses

Risk level	R\$ thousand								
	Portfolio balance								
	Non-performing loans			Performing loans	Total	%	2010	2009	
	Past due	Outstanding	Total – non-performing loans				% March 31 YTD	% December 31 YTD	% March 31 YTD
AA	-	-	-	31,457,209	31,457,209	15.9	15.9	16.1	19.1
A	-	-	-	89,384,330	89,384,330	45.1	61.0	61.2	61.9
B	394,898	1,997,023	2,391,921	18,855,790	21,247,711	10.7	71.7	71.7	74.4
C	739,177	2,259,960	2,999,137	35,895,923	38,895,060	19.7	91.4	90.8	92.2
Subtotal	1,134,075	4,256,983	5,391,058	175,593,252	180,984,310	91.4			
D	622,811	1,286,572	1,909,383	2,051,965	3,961,348	2.0	93.4	92.8	94.2
E	490,416	806,568	1,296,984	490,597	1,787,581	0.9	94.3	93.8	95.2
F	466,904	743,182	1,210,086	534,955	1,745,041	0.9	95.2	94.7	96.1
G	469,203	542,610	1,011,813	417,762	1,429,575	0.7	95.9	95.4	96.9
H	3,507,928	2,714,905	6,222,833	1,976,127	8,198,960	4.1	100.0	100.0	100.0
Subtotal	5,557,262	6,093,837	11,651,099	5,471,406	17,122,505	8.6			
Overall total on March 31, 2010	6,691,337	10,350,820	17,042,157	181,064,658	198,106,815	100.0			
%	3.4	5.2	8.6	91.4	100.0				
Overall total on December 31, 2009	6,858,572	10,159,930	17,018,502	173,970,620	190,989,122				
%	3.6	5.3	8.9	91.1	100.0				
Overall total on March 31, 2009	6,189,391	10,212,162	16,401,553	163,646,004	180,047,557				
%	3.4	5.7	9.1	90.9	100.0				

Notes to the Consolidated Financial Statements

Risk level	R\$ thousand										
	Allowance										
	% Minimum required provision	Minimum required					Additional	Existing	2010	2009	
		Specific			Generic	Total			% March 31 YTD (1)	% December 31 YTD (1)	% March 31 YTD (1)
		Past due	Outstanding	Total specific							
AA	-	-	-	-	-	-	-	-	-	-	-
A	0.5	-	-	-	446,920	446,920	121,588	568,508	0.6	0.6	0.5
B	1.0	3,949	19,970	23,919	188,558	212,477	13,884	226,361	1.1	1.1	1.0
C	3.0	22,175	67,799	89,974	1,076,877	1,166,851	1,206,460	2,373,311	6.1	6.4	4.2
Subtotal		26,124	87,769	113,893	1,712,355	1,826,248	1,341,932	3,168,180	1.8	1.8	1.2
D	10.0	62,281	128,657	190,938	205,197	396,135	649,769	1,045,904	26.4	26.4	26.2
E	30.0	147,125	241,970	389,095	147,179	536,274	321,445	857,719	48.0	48.2	48.4
F	50.0	233,452	371,591	605,043	267,478	872,521	299,108	1,171,629	67.1	67.1	67.5
G	70.0	328,442	379,826	708,268	292,433	1,000,701	392,714	1,393,415	97.5	97.2	95.0
H	100.0	3,507,928	2,714,905	6,222,833	1,976,127	8,198,960	-	8,198,960	100.0	100.0	100.0
Subtotal		4,279,228	3,836,949	8,116,177	2,888,414	11,004,591	1,663,036	12,667,627	74.0	75.0	70.2
Overall total on March 31, 2010		4,305,352	3,924,718	8,230,070	4,600,769	12,830,839	3,004,968	15,835,807	8.0		
%		27.2	24.8	52.0	29.0	81.0	19.0	100.0			
Overall total on December 31, 2009		4,741,443	4,144,704	8,886,147	4,424,421	13,310,568	3,002,675	16,313,243		8.5	
%		29.1	25.4	54.5	27.1	81.6	18.4	100.0			
Overall total on March 31, 2009		3,654,478	3,139,908	6,794,386	2,940,718	9,735,104	1,689,372	11,424,476			6.3
%		32.0	27.5	59.5	25.7	85.2	14.8	100.0			

(1) Ratio between allowance and total portfolio by risk level.

Notes to the Consolidated Financial Statements

g) Breakdown of allowance for loan losses

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Opening balance	16,313,243	14,952,605	10,262,601
- Specific provision (1)	8,886,147	8,422,312	5,928,371
- Generic provision (2)	4,424,421	3,539,466	2,713,660
- Additional provision (3)	3,002,675	2,990,827	1,620,570
Additions	2,159,287	2,730,033	2,919,604
Reductions	(2,636,723)	(2,399,580)	(1,757,729)
Balance from the acquired institution (4)	-	1,030,185	-
Closing balance	15,835,807	16,313,243	11,424,476
- Specific provision (1)	8,230,070	8,886,147	6,794,386
- Generic provision (2)	4,600,769	4,424,421	2,940,718
- Additional provision (3)	3,004,968	3,002,675	1,689,372

- (1) For operations with installments overdue for more than 14 days;
 (2) Recorded based on the client/transaction classification and, accordingly, not included in the preceding item; and
 (3) The additional provision is recorded based on Management's experience and expected realization of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general loan risks, together with the provision calculated based on risk level ratings and the corresponding minimum percentage of provision established by CMN Resolution 2,682/99. The additional provision per client was classified according to the corresponding risk levels (Note 10f); and
 (4) Represented by Banco Ibi.

h) Recovery

Expenses of the allowance for loan losses, net of recoveries of written-off credits, are as follows:

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Amount recorded	2,159,287	2,730,033	2,919,604
Amount recovered (1)	(508,119)	(616,201)	(311,707)
Expense net of amounts recovered	1,651,168	2,113,832	2,607,897

- (1) Classified in income from loan operations (Note 10j).

i) Changes in renegotiated portfolio

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Opening balance	5,546,177	4,916,023	3,089,034
Amount renegotiated	1,132,877	1,286,826	925,250
Amount received	(485,500)	(167,413)	(267,651)
Reductions	(352,928)	(489,259)	(246,066)
Closing balance	5,840,626	5,546,177	3,500,567
Allowance for loan losses	3,665,188	3,420,258	2,146,673
Percentage on portfolio	62.8%	61.7%	61.3%

Notes to the Consolidated Financial Statements

j) Income on loan and leasing operations

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Discounted trade receivables and loans	5,781,000	5,419,643	5,314,287
Financings	1,899,641	1,878,953	2,025,716
Agribusiness and agribusiness loans	270,791	225,960	196,387
Subtotal	7,951,432	7,524,556	7,536,390
Recovery of credits charged-off as loss	508,119	616,201	311,707
Subtotal	8,459,551	8,140,757	7,848,097
Leasing net of expenses	640,112	758,553	887,061
Total	9,099,663	8,899,310	8,735,158

11) OTHER RECEIVABLES

a) Foreign exchange portfolio

Balance sheet accounts

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Assets – other receivables			
Exchange purchases pending settlement	7,921,683	6,369,274	20,236,026
Foreign exchange acceptances and term documents in foreign currencies	2,121	374	149
Exchange sale receivables	2,467,032	2,669,759	13,273,100
(-) Advances in local currency received	(528,962)	(241,384)	(377,112)
Income receivable on advances granted	91,355	171,229	253,198
Total	9,953,229	8,969,252	33,385,361
Liabilities – other liabilities			
Exchange sales pending settlement	2,450,726	2,665,162	13,097,375
Exchange purchase payables	8,121,115	6,850,570	19,477,345
(-) Advances on foreign exchange contracts	(5,125,949)	(5,602,946)	(10,220,211)
Other	6,465	5,248	12,503
Total	5,452,357	3,918,034	22,367,012
Net foreign exchange portfolio	4,500,872	5,051,218	11,018,349
Memorandum accounts			
Loans available for imports	1,315,406	1,385,155	1,329,461
Confirmed exports loans	71,684	74,938	104,132

Notes to the Consolidated Financial Statements

Foreign exchange results

Breakdown of foreign exchange transactions result adjusted to facilitate presentation

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Foreign exchange operations result	130,877	134,943	308,745
Adjustments:			
- Income on foreign currency financing (1)	19,419	3,662	9,112
- Income on export financing (1)	82,464	79,510	124,696
- Income on foreign investments (2)	46,518	496	85,995
- Expenses of liabilities with foreign bankers (3) (Note 17c)	(158,341)	(16,493)	(108,426)
- Funding expenses (4)	(57,034)	(61,574)	(113,868)
- Other	45,439	(7,776)	(89,604)
Total adjustments	(21,535)	(2,175)	(92,095)
Adjusted foreign exchange operations result	109,342	132,768	216,650

(1) Classified in item "Income from loan operations";

(2) Demonstrated in item "Income on securities transactions";

(3) Relates to funds for financing advances on foreign exchange contracts and import financing, classified in item "Expenses of borrowing and onlending"; and

(4) Refers to funding expenses of resources applied on foreign exchange transactions.

b) Sundry

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Tax credits (Note 34c)	16,557,045	15,692,042	14,748,010
Credit card operations	10,569,918	11,029,745	7,080,401
Borrowers by escrow deposits	6,609,519	5,846,298	6,658,648
Prepaid taxes	2,072,017	2,292,796	1,825,495
Sundry borrowers	1,675,178	1,774,571	2,243,669
Trade and credit receivables (1)	2,524,335	3,131,826	3,034,971
Advances to <i>Fundo Garantidor de Crédito</i> (Deposit Guarantee Fund – FGC)	669,757	715,422	852,418
Payments to be reimbursed	505,281	458,128	492,822
Receivables from sale of assets	67,691	72,703	95,085
Other	194,891	234,868	168,518
Total	41,445,632	41,248,399	37,200,037

(1) Includes receivables from the sale of financial assets from loan operations without substantial transfer of risks and benefits.

Notes to the Consolidated Financial Statements

12) OTHER ASSETS

a) Foreclosed assets/others

	R\$ thousand				
	Cost	Provision for losses	Residual value		
			2010	2009	
			March 31	December 31	March 31
Real estate	178,526	(34,896)	143,630	126,458	122,901
Goods subject to special conditions	58,970	(58,970)	-	-	-
Vehicles and similar	489,428	(148,496)	340,932	323,174	256,096
Inventories/warehouse	27,696	-	27,696	21,829	16,620
Machinery and equipment	12,863	(7,020)	5,843	5,228	4,069
Others	8,091	(6,969)	1,122	1,037	1,013
Total on March 31, 2010	775,574	(256,351)	519,223		
Total on December 31, 2009	730,326	(252,600)		477,726	
Total on March 31, 2009	637,819	(237,120)			400,699

b) Prepaid expenses

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Commission on the placement of financing (1)	755,959	811,301	950,919
Insurance selling expenses (2)	401,743	383,420	294,392
Advertising and publicity expenses (3)	68,636	79,375	104,515
Other	182,248	164,922	74,065
Total	1,408,586	1,439,018	1,423,891

(1) Commissions paid to merchants and car dealers. As of 2Q08, commission on the placement of financings are included in the respective financing/leasing operations balance;

(2) Commissions paid to brokers for the sale of insurance, private pension plans and savings bonds products; and

(3) Prepaid expenses for future advertising and marketing.

Notes to the Consolidated Financial Statements

13) INVESTMENTS

a) Changes in investments in the consolidated financial statements

Affiliates	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
- IRB-Brasil Resseguros S.A.	427,214	445,171	408,733
- Integritas Participações S.A.	419,564	410,618	343,076
- Serasa S.A.	86,434	84,651	79,451
- BES Investimento do Brasil S.A.	84,931	85,663	52,785
- Other	186	177	312
Total in affiliates	1,018,329	1,026,280	884,357
- Tax incentives	260,448	262,056	327,773
- Other investments	538,921	543,292	538,412
Provision for:			
- Tax incentives	(231,074)	(232,881)	(294,307)
- Other investments	(49,937)	(49,930)	(55,889)
Overall total of investments	1,536,687	1,548,817	1,400,346

Notes to the Consolidated Financial Statements

- b) The adjustments resulting from the equity accounting for investments were recorded in income accounts, under "Equity in the Earnings (losses) of Unconsolidated Companies" and correspond to R\$28,755 thousand in the first quarter of 2010 (R\$142,011 thousand in the fourth quarter of 2009 and in the first quarter of 2009 - R\$5,567 thousand).

Companies	R\$ thousand								
	Capital stock	Adjusted shareholders' equity	Number of shares/quotas held (thousands)		Consolidated ownership on capital stock	Adjusted net income (loss)	Equity Accounting Adjustments (1)		
			Common	Preferred			2010	2009	
							1 st quarter	4 th quarter	1 st quarter
IRB-Brasil Resseguros S.A. (2)	1,030,000	2,011,365	-	212	21.24%	47,114	10,007	55,318	(1,028)
BES Investimento do Brasil S.A. – Banco de Investimento (2)	300,000	424,655	10,524	10,524	20.00%	13,600	2,720	3,566	3,736
Serasa S.A.	145,000	1,046,416	909	-	8.26%	85,738	7,082	2,577	2,383
Integritas Participações S.A. (2)	98,779	640,536	22,581	-	20.54%	43,554	8,946	80,550	476
Equity in the earnings of unconsolidated companies							28,755	142,011	5,567

- (1) Equity adjustments comprise participation in the results recorded by the companies as from their acquisition and include equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting practices, when applicable;
- (2) Data related to February 28, 2010 unaudited.

Notes to the Consolidated Financial Statements

14) PREMISES AND EQUIPMENT AND LEASED ASSETS

These assets are stated at acquisition cost. Depreciation is calculated based on the straight-line method at annual rates which take into consideration their economic useful lives.

	R\$ thousand					
	Annual rate	Cost	Depreciation	Residual value		
				2010	2009	
				March 31	December 31	March 31
Premises and equipment:						
- Buildings	4%	676,695	(377,855)	298,840	306,342	324,428
- Land	-	346,214	-	346,214	346,231	350,476
Facilities, furniture and equipment in use	10%	3,176,844	(1,742,394)	1,434,450	1,434,205	1,369,355
Security and communication systems	10%	191,412	(116,367)	75,045	74,881	70,206
Data processing systems	20 a 50%	1,442,346	(963,181)	479,165	481,289	434,043
Transportation systems	20%	34,860	(20,413)	14,447	13,235	15,116
Financing lease of data processing systems	20 a 50%	2,070,728	(1,482,956)	587,772	750,125	711,649
Subtotal		7,939,099	(4,703,166)	3,235,933	3,406,308	3,275,273
Leased assets		20,972	(12,638)	8,334	11,646	10,854
Total on March 31 , 2010		7,960,071	(4,715,804)	3,244,267		
Total on December 31 , 2009		8,052,800	(4,634,846)		3,417,954	
Total on March 31, 2009		7,687,711	(4,401,584)			3,286,127

Notes to the Consolidated Financial Statements

Bradesco Organization's premises and equipment present an unrecorded surplus value of R\$1,886,949 thousand (December 31, 2009 – R\$1,876,842 thousand and March 31, 2009 – R\$1,611,334 thousand) based on appraisal reports prepared by independent experts in 2010, 2009 and 2008.

Bradesco has entered into lease agreements, for data processing systems (hardware), which are included in premises and equipment. Under this accounting policy, assets and liabilities are classified in the financial statements and depreciation is calculated according to the depreciation policy adopted for the Bank's own assets. Interest on the liability is also recognized.

The fixed assets to reference shareholders' equity ratio in the "economic-financial consolidated" is 19.85% (December 31, 2009 - 18.63% and March 31, 2009 – 14.12%), and in the "financial consolidated" is 45.06% (December 31, 2009 – 45.68% and March 31, 2009 – 48.93%), whereas the maximum limit is 50%.

The difference between the fixed assets to shareholders' equity ratio in the "economic-financial consolidated" and of the "financial consolidated" is due to non-financial subsidiaries which have high liquidity and low fixed assets to shareholders' equity ratio, with the consequent increase in the fixed assets to shareholders' equity ratio of the "financial consolidated." Whenever necessary, we may reallocate the funds to the financial companies through the payment of dividends/interest on shareholders' equity to financial companies or a corporate reorganization between the financial and non-financial companies, thus improving the ratio.

15) INTANGIBLE ASSETS

a) Goodwill

Goodwill from investment acquisitions amounted to R\$2,458,426 thousand, of which R\$491,112 thousand represents the difference between book value and market value of shares recorded in Permanent Assets – Investments (BM&FBovespa and Integritas/Fleury shares), to be amortized upon their realization and R\$1,967,314 thousand representing future profitability/client portfolio, which will be amortized over twenty years.

In the first quarter of 2010, goodwill amortization totaled R\$58,873 thousand (in the fourth quarter of 2009 – R\$33,471 thousand and in the first quarter of 2009 – R\$24,577 thousand).

Notes to the Consolidated Financial Statements

b) Intangible assets

Acquired intangible assets comprise:

	R\$ thousand					
	Amortization rate (1)	Cost	Amortization	Residual value		
				2010	2009	
				March 31	December 31	March 31
Acquisition of banking services rights	Contract (4)	2,836,188	(1,332,132)	1,504,056	1,603,773	1,535,908
Software (2)	20% to 50%	3,651,678	(1,981,964)	1,669,714	1,598,877	1,186,331
Future profitability/client portfolio (3)	5% to 20%	2,134,342	(200,809)	1,933,533	1,992,406	470,319
Other	20%	52,557	(24,291)	28,266	32,970	138,060
Total on March 31, 2010		8,674,765	(3,539,196)	5,135,569		
Total on December 31, 2009		8,491,567	(3,263,541)		5,228,026	
Total on March 31, 2009		6,061,496	(2,730,878)			3,330,618

(1) Intangible assets are amortized over the estimated period of economic benefit and charged to other administrative expenses and other operating expenses;

(2) Software acquired and/or developed by specialized companies;

(3) Mainly composed by goodwill on the acquisition of shareholders' interest of Banco Ibi – R\$1,048,575 thousand, Odontoprev – R\$364,018 thousand, Ágora Corretora - R\$335,891 thousand and in Europ Assistance Serviços de Assistência Personalizados - R\$27,998 thousand, net of accrued amortization; and

(4) Based on each pay-back agreement.

Expenses with research and development of systems corresponded to R\$35,693 thousand in the quarter (in the fourth quarter of 2009 – R\$24,894 thousand and in the first quarter of 2009 – R\$17,391 thousand).

Notes to the Consolidated Financial Statements

c) Change in intangible assets by type

	R\$ thousand				
	Acquisition of banking service rights	Software	Future profitability/ client portfolio	Other	Total
Balance on December 31, 2009	1,603,773	1,598,877	1,992,406	32,970	5,228,026
Additions /Write-offs	43,292	129,613	-	8,404	181,309
Amortization for the period	(143,009)	(58,776)	(58,873)	(13,108)	(273,766)
Balance on March 31, 2010	1,504,056	1,669,714	1,933,533	28,266	5,135,569

16) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES

a) Deposits

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
• Demand deposits (1)	31,590,287	-	-	-	31,590,287	34,627,064	24,999,970
• Savings deposits (1)	45,194,691	-	-	-	45,194,691	44,162,309	37,391,607
• Interbank deposits	119,741	157,549	51,928	36,540	365,758	752,059	406,164
• Time deposits (2)	5,421,309	10,983,998	9,344,241	66,827,137	92,576,685	90,495,976	105,423,543
• Other – investment deposits	994,252	-	-	-	994,252	1,035,676	881,850
Overall total on March 31, 2010	83,320,280	11,141,547	9,396,169	66,863,677	170,721,673		
%	48.8	6.5	5.5	39.2	100.0		
Overall total on December 31, 2009	83,561,376	9,372,739	11,547,447	66,591,522		171,073,084	
%	48.8	5.5	6.8	38.9		100.0	
Overall total on March 31, 2009	69,993,927	12,428,981	7,416,963	79,263,263			169,103,134
%	41.4	7.3	4.4	46.9			100.0

(1) Classified as "1 to 30 days", not considering average historical turnover; and

(2) Considers the maturities established in investments.

Notes to the Consolidated Financial Statements

b) Federal funds purchased and securities sold under agreements to repurchase

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
Own portfolio	17,251,759	6,000,660	7,330,206	29,911,020	60,493,645	44,257,954	32,613,923
• Government securities	16,701,858	139,640	1,909,470	95,923	18,846,891	6,860,640	953,828
• Debentures of own issuance	527,199	5,046,555	5,420,736	29,795,303	40,789,793	36,961,717	31,650,765
• Foreign	22,702	814,465	-	19,794	856,961	435,597	9,330
Third-party portfolio (1)	66,823,881	-	-	-	66,823,881	68,417,064	55,702,256
Unrestricted portfolio (1)	231,925	603,994	18,530	-	854,449	598,028	3,343,022
Overall total on March 31, 2010 (2)	84,307,565	6,604,654	7,348,736	29,911,020	128,171,975		
%	65.8	5.2	5.7	23.3	100.0		
Overall total on December 31, 2009 (2)	74,550,284	3,395,355	8,644,541	26,682,866		113,273,046	
%	65.8	3.0	7.6	23.6		100.0	
Overall total on March 31, 2009 (2)	56,199,464	4,438,796	2,476,767	28,544,174			91,659,201
%	61.3	4.8	2.8	31.1			100.0

(1) Represented by government securities; and

(2) Includes R\$26,064,243 thousand (December 31, 2009 - R\$27,883,930 thousand and March 31, 2009 - R\$18,967,149 thousand) of investment fund applications purchase and sale commitments with Bradesco, whose quotaholders are subsidiaries included in the consolidated financial statements (Notes 8a, b, c and d).

Notes to the Consolidated Financial Statements

c) Funds from issuance of securities

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
Securities - domestic:							
- Exchange acceptances	-	-	-	-	-	-	256
- Mortgage bonds	76,550	512,029	402,806	4,124	995,509	898,598	785,861
- Letters of credit for real estate	-	-	-	1,093	1,093	-	-
- Letters of credit for agribusiness	88,189	342,827	998,333	33,891	1,463,240	1,585,957	1,634,621
- Debentures (1)	-	25,852	-	730,163	756,015	740,452	1,531,476
Subtotal	164,739	880,708	1,401,139	769,271	3,215,857	3,225,007	3,952,214
Securities - foreign:							
- MTN Program Issues (2) (3)	1,370	-	-	1,335,750	1,337,120	260,295	254,656
- Securitization of future flow of money orders received from abroad (d)	6,165	226,888	285,851	3,412,844	3,931,748	3,906,134	4,878,817
- Securitization of future flow of credit card bill receivables from cardholders resident abroad (d)	532	45,791	47,102	1,009	94,434	114,600	236,800
- Issuance costs	-	-	-	(28,646)	(28,646)	(23,452)	(42,767)
Subtotal	8,067	272,679	332,953	4,720,957	5,334,656	4,257,577	5,327,506
Overall total on March 31, 2010	172,806	1,153,387	1,734,092	5,490,228	8,550,513		
%	2.0	13.5	20.3	64.2	100.0		
Overall total on December 31, 2009	402,172	897,707	2,067,772	4,114,933		7,482,584	
%	5.4	12.0	27.6	55.0		100.0	
Overall total on March 31, 2009	168,147	1,494,374	1,343,380	6,273,819			9,279,720
%	1.8	16.1	14.5	67.6			100.0

- (1) Refers to Bradesco Leasing S.A. Arrendamento Mercantil's issuances of simple debentures not convertible into shares, maturing on May 1, 2011 with 104% of CDI remuneration, respective interest is classified in the short term;
- (2) Issuance of securities in the international market for costumers' foreign exchange operations, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, substantially in the short term; and
- (3) In March 2010, it includes the issue of 4.10% senior notes due in 2015 amounting to US\$750,000 thousand.

Notes to the Consolidated Financial Statements

d) Since 2003, Bradesco Organization has been entering into certain agreements designed to optimize its funding and liquidity management activities through the use of SPEs. These SPEs, named International Diversified Payment Rights Company and Brazilian Merchant Voucher Receivables Limited, are financed with long-term debts and settled through future cash flows of the underlying assets, which basically include:

- (i) Current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent; and
- (ii) Current and future flows of credit card receivables arising from expenditures in Brazil by holders of credit cards issued outside Brazil.

Long-term notes issued by the SPEs and sold to investors are settled through funds derived from the money order flows and credit card bills. Bradesco is obliged to redeem these securities in specific cases of delinquency or if SPEs' operations are discontinued.

Funds from the sale of current and future money order flows and credit card receivables, received by the SPEs, must be maintained in a specific bank account until a minimum limit is attained.

We present below the main features of the notes issued by SPEs:

	R\$ thousand					
	Date of Issue	Transaction amount	Maturity	Total		
				2010	2009	
				March 31	December 31	March 31
Securitization of future flow of money orders received from abroad	8.20.2003	595,262	8.20.2010	20,403	39,748	96,207
	7.28.2004	305,400	8.20.2012	70,467	75,862	139,653
	6.11.2007	481,550	5.20.2014	444,691	434,789	580,646
	6.11.2007	481,550	5.20.2014	444,775	435,347	580,646
	12.20.2007	354,260	11.20.2014	320,176	330,357	464,569
	12.20.2007	354,260	11.20.2014	320,176	330,357	464,569
	3.06.2008	836,000	5.20.2015	889,433	871,859	1,160,052
	12.19.2008	1,168,500	2.22.2016 ⁽¹⁾	889,926	869,356	1,160,700
	3.20.2009	225,590	2.20.2015	177,439	173,433	231,775
	12.17.2009	133,673	11.20.2014	133,208	128,851	-
	12.17.2009	133,673	2.20.2017	132,647	129,719	-
	12.17.2009	89,115	2.20.2020	88,407	86,456	-
Total		5,158,833		3,931,748	3,906,134	4,878,817
Securitization of future flow of credit card bill receivables from cardholders resident abroad	7.10.2003	800,818	6.15.2011	94,434	114,600	236,800
Total		800,818		94,434	114,600	236,800

(1) Maturity extended from 2.20.2015 to 2.22.2016

Notes to the Consolidated Financial Statements

e) Expenses with funding and monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Savings deposits	642,672	610,611	652,068
Time deposits	2,187,333	2,292,038	3,224,255
Federal funds purchased and securities sold under agreements to repurchase	2,417,849	2,346,777	2,687,671
Funds from issuance of securities	177,798	151,457	224,973
Other funding expenses	85,823	90,101	96,998
Subtotal	5,511,475	5,490,984	6,885,965
Expenses for monetary restatement and interest on technical provisions from insurance, private pension plans and savings bonds	1,493,549	1,171,800	1,373,602
Total	7,005,024	6,662,784	8,259,567

Notes to the Consolidated Financial Statements

17) BORROWING AND ONLENDING

a) Borrowing

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
Local	557	-	-	-	557	540	554
- Official institutions	-	-	-	-	-	-	29
- Other institutions	557	-	-	-	557	540	525
Foreign	1,096,113	4,301,083	2,425,535	770,265	8,592,996	8,004,596	12,679,602
Overall total on March 31, 2010	1,096,670	4,301,083	2,425,535	770,265	8,593,553		
%	12.7	50.1	28.2	9.0	100.0		
Overall total on December 31, 2009	1,263,093	3,995,373	2,424,607	322,063		8,005,136	
%	15.8	49.9	30.3	4.0		100.0	
Overall total on March 31, 2009	1,183,371	4,721,042	6,144,662	631,081			12,680,156
%	9.3	37.2	48.5	5.0			100.0

b) Onlending

	R\$ thousand						
	2010					2009	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	December 31	March 31
Local	1,046,643	2,625,928	3,099,569	14,358,227	21,130,367	19,321,806	17,739,662
- National Treasury	-	-	62,143	-	62,143	124,020	103,631
- BNDES	324,462	830,789	1,066,304	6,114,515	8,336,070	8,139,480	6,994,742
- CEF	1,643	7,135	8,563	71,581	88,922	91,124	96,493
- FINAME	720,538	1,788,004	1,962,559	8,171,480	12,642,581	10,966,534	10,544,048
- Other institutions	-	-	-	651	651	648	748
Foreign	2,305	-	480,654	865	483,824	794	381
Overall total on March 31, 2010	1,048,948	2,625,928	3,580,223	14,359,092	21,614,191		
%	4.8	12.1	16.6	66.5	100.0		
Overall total on December 31, 2009	1,067,304	2,617,105	2,838,139	12,800,052		19,322,600	
%	5.5	13.5	14.7	66.3		100.0	
Overall total on March 31, 2009	1,134,042	2,433,244	3,360,730	10,812,027			17,740,043
%	6.4	13.7	18.9	61.0			100.0

Notes to the Consolidated Financial Statements

c) Borrowing and onlending expenses

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Borrowing:			
- Local	468	(562)	110
- Foreign	14,643	11,929	32,158
Subtotal borrowing	15,111	11,367	32,268
Local onlending:			
- National Treasury	1,337	720	1,488
- BNDES	138,952	143,626	142,193
- CEF	1,357	1,670	2,081
- FINAME	192,748	179,746	199,203
- Other institutions	59	37	28
Foreign onlending:			
- Payables to foreign bankers (Note 11a)	158,341	16,493	108,426
- Other expenses with foreign onlending	(26,446)	(51,156)	(575)
Subtotal onlending	466,348	291,136	452,844
Total	481,459	302,503	485,112

18) CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

a) Contingent assets

Contingent assets are not recognized in the financial statements, although there are ongoing proceedings with good prospects of success. The main one is:

- PIS - R\$55,216 thousand: claiming the compensation of PIS on the Gross Operating Revenue, paid pursuant to Decree Laws 2,445/88 and 2,449/88, over the amount due under the terms of the Supplementary Law 07/70 (PIS Repique).

b) Contingent liabilities classified as probable losses and legal liabilities – tax and social security

The Bradesco Organization is currently party to a number of labor, civil and tax lawsuits, arising from the normal course of its business activities.

Provisions were recorded based on the opinion of legal advisors, the type of lawsuit, similarity with previous lawsuits, complexity and positioning of the courts, whenever a loss is deemed probable.

Management considers that the provision recorded is sufficient to cover losses generated by the corresponding proceedings.

Liability related to litigation is held until the definite successful outcome of the lawsuit, represented by favorable judicial decisions, for which appeals can no longer be lodged or due to the statute of limitation.

I - Labor claims

These are claims brought by former employees seeking indemnity, especially for unpaid overtime. In proceedings requiring judicial deposit, the amount of labor claims is recorded

Notes to the Consolidated Financial Statements

considering the effective perspective of loss of these deposits. For other proceedings, the provision is recorded based on the average of total payments made for claims settled in the last 12 months, considering the year of the judicial ruling.

Following a more effective control over working hours implemented in 1992, via electronic time cards, overtime is paid regularly during the employment contract and, accordingly, the amount of claims on an individual basis subsequent to 1997 substantially decreased.

II - Civil claims

These are claims for pain and suffering and property damages, mainly relating to notarized protests, returned checks, the inclusion of information about debtors in the restricted credit registry and the reincorporation of inflation adjustments excluded as a result of government economic plans. These lawsuits are individually controlled by computer-based systems and provisioned whenever the loss is evaluated as probable, considering the opinion of the legal advisors, the nature of the lawsuits, and similarity with previous lawsuits, complexity and positioning of the courts.

The issues discussed in lawsuits relating to protests, returned checks and information on debtors in the credit restriction registry are usually not events that cause a significant impact on financial income. Most of these lawsuits are brought to the Special Civil Court (JEC), in which the claims are limited to 40 minimum wages.

It is worth noting the increase in legal claims pleading the incidence of inflation rates which were excluded from the monetary restatement of savings accounts balances due to Government Economic Plans (especially Bresser and *Verão* Economic Plans, currently barred) which were part of the Government economic policy to reduce inflation in the past. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been provisioned taking into consideration claims effectively notified and their assessed loss perspectives, the "APDF"/165 lawsuit (failure to comply with fundamental concepts) brought by the National Confederation of the Financial System (CONSIF), with a view to suspending all the pending lawsuits about economic plans is pending judgment by the Federal Supreme Court (STF).

Currently, there are no significant administrative lawsuits in course, filed as a result of the lack of compliance with National Financial System regulations or payment of fines, which could cause significant impacts on the Bank's interest income.

III - Legal liabilities – tax and social security

The Bradesco Organization is disputing in court the legality and constitutionality of certain taxes and contributions, for which provisions have been recorded in full, although the likelihood of a medium- and long-term favorable outcome is goods based on the opinion of the legal advisors.

The main issues are:

- Cofins – R\$3,710,546 thousand: it requests authorization to calculate and pay Cofins, as from October 2005, on the effective income, whose concept is in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation basis introduced by paragraph 1 of Article 3 of Law 9,718/98;
- IRPJ/Loan Losses – R\$712,591 thousand: it requests authorization to deduct, for purposes of determination of the calculation basis of IRPJ and CSLL, the amount of effective and definite

Notes to the Consolidated Financial Statements

credit losses, total or partial, suffered in the reference years from 1997 to 2009, regardless of the compliance with the conditions and terms provided for in Articles 9 to 14 of Law 9,430/96 that only apply to temporary losses;

- INSS Autonomous Brokers – R\$732,881 thousand: questions the incidence of social security contribution on remunerations paid to autonomous service providers, established by Supplementary Law 84/96 and subsequent regulations/amendments, at the rate of 20% and additional of 2.5%, under the argument that services are not provided to insurance companies, but to policyholders, thus being outside the incidence of the contribution provided for in item I, Article 22, of Law 8,212/91, with new wording given in Law 9,876/99;
- CSLL – Deductibility on the IRPJ calculation basis – R\$522,177 thousand: it requests to calculate and pay income tax due, related to the reference year of 1997 and subsequent years, without adding the CSLL to the respective calculation basis, set forth by Article 1, of Law 9,316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and
- PIS – R\$275,575 thousand: it requests the authorization to offset amounts overpaid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the amount above the calculation basis laid down in the Constitution, i.e., gross operating revenue, as defined in the income tax legislation – concept in Article 44 of Law 4,506/64, not including interest income.

Notes to the Consolidated Financial Statements

IV - Provisions by nature

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Labor claims	1,599,215	1,595,534	1,554,544
Civil claims	2,385,667	2,342,634	1,649,911
Subtotal (1)	3,984,882	3,938,168	3,204,455
Tax and social security (2)	7,902,499	7,066,453	7,407,905
Total	11,887,381	11,004,621	10,612,360

(1) Note 20b; and

(2) Classified under "Other liabilities – tax and social security" (Note 20a).

V - Changes in provisions

	R\$ thousand		
	2010		
	Labor	Civil	Tax and social security (1)
At the beginning of the period	1,595,534	2,342,634	7,066,453
Monetary restatement	44,440	72,863	110,017
Net reversals and write-offs	87,520	71,475	730,956
Payments	(128,279)	(101,305)	(4,927)
At the end of the period	1,599,215	2,385,667	7,902,499

(1) Comprises, substantially, legal liabilities.

c) Contingent liabilities classified as possible losses

The Bradesco Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and based on the opinion of legal advisors, classifies the lawsuits according to the expectation of loss. The trends of administrative and judicial proceedings are periodically analyzed and, if necessary, the related risks are reclassified. In this context the contingent proceedings evaluated as having the risk of possible loss are not recognized in the financial statements. The main proceedings are related to leasing companies' Tax on Services of any Nature (ISSQN), the total processes of which corresponds to R\$221,323 thousand. In this lawsuit, the demand of tax by municipalities other than those where the companies are located and from which the tax is collected in compliance with the law is discussed, as well as the nature of the Leasing Agreement not being a case of formal disallowance when recording tax credit.

Notes to the Consolidated Financial Statements

19) SUBORDINATED DEBT

					R\$ thousand		
					2010	2009	
Maturity	Original term in years	Amount of the operation	Currency	Remuneration	March 31	December 31	March 31
In Brazil:							
Subordinated CDB							
2011	5	4,504,022	R\$	102.5% to 104.0% of CDI rate	7,125,585	6,979,342	6,519,225
2012	5	3,236,273	R\$	103.0% of CDI rate or 100.0% of CDI rate + (0.344% p.a. - 0.4914%) or IPCA + (7.102% p.a. - 7.632% p.a.)	4,246,795	4,152,514	3,871,855
2013	5	575,000	R\$	100.0% of CDI rate + (0.344% p.a. - 1.0817% p.a.) or IPCA + (7.74% p.a. - 8.20% p.a.)	718,885	700,900	650,611
2014	6	1,000,000	R\$	112.0% of CDI rate	1,157,136	1,131,496	1,051,113
2015	6	1,274,696	R\$	108.0% and 112.0% of CDI rate or IPCA + (6.92% p.a. - 8.55% p.a.)	1,396,840	1,343,765	11,924
2016	6	500	R\$	IPCA + (7.1292% p.a.)	518	-	-
2012	10	1,569,751	R\$	100.0% of DI rate - CETIP or 100.0% of CDI rate + (0.75% p.a. - 0.87% p.a.) or 101.0% to 102.5% of CDI rate	4,788,267	4,689,431	4,379,328
2019	10	20,000	R\$	IPCA + (7.76% p.a.)	21,698	20,877	-
For loan operations (3):							
2010 to 2013	1 to 4	1,913	R\$	100.0% to 106.0% of CDI rate	2,416	2,368	2,487
2010 to 2012	up to 2	217,319	R\$	8.25% to 14.88% p.a. rate	228,646	304,003	526,586
Subtotal in Brazil		12,399,474			19,686,786	19,324,696	17,013,129
Abroad:							
2011	10	353,700	US\$	10.25% p.a. rate	274,424	261,487	356,390
2012 (1)	10	315,186	Yen	4.05% p.a. rate	248,230	236,799	322,685
2013	10	1,434,750	US\$	8.75% p.a. rate	887,907	882,067	1,197,203
2014	10	801,927	Euro	8.00% p.a. rate	558,729	570,412	713,454
Undetermined (2)		720,870	US\$	8.875% p.a. rate	537,988	525,966	699,354
2019	10	1,333,575	US\$	6.75% p.a. rate	1,370,483	1,328,427	-
Issuance costs					(23,818)	(25,877)	(28,210)
Subtotal abroad		4,960,008			3,853,943	3,779,281	3,260,876
Overall total		17,359,482			23,540,729	23,103,977	20,274,005

Notes to the Consolidated Financial Statements

- (1) Including the cost of swap to U.S. dollar, the rate increases to 10.15% p.a.;
- (2) In June 2005, perpetual subordinated debt was issued in the amount of US\$300,000 thousand, with exclusive redemption option on the part of the issuer, in its totality and upon previous authorization of Bacen, under the following conditions: (i) after 5 years from the issuance date and subsequently on each date of interest maturity; and (ii) at any moment in the event of a change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and if the issuer is notified in writing by Bacen that the securities may no longer be included in the consolidated capital for capital adequacy ratio calculation purposes. On April 14, 2010, Bacen approved the request for early redemption of the US\$300,000 thousand funding of perpetual subordinated debt issued in June 2005. Said amount no longer comprises Bradesco's tier II capital; and
- (3) Refers to subordinated CBD pegged to loan operations that, pursuant to Circular Letter 2,953/01, do not comprise the Reference Shareholders' Equity Tier II.

Notes to the Consolidated Financial Statements

20) OTHER LIABILITIES

a) Tax and social security

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Provision for tax risks (Note 18b IV)	7,902,499	7,066,453	7,407,905
Provision for deferred income tax (Note 34f)	4,455,906	3,985,467	3,165,039
Taxes and contributions on profits payable	654,999	1,490,563	528,228
Taxes and contributions payable	589,463	661,185	570,288
Total	13,602,867	13,203,668	11,671,460

b) Sundry

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Credit card operations	8,631,474	9,293,317	5,219,923
Provision for payments	3,160,088	3,780,262	2,960,929
Provision for contingent liabilities (civil and labor) (Note 18b IV)	3,984,882	3,938,168	3,204,455
Sundry creditors	2,212,229	1,949,166	1,693,207
Liabilities for acquisition of assets – financial leasing (1)	821,250	987,527	1,036,928
Liabilities for acquisition of assets and rights	582,695	630,132	777,868
Liabilities for official agreements	289,869	269,746	314,724
Other	782,807	908,340	572,053
Total	20,465,294	21,756,658	15,780,087

(1) Refers to liabilities for acquisition of data processing systems (hardware) by means of financial leasing operations (Bradesco as lessee).

Notes to the Consolidated Financial Statements

21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS

a) Provisions by account

	R\$ thousand											
	Insurance (1)			Life and Private Pension Plans (2)			Savings bonds			Total		
	2010	2009		2010	2009		2010	2009		2010	2009	
	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31
Current and long-term liabilities												
Mathematical provision for benefits to be granted	-	-	-	56,058,586	54,422,399	47,005,121	-	-	-	56,058,586	54,422,399	47,005,121
Mathematical provision for benefits granted	-	-	-	4,611,792	4,475,137	4,318,588	-	-	-	4,611,792	4,475,137	4,318,588
Mathematical provision for redemptions	-	-	-	-	-	-	2,577,680	2,479,748	2,215,697	2,577,680	2,479,748	2,215,697
Provision for incurred but not reported (INBR) claims	1,412,500	1,350,222	1,308,571	613,648	599,718	556,704	-	-	-	2,026,148	1,949,940	1,865,275
Unearned premiums provision	1,707,619	1,941,858	1,723,691	53,738	78,343	69,236	-	-	-	1,761,357	2,020,201	1,792,927
Provision for contribution insufficiency (3)	-	-	-	3,078,175	3,031,715	2,578,399	-	-	-	3,078,175	3,031,715	2,578,399
Provision for unsettled claims	1,436,041	1,329,263	1,244,090	724,273	748,777	709,420	-	-	-	2,160,314	2,078,040	1,953,510
Financial fluctuation provision	-	-	-	632,082	621,884	643,297	-	-	-	632,082	621,884	643,297
Premium insufficiency provision	-	-	-	567,214	560,714	485,633	-	-	-	567,214	560,714	485,633
Financial surplus provision	-	-	-	391,588	367,289	324,771	-	-	-	391,588	367,289	324,771
Provision for drawings and redemptions	-	-	-	-	-	-	453,698	436,026	434,505	453,698	436,026	434,505
Provision for administrative expenses	-	-	-	138,085	141,688	143,788	103,395	100,598	81,733	241,480	242,286	225,521
Provision for contingencies	-	-	-	-	-	-	6,640	7,288	7,808	6,640	7,288	7,808
Other provisions	2,415,817	2,234,738	2,273,099	702,420	644,516	548,906	-	-	-	3,118,237	2,879,254	2,822,005
Total provisions	6,971,977	6,856,081	6,549,451	67,571,601	65,692,180	57,383,863	3,141,413	3,023,660	2,739,743	77,684,991	75,571,921	66,673,057

- (1) "Other provisions" basically refers to the technical provisions of the "individual health" portfolio made in order to: (i) cover the differences of future premium adjustments and those necessary to the portfolio technical balance; and (ii) cover payment release of health care coverage to dependents in case the policyholder dies, adopting the rules of the Actuarial Technical Notes approved by ANS;
- (2) Comprises individual insurance plan and private pension plan operations; and
- (3) The contribution insufficiency provision for retirement and pension plans is calculated according to the normalized biometric table AT-2000, improved by 1.5% p.a., considering males separated from females, who have a longer life expectancy, and actual real interest rate of 4.0% p.a.. For disabilities plans, the provision is also actuarially calculated according to the biometric AT-49 (male) table and the 4.0% p.a. real interest rate.

Notes to the Consolidated Financial Statements

b) Technical provisions by product

	R\$ thousand											
	Insurance			Life and Private Pension Plans			Savings bonds			Total		
	2010	2009		2010	2009		2010	2009		2010	2009	
	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31
Health (1)	3,405,227	3,555,436	3,428,997	-	-	-	-	-	-	3,405,227	3,555,436	3,428,997
Auto/RCF	2,059,361	1,837,189	1,755,254	-	-	-	-	-	-	2,059,361	1,837,189	1,755,254
Dpvat	147,161	119,972	96,833	148,543	200,436	189,807	-	-	-	295,704	320,408	286,640
Life	17,210	16,676	20,889	2,819,513	2,706,602	2,475,685	-	-	-	2,836,723	2,723,278	2,496,574
Basic lines	1,343,018	1,326,808	1,247,478	-	-	-	-	-	-	1,343,018	1,326,808	1,247,478
Unrestricted Benefits Generating Plan - PGBL	-	-	-	11,791,264	11,778,567	10,448,100	-	-	-	11,791,264	11,778,567	10,448,100
Long-Term Life Insurance - VGBL	-	-	-	36,583,871	35,130,823	28,751,281	-	-	-	36,583,871	35,130,823	28,751,281
Traditional plans	-	-	-	16,228,410	15,875,752	15,518,990	-	-	-	16,228,410	15,875,752	15,518,990
Savings bonds	-	-	-	-	-	-	3,141,413	3,023,660	2,739,743	3,141,413	3,023,660	2,739,743
Total technical provisions	6,971,977	6,856,081	6,549,451	67,571,601	65,692,180	57,383,863	3,141,413	3,023,660	2,739,743	77,684,991	75,571,921	66,673,057

(1) See Note 21a item 1.

Notes to the Consolidated Financial Statements

c) Guarantees of technical provisions

	R\$ thousand											
	Insurance			Life and Private Pension Plans			Savings bonds			Total		
	2010	2009		2010	2009		2010	2009		2010	2009	
	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31	March 31	December 31	March 31
Investment fund quotas (VGBL and PGBL)	-	-	-	48,375,134	46,909,390	39,199,380	-	-	-	48,375,134	46,909,390	39,199,380
Investment fund quotas (excluding VGBL and PGBL)	5,807,731	5,693,441	5,059,932	15,174,562	14,483,249	13,173,982	2,863,138	2,765,794	2,459,078	23,845,431	22,942,484	20,692,992
Government securities	-	95,844	339,105	3,021,687	3,149,892	3,110,648	-	-	-	3,021,687	3,245,736	3,449,753
Private securities	22,584	21,710	163,802	775,134	745,626	946,263	175,832	165,910	124,054	973,550	933,246	1,234,119
Shares	2,027	1,959	2,387	202,499	493,147	1,028,943	222,457	181,346	226,468	426,983	676,452	1,257,798
Receivables	686,790	617,462	504,422	-	-	-	-	-	-	686,790	617,462	504,422
Real estate	-	-	7,213	-	-	-	-	-	10,173	-	-	17,386
Deposits retained at IRB and court deposits	6,428	6,347	7,137	58,121	60,262	64,462	-	-	-	64,549	66,609	71,599
Reinsurance credits	671,710	663,354	657,923	5,349	5,749	10,657	-	-	-	677,059	669,103	668,580
Total guarantees of technical provisions	7,197,270	7,100,117	6,741,921	67,612,486	65,847,315	57,534,335	3,261,427	3,113,050	2,819,773	78,071,183	76,060,482	67,096,029

Notes to the Consolidated Financial Statements

d) Retained premiums from insurance, private pension plans contributions and savings bonds

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Premiums written	3,085,812	3,228,806	2,901,088
Supplementary private pension plan contributions (including VGBL)	3,290,559	4,295,235	2,294,015
Revenues from savings bonds	526,192	575,856	413,380
Coinsurance premiums	(27,376)	(26,884)	(68,015)
Refunded premiums	(23,853)	(32,450)	(26,515)
Net premiums written	6,851,334	8,040,563	5,513,953
Reinsurance premiums	(60,367)	(37,488)	(68,859)
Retained premiums from insurance, private pension plans and savings bonds	6,790,967	8,003,075	5,445,094

22) MINORITY INTEREST IN SUBSIDIARIES

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Andorra Holdings S.A.	176,087	172,632	162,167
Banco Bradesco BBI S.A.	88,374	86,812	82,629
Celta Holding S.A.	60,085	59,497	55,948
Other (1)	492,001	478,734	36,266
Total	816,547	797,675	337,010

(1) Mainly minority interest at Odontoprev S.A.

23) SHAREHOLDERS' EQUITY (PARENT COMPANY)

a) Breakdown of capital stock in number of shares

Fully subscribed and paid-up capital stock comprises non-par, registered, book-entry shares.

	2010	2009	
	March 31	December 31	March 31
Common shares	1,710,204,835	1,713,543,005	1,534,934,979
Preferred shares	1,710,204,658	1,713,542,828	1,534,934,821
Subtotal	3,420,409,493	3,427,085,833	3,069,869,800
Treasury (common shares)	-	(3,338,170)	(146,721)
Treasury (preferred shares)	-	(3,197,260)	(34,600)
Total outstanding shares	3,420,409,493	3,420,550,403	3,069,688,479

Notes to the Consolidated Financial Statements

b) Breakdown of capital stock in number of shares

	Common	Preferred	Total
Number of outstanding shares on December 31, 2009	1,710,204,835	1,710,345,568	3,420,550,403
Shares acquired and cancelled	-	(140,910)	(140,910)
Number of outstanding shares on March 31, 2010	1,710,204,835	1,710,204,658	3,420,409,493

c) Interest on shareholders' equity/dividends

Preferred shares have no voting rights, but are entitled to all rights and advantages given to common shares and, in compliance with Bradesco's Bylaws, have priority in repayment of capital and additional ten per cent (10%) of interest on shareholders' equity and/or dividends, in accordance with the provisions of Paragraph 1, item II, of Article 17 of Law 6,404/76, with the new wording given in Law 10,303/01.

According to Bradesco's Bylaws, shareholders are entitled to interest on shareholders' equity and/or total dividends of at least 30% of the net income for the year, adjusted in accordance with Brazilian Corporation Law.

Interest on shareholders' equity is calculated based on the shareholders' equity accounts and is limited to the variation in the Federal Government Long-Term Interest Rate (TJLP), provided there are available profits, computed prior to the deduction thereof, or retained earnings and revenue reserves in amounts equivalent to, or exceeding twice, the amount of such interest.

Bradesco's capital remuneration policy aims at distributing the interest on shareholders' equity at the maximum amount calculated pursuant to prevailing laws, and this is included, net of Withholding Income Tax, in the calculation of the mandatory dividends of the year set forth in the Company's Bylaws.

The Board of Directors' Meeting held on December 4, 2009 approved the Board of Executive Officers' proposal for the payment of supplementary interest on shareholders' equity to shareholders for the fiscal year of 2009 in the amount of R\$1,632,000 thousand, out of which R\$0.499755537 (net of withholding income tax of 15% - R\$0.424792206) per common share and R\$0.549731091 (net of 15% withholding income tax - R\$0.467271427) per preferred share, the payment of which will be made on March 9, 2010.

At the Board of Directors Meeting held on February 10, 2010, the board members approved the proposal of the Board of Executive Officers related to the payment of additional interest on interest on shareholders' equity and dividends to shareholders related to 2009, in the amount of R\$76,995 thousand, of which R\$0.021438536 per common share and R\$0.023582390 per preferred shares, the payment of which was made on March 9, 2010.

Notes to the Consolidated Financial Statements

The calculation of interest on shareholders' equity and dividends related to the first quarter of 2010 is as follows:

	R\$ thousand	% (1)
Net income for the period	2,102,706	
(-) Legal reserve	(105,135)	
Adjusted calculation basis	1,997,571	
Interest on shareholders' equity (gross) provisioned (payable)	608,025	
Withholding income tax on interest on shareholders' equity	(91,204)	
Interest on shareholders' equity (net)	516,821	
Monthly dividends paid and provisioned	138,105	
Interest on shareholders' equity (net) and dividends on March 31, 2010	654,926	32.79
Interest on shareholders' equity (net) and dividends on March 31, 2009	568,608	34.74

(1) Percentage of interest on shareholders' equity/dividends over adjusted calculation basis.

Interest on shareholders' equity and dividends were paid and provisioned as follows:

Description	R\$ thousand				
	Per share (gross)		Gross paid/ provisioned amount	Withholding Income Tax (IRRF) (15%)	Net paid/ provisioned amount
	Common shares	Preferred shares			
Monthly dividends	0.039658	0.043624	138,105	-	138,105
Supplementary provisioned interest on shareholders' equity	0.169299	0.186229	608,025	91,204	516,821
Total on March 31, 2010 YTD	0.208957	0.229853	746,130	91,204	654,926

d) Treasury shares

The Special Shareholders' Meeting held on March 10, 2010, approved the proposal of the Board of Directors to cancel 6,676,340 registered book-entry shares, held in treasury, of which 3,338,170 common and 3,338,170 preferred, representing the capital stock but not reducing it.

Notes to the Consolidated Financial Statements

24) FEE AND COMMISSION INCOME

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Card income	954,748	940,898	822,931
Checking accounts	542,148	543,131	547,721
Loan operations	406,909	421,244	380,858
Asset management	429,512	429,909	368,940
Collections	257,340	259,469	236,264
Custody and brokerage services	114,014	115,812	89,431
Consortium management	97,252	94,786	80,194
Taxes paid	69,018	66,247	63,248
Underwriting	76,227	104,881	22,352
Other	133,263	118,088	138,147
Total	3,080,431	3,094,465	2,750,086

25) PERSONNEL EXPENSES

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Payroll	1,000,991	1,003,676	948,279
Benefits	417,442	396,794	363,403
Social security charges	376,441	363,761	319,817
Employee profit sharing	205,019	178,678	123,223
Provision for labor claims	109,209	111,028	81,191
Training	11,469	27,015	16,163
Total	2,120,571	2,080,952	1,852,076

Notes to the Consolidated Financial Statements

26) OTHER ADMINISTRATIVE EXPENSES

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Third-party services	724,077	701,426	585,195
Communication	334,475	327,884	298,692
Advertising and publicity	152,363	282,488	109,265
Depreciation and amortization	221,516	202,527	157,809
Depreciation of financial leasing - Law 11,638/07	91,863	93,213	96,555
Transportation	142,311	149,688	147,723
Financial system services	86,059	88,665	61,809
Rentals	143,519	145,479	133,447
Data processing	190,766	212,022	182,574
Asset maintenance and conservation	107,456	111,485	99,347
Asset leasing	97,710	99,563	108,056
Asset leasing - Law 11,638/07	(91,863)	(93,213)	(106,316)
Supplies	62,564	65,552	53,548
Security and surveillance	66,143	64,083	60,260
Water, electricity and gas	54,853	52,015	50,395
Travels	21,154	22,341	15,545
Other	159,283	149,278	103,840
Total	2,564,249	2,674,496	2,157,744

27) TAX EXPENSES

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Contribution for Social Security Financing (Cofins)	489,804	471,682	392,045
Tax on Services (ISS)	88,521	91,525	79,536
Social Integration Program (PIS) contribution	82,798	83,990	74,351
Municipal Real Estate Tax (IPTU) expenses	16,055	6,338	13,218
Other	58,565	43,822	36,803
Total	735,743	697,357	595,953

Notes to the Consolidated Financial Statements

28) OTHER OPERATING INCOME

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Other interest income	224,548	199,665	207,597
Reversal of other operating provisions (1)	94,069	435,118	50,739
Gains on sale of goods	13,711	27,805	6,534
Revenues from recovery of charges and expenses	13,050	13,266	16,544
Others	308,808	242,082	190,461
Total	654,186	917,936	471,875

(1) In the fourth quarter of 2009, it includes R\$388,162 thousand related to the adhesion to the tax amnesty program.

29) OTHER OPERATING EXPENSES

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Other financial expenses	631,509	511,240	559,480
Sundry losses	305,599	362,667	254,649
Interest expenses with leasing obligations - Law 11,638/07	15,370	6,140	31,025
Intangible assets amortization – acquisition of banking services rights	143,009	134,521	133,444
Expenses with other operating provisions (1)	573,379	237,173	246,435
Goodwill amortization	58,873	33,471	24,577
Expenses with impairment analysis	-	39,636	-
Other	254,478	338,093	291,937
Total	1,982,217	1,662,941	1,541,547

(1) Includes supplementary provision for civil lawsuits – first quarter of 2010 economic plans – R\$35,661 thousand (in the fourth quarter of 2009 – R\$111,378 thousand and in the first quarter of 2009 – R\$175,091 thousand), and provision for tax contingencies amounting to R\$396,731 thousand.

30) NON-OPERATING RESULT

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Result on sale and write-off of assets and investments	(86,420)	(73,799)	(14,007)
Non-operating provisions	(17,511)	(3,957)	(34,476)
Others	8,557	(53,938)	8,504
Total	(95,374)	(131,694)	(39,979)

Notes to the Consolidated Financial Statements

31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT)

- a) Transactions with parent companies (direct and indirect) are carried out in conditions and at rates compatible with the averages practiced with third parties, and effective on the dates of the operations, and are as follows:

	R\$ thousand					
	2010	2009		2010	2009	
	March 31	December 31	March 31	1 st quarter	4 th quarter	1 st quarter
	Assets (liabilities)	Assets (liabilities)	Assets (liabilities)	Revenues (expenses)	Revenues (expenses)	Revenues (expenses)
Interest on shareholders' equity and dividends:	(13,889)	(653,209)	(13,313)	-	-	-
Cidade de Deus Companhia Comercial de Participações	(9,789)	(324,347)	(9,789)	-	-	-
Fundação Bradesco	(4,100)	(328,862)	(3,524)	-	-	-
Demand deposits:	(300)	(113)	(690)	-	-	-
Fundação Bradesco	(282)	(80)	(674)	-	-	-
Elo Participações e Investimentos S.A.	(9)	(10)	(8)	-	-	-
Nova Cidade de Deus Participações S.A.	(9)	(11)	(2)	-	-	-
Cidade de Deus Companhia Comercial de Participações	-	(12)	(6)	-	-	-
Time deposits:	(8,834)	(17,199)	(19,769)	(13)	(5)	(8)
Cidade de Deus Companhia Comercial de Participações	(8,834)	(17,199)	(19,769)	(13)	(5)	(8)
Rental of branches:	-	-	-	(117)	(117)	(114)
Fundação Bradesco	-	-	-	(117)	(117)	(114)
Subordinated debts:	(142,658)	(134,086)	(130,021)	(2,773)	(13,494)	(3,310)
Cidade de Deus Companhia Comercial de Participações	(69,570)	(62,446)	(31,062)	(1,336)	(2,112)	(697)
Fundação Bradesco	(73,088)	(71,640)	(98,959)	(1,437)	(11,382)	(2,613)

Notes to the Consolidated Financial Statements

b) Compensation of key Management personnel

Each year, the Annual Shareholders' Meeting approves:

- The annual overall amount of management compensation, apportioned at the Board of Directors Meetings among the board members and members of the Board of Executive Officers, as determined by the Company's Bylaws; and
- The amount allocated to finance supplementary private pension plans to the Management, within the private pension plan for employees and management of the Bradesco Organization.

For 2010, the maximum amount of R\$256,400 thousand was set for management compensation (share-based compensation and bonuses) and R\$231,000 thousand to finance defined contribution supplementary private pension plans.

Short-term Management benefits

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Share-based compensation	35,639	36,852	34,723
Bonuses	30,068	2,911	11,954
INSS contributions	14,688	8,916	10,473
Total	80,395	48,679	57,150

Post-employment benefits

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Defined contribution supplementary private pension plans	35,094	12,816	13,430
Total	35,094	12,816	13,430

Bradesco does not offer long-term benefits related to severance pay or share-based compensation to its key Management personnel.

Other information

l) According to current laws, financial institutions are not allowed to grant loans or advances to:

- Officers and members of the advisory, administrative, fiscal or similar councils, as well as to their respective spouses and family members up to the second degree;
- Individuals or corporations that own more than 10% of their capital; and
- Corporations of which the financial institution itself, any officers or administrators of the institution, as well as their spouses and respective family members up to the second degree own more than 10%;

Therefore, no loans or advances are granted by financial institutions to any subsidiary, members

Notes to the Consolidated Financial Statements

of the Board of Directors or Board of Executive Officers and their relatives.

II) Shareholding

Members of the Board of Directors and Board of Executive Officers, jointly, had the following shareholding in Bradesco on March 31, 2010:

• Common shares	0.74%
• Preferred shares	1.07%
• Total shares	0.91%

32) FINANCIAL INSTRUMENTS

a) Risk management process

The Bradesco Organization considers risk management essential to all its activities, using it to add value to its business, as it supports business areas in the planning of its activities, maximizing the use of own and third-party resources, for the benefit its stakeholders and the company.

Risk management activity is highly relevant due to the increasing complexity of services and products offered and the globalization of Bradesco's business, reason why the Organization is always improving its risk management processes, using the best international practices, Brazilian rules and the recommendations of the New Capital Accord.

Several investments are made in initiatives related to risk management processes, especially in staff training to improve the quality of said processes and ensure the necessary focus, inherent to these activities that generate a strong added value. In this context, the Organization has three large pillars that support the entire risk management structure: i) corporate governance; ii) management structure; and iii) risk management methodology.

Credit risk management

Credit risk is the possibility that a counterparty of a loan or financial operation may not wish to, or may suffer some change in its ability to comply with its contractual obligations, which may generate losses for the Organization.

To mitigate credit risk, Bradesco continuously reviews the processes of credit activities processes, implementing improvements, examining and preparing inventories of credit approval and recovery procedures, monitoring concentrations and identifying new areas of credit risks.

Market risk management

Market risk is the possibility of loss by fluctuating market prices and rates, once asset and liability portfolios of the Organization may present mismatches in terms, currencies and indexes.

Market risk management at Bradesco enables the Organization to make strategic decisions with agility and a high level of reliance through the use of methodologies in line with the best international practices and the recommendations of the New Capital Accord.

The performance of limits is monitored daily by the Integrated Risk Control Department, which is independent to business management and adopts the Parametric VaR (Value at Risk) outlook, in the calculation of the trading portfolio risk, with a 99% confidence level, one-day horizon, and correlations and volatilities calculated using statistical methods in which recent returns are given

Notes to the Consolidated Financial Statements

more importance. In addition, the methodology applied and current statistic models in the measurement of market risks are evaluated daily using backtesting techniques.

We present below the balance sheet by currency

	R\$ thousand				
	2010			2009	
	March 31			December 31	March 31
	Balance	Domestic	Foreign (1) (2)	Foreign (1) (2)	
Assets					
Current and long-term assets	522,709,537	484,932,757	37,776,780	35,015,842	52,879,238
Funds available	8,704,665	5,209,579	3,495,086	1,439,198	2,523,466
Interbank investments	97,164,512	95,389,170	1,775,342	3,578,126	4,313,491
Securities and derivative financial instruments	157,308,589	149,178,618	8,129,971	8,088,989	9,562,623
Interbank and interdepartmental accounts	36,673,991	36,253,911	420,080	373,409	310,022
Loan and leasing operations	166,396,091	150,923,594	15,472,497	14,420,882	13,790,926
Other receivables and assets	56,461,689	47,977,885	8,483,804	7,115,238	22,378,710
Permanent assets	9,916,523	9,909,587	6,936	6,898	8,805
Investments	1,536,687	1,536,687	-	-	-
Premises and equipment and leased assets	3,244,267	3,237,478	6,789	6,809	8,673
Intangible assets	5,135,569	5,135,422	147	89	132
Total	532,626,060	494,842,344	37,783,716	35,022,740	52,888,043
Liabilities					
Current and long-term liabilities	488,429,750	459,325,556	29,104,194	27,254,426	46,398,945
Deposits	170,721,673	165,134,532	5,587,141	5,875,807	8,511,241
Federal funds purchased and securities sold under agreements to repurchase	128,171,975	127,315,013	856,962	435,597	9,330
Funds from issuance of securities	8,550,513	3,215,857	5,334,656	4,312,381	5,496,316
Interbank and interdepartmental accounts	2,062,661	988,517	1,074,144	1,201,478	1,540,259
Borrowing and onlending	30,207,744	20,842,966	9,364,778	8,277,133	13,080,982
Derivative financial instruments	2,468,739	2,257,675	211,064	161,581	681,204
Technical provision of insurance, private pension plans and savings bonds	77,684,991	77,683,205	1,786	1,694	3,057
Other liabilities:					
- Subordinated debt	23,540,729	19,686,786	3,853,943	3,779,281	3,260,876
- Other	45,020,725	42,201,005	2,819,720	3,209,474	13,815,680
Deferred income	292,397	292,397	-	-	-
Minority interest in subsidiaries	816,547	816,547	-	-	-
Shareholders' equity	43,087,366	43,087,366	-	-	-
Total	532,626,060	503,521,866	29,104,194	27,254,426	46,398,945
Net position of assets and liabilities			8,679,522	7,768,314	6,489,098
Net position of derivatives (2)			(18,370,200)	(16,071,190)	(14,614,146)
Other net memorandum accounts (3)			(409,771)	(55,136)	38,858
Net exchange position (liability)			(10,100,449)	(8,358,012)	(8,086,190)

(1) Amounts expressed and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled at the rate of the last day of the month; and

(3) Other commitments recorded in memorandum accounts.

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We present the VaR in the chart below

Risk factors	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Fixed rates	3,870	10,351	16,282
Internal exchange coupon	729	179	7,338
Foreign currency	12,789	954	10,159
IGP-M	512	289	54
IPCA	1,200	2,799	66,173
Variable income	3,264	7,766	12,021
Sovereign/Eurobonds and Treasuries	2,250	9,250	88,015
Other	23	24	57
Correlation/diversification effect	(8,382)	(11,556)	(70,887)
VaR (Value at Risk)	16,255	20,056	129,212

Sensitivity analysis

In conformity with good risk management governance practice, Bradesco maintains a continued process of management of its positions, which encompasses control of all positions exposed to market risk by means of measures compatible with the best international practices and the New Basel Capital Accord – Basel II. It is also worth mentioning that financial institutions have risk limits and controls and leverage regulated by Bacen.

Risk limit proposals are validated by specific business committees and submitted to the approval of the Integrated Risk Management and Capital Allocation Committee, complying with limits laid down by the Board of Directors, according to the positions' targets, which are divided into the following portfolios:

- Trading Portfolio: consists of all financial instruments, commodities, derivatives operations held for trading or as a hedge of other trading portfolios, which are not subject to trading restrictions. Operations intended for trading are those for resale, to take advantage of expected or effective price movements, or for arbitrage purposes.
- Banking Portfolio: operations not classified in the Trading Portfolio, consist of structural operations of various lines of the Organization's business and eventual hedges.

Financial exposure impacts of the Banking Portfolio (mainly interest rates and price indexes) do not necessarily represent an accounting loss for the Organization, due to the following reasons:

- part of loan operations held in the Banking Portfolio is funded by demand deposits and/or savings deposits, which provides a natural hedge for eventual interest rate fluctuations;

Notes to the Consolidated Financial Statements

- for the Banking Portfolio, interest rates fluctuations do not necessarily have a material impact on the Organization's results, since the intention is to hold the loan operations until their maturity; and
- derivative operations of the Banking Portfolio are used to hedge operations with clients or to hedge investments abroad, also considering the tax effect on foreign exchange rate fluctuation.

The following tables present the financial exposure sensitivity analysis on March 31, 2010 and December 31, 2009 (Trading and Banking Portfolios) pursuant to CVM Rule 475/08 and do not reflect how these market risk exposures are managed in the Organization's daily operations, according to information provided in this note.

On March 31, 2010 - R\$ thousand				
Risk factors	Trading and Banking portfolios	Scenarios (1)		
	Definition	1	2	3
Interest rates in Reais	Exposures subject to changes in fixed interest rates and interest rate coupon	(2,397)	(703,021)	(1,352,400)
Price indexes	Exposures subject to the changes in price index coupon rate	(8,202)	(1,121,631)	(1,999,521)
Domestic exchange coupon	Exposures subject to the changes in foreign currency coupon rate	(73)	(2,490)	(4,927)
Foreign currency	Exposures subject to exchange variation	(4,940)	(123,510)	(247,021)
Equities	Exposures subject to stocks price variation	(14,300)	(357,497)	(714,994)
Sovereign/Eurobonds and Treasuries	Exposures subject to the interest rate variation of securities traded on the international market	(764)	(41,823)	(81,213)
Other	Exposures not classified in the previous definitions	-	(1)	(2)
Total not correlated		(30,676)	(2,349,973)	(4,400,078)
Total correlated		(15,392)	(1,510,989)	(2,787,843)

On December 31, 2009 - R\$ thousand				
Risk factors	Trading and Banking portfolios	Scenarios (1)		
	Definition	1	2	3
Interest rates in Reais	Exposures subject to fixed interest rates variation and interest rate coupon	(3,983)	(901,254)	(1,729,973)
Price indexes	Exposures subject to the variation of price index coupon rate	(7,437)	(1,052,419)	(1,871,014)
Domestic exchange coupon	Exposures subject to the variation of foreign currency coupon rate	(95)	(2,949)	(5,889)
Foreign currency	Exposures subject to exchange variation	(337)	(8,434)	(16,868)
Equities	Exposures subject to stocks price variation	(12,251)	(306,264)	(612,529)
Sovereign/Eurobonds and Treasuries	Exposures subject to the interest rate variation of securities traded on the international market	(1,083)	(54,670)	(103,964)
Other	Exposures not classified into previous definitions	-	(14)	(28)
Total not correlated		(25,186)	(2,326,004)	(4,340,265)
Total correlated		(16,960)	(1,810,669)	(3,369,293)

(1) Amounts net of tax effects

We present below the sensitivity analysis of the Trading Portfolio, which represents exposures that may cause material impacts on the Organization's results. It is worth mentioning that results show the impacts for each scenario for a static portfolio position on March 31, 2010 and December 31, 2009. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. In addition, as previously mentioned, we maintain a continued process of market risk management, which continuously seeks, through market dynamics, ways of mitigating/minimizing related risks, according to the strategy determined by Senior Management.

Notes to the Consolidated Financial Statements

Therefore, in case of signs of deterioration in a certain position, proactive measures are taken to minimize potential negative impacts, aiming at maximizing the risk/return ratio for the Organization.

On March 31, 2010 - R\$ thousand				
Risk factors	Trading portfolios	Scenarios (1)		
	Definition	1	2	3
Interest rates in Reais	Exposures subject to changes in fixed interest rates and interest rate coupon	(162)	(33,868)	(67,095)
Price indexes	Exposures subject to changes in price index coupon rate	(64)	(9,377)	(18,435)
Domestic exchange coupon	Exposures subject to the changes in foreign currency coupon rate	(29)	(1,856)	(3,666)
Foreign currency	Exposures subject to exchange variation	(4,940)	(123,510)	(247,021)
Equities	Exposures subject to stocks price variation	(939)	(23,478)	(46,956)
Sovereign/Eurobonds and Treasuries	Exposures subject to the interest rate variation of securities traded on the international market	(211)	(7,019)	(13,692)
Other	Exposures not classified in the previous definitions	-	(1)	(2)
Total not correlated		(6,345)	(199,109)	(396,867)
Total correlated		(4,720)	(130,565)	(260,596)

On December 31, 2009 - R\$ thousand				
Risk factors	Trading portfolio	Scenarios (1)		
	Definition	1	2	3
Interest rates in Reais	Exposures subject to changes in fixed interest rates and interest rate coupon	(766)	(170,612)	(336,518)
Price indexes	Exposures subject to changes in price index coupon rate	(270)	(39,565)	(77,676)
Domestic exchange coupon	Exposures subject to changes in foreign currency coupon rate	(3)	(141)	(279)
Foreign currency	Exposures subject to exchange variation	(337)	(8,434)	(16,868)
Equities	Exposures subject to stocks price variation	(1,285)	(32,126)	(64,252)
Sovereign/Eurobonds and Treasuries	Exposures subject to the interest rate variation of securities traded on the international market	(746)	(18,661)	(36,375)
Other	Exposures not classified in the previous definitions	-	(14)	(28)
Total not correlated		(3,407)	(269,553)	(531,996)
Total correlated		(1,881)	(205,907)	(406,008)

(1) Amounts net of tax effects.

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Sensitivity analyses were carried out based on scenarios prepared for the respective dates, always considering market data on the time and scenarios they would adversely affect our positions:

Scenario 1: Based on market information from March 31, 2010 and December 31, 2009 (BM&FBovespa, Anbima, etc), base point stresses were applied for interest rates and 1% variation for prices. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$1.80, whereas on December 31, 2009 it was R\$1.76. For the interest rate scenario, the 1-year fixed interest rate applied on the positions at March 31, 2010 and December 31, 2009 were 10.88% p.a. and 10.51% p.a., respectively.

Scenario 2: 25% stresses were determined based on the markets at March 31, 2010 and December 31, 2009. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$2.23, whereas on December 31, 2009 it was R\$2.18. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2010 and December 31, 2009 were 13.58% p.a. and 13.13% p.a., respectively. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices.

Scenario 3: 50% stresses were determined based on the markets on March 31, 2010 and December 31, 2009. For instance, in the scenario applied to positions on March 31, 2010, the exchange rate of Reais/Dollar was R\$2.67, whereas on December 31, 2009 it was R\$2.62. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2010 and December 31, 2009 were 16.30% p.a. and 15.75% p.a., respectively. Scenarios for other risk factors also represented a 50% stress on the respective curves or prices.

Liquidity Risk

The Liquidity Risk is the possibility of the Organization not having enough financial funds to honor its commitments due to the mismatch between payments and deposits, taking in consideration different currencies and the settlement terms of its rights and obligations.

Bradesco has a Liquidity Policy that establishes the minimum liquidity levels that the Organization must keep, as well as instruments to manage the liquidity in regular and crisis scenarios. The liquidity risk is controlled daily in an independent manner, with the distribution of reports to the management and control areas, as well as the Board of Executive Officers.

Notes to the Consolidated Financial Statements

We present the Balance Sheet by maturity in the chart below

	R\$ thousand					
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Not stated maturity	Total
Assets						
Current and long-term assets	273,073,706	79,947,103	37,725,864	131,962,864	-	522,709,537
Funds available	8,704,665	-	-	-	-	8,704,665
Interbank investments	69,866,286	25,192,495	1,202,075	903,656	-	97,164,512
Securities and derivative financial instruments (1)	112,567,153	4,041,294	6,994,331	33,705,811	-	157,308,589
Interbank and interdepartmental accounts	36,185,557	5,563	4,628	478,243	-	36,673,991
Loan and leasing operations	21,318,970	43,730,998	25,343,949	76,002,174	-	166,396,091
Other receivables and assets	24,431,075	6,976,753	4,180,881	20,872,980	-	56,461,689
Permanent assets	240,519	756,532	833,793	6,202,778	1,882,901	9,916,523
Investments	-	-	-	-	1,536,687	1,536,687
Premises and equipment and leased assets	44,970	224,849	269,818	2,358,416	346,214	3,244,267
Intangible assets	195,549	531,683	563,975	3,844,362	-	5,135,569
Total on March 31, 2010	273,314,225	80,703,635	38,559,657	138,165,642	1,882,901	532,626,060
Total on December 31, 2009	265,077,183	74,648,728	35,062,982	129,827,148	1,607,051	506,223,092
Total on March 31, 2009	270,851,058	62,452,096	31,323,948	116,068,185	1,445,657	482,140,944
Liabilities						
Current and long-term liabilities	258,169,655	29,094,014	33,902,414	166,729,367	534,300	488,429,750
Deposits (2)	83,320,280	11,141,547	9,396,169	66,863,677	-	170,721,673
Federal funds purchased and securities sold under agreements to repurchase	84,307,565	6,604,654	7,348,736	29,911,020	-	128,171,975
Funds from issuance of securities	172,806	1,153,387	1,734,092	5,490,228	-	8,550,513
Interbank and interdepartmental accounts	2,062,661	-	-	-	-	2,062,661
Borrowing and onlending	2,145,618	6,927,011	6,005,758	15,129,357	-	30,207,744
Derivative financial instruments	1,997,426	150,240	213,347	107,726	-	2,468,739
Technical provisions for insurance, private pension plans and savings bonds (2)	56,124,725	1,833,187	1,056,558	18,670,521	-	77,684,991
Other liabilities:						
- Subordinated debts	92,471	128,804	4,550,736	18,234,418	534,300	23,540,729
- Other	27,946,103	1,155,184	3,597,018	12,322,420	-	45,020,725
Deferred income	292,397	-	-	-	-	292,397
Minority interest in subsidiaries	-	-	-	-	816,547	816,547
Shareholders' equity	-	-	-	-	43,087,366	43,087,366
Total on March 31, 2010	258,462,052	29,094,014	33,902,414	166,729,367	44,438,213	532,626,060
Total on December 31, 2009	243,987,413	23,845,786	31,095,923	164,220,184	43,073,786	506,223,092
Total on March 31, 2009	217,864,375	28,842,997	24,470,216	174,625,429	36,337,927	482,140,944
Accumulated net assets on March 31, 2010	14,852,173	66,461,794	71,119,037	42,555,312	-	-
Accumulated net assets on December 31, 2009	21,089,770	71,892,712	75,859,771	41,466,735	-	-
Accumulated net assets on March 31, 2009	52,986,683	86,595,782	93,449,514	34,892,270	-	-

(1) Investments in investment funds are classified as up to 30 days; and

(2) Demand and savings deposits and technical provisions for insurance, private pension plans and savings bonds comprising VGBL and PGBL products are classified as up to 30 days, without considering average historical turnover.

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Capital Adequacy Ratio (Basel)

The Organization's risk management seeks to optimize the risk-return ratio, aiming at minimizing losses, through the implementation of well-defined business strategies and maximizing efficiency in the combination of factors which impact the Capital Adequacy Ratio (Basel).

We present the Capital Adequacy Ratio II in the chart below

Calculation basis – Capital Adequacy Ratio (Basel II) (1)	R\$ thousand					
	2010		2009			
	March 31		December 31		March 31	
	Financial	Economic-financial	Financial	Economic-financial	Financial	Economic-financial
Calculation basis – Capital Adequacy Ratio (Basel)	43,087,366	43,087,366	41,753,751	41,753,751	35,306,357	35,306,357
Reduction for tax credits – Bacen Resolution 3,059/02	-	-	-	-	(143,180)	(143,180)
Reduction for deferred assets – Bacen Resolution 3,444/07	(315,872)	(433,638)	(320,790)	(353,589)	(235,266)	(361,733)
Decrease in gains/losses of mark-to-market adjustments in DPV and derivatives – Bacen Resolution 3,444/07	1,346,716	1,346,716	1,328,495	1,328,495	2,373,130	2,373,130
Additional provision to the minimum required by Bacen Resolution 2,682/99 (4)	3,004,207	3,004,968	3,001,912	3,002,675	1,688,078	1,689,372
Minority interest/other	168,787	816,547	163,845	797,675	417,046	337,010
Reference shareholders' equity - Tier I	47,291,204	47,821,959	45,927,213	46,529,007	39,406,165	39,200,956
Total of gains/losses of adjustments to market value in Available for Sale (DPV) and derivatives – Bacen Resolution 3,444/07	(1,346,716)	(1,346,716)	(1,328,495)	(1,328,495)	(2,373,130)	(2,373,130)
Subordinated debt (3)	9,816,056	9,816,056	10,950,907	10,950,907	10,941,584	10,941,584
Reference shareholders' equity – Tier II (3)	8,469,340	8,469,340	9,622,412	9,622,412	8,568,454	8,568,454
Total reference shareholders' equity (Tier I + Tier II)	55,760,544	56,291,299	55,549,625	56,151,419	47,974,619	47,769,410
Deduction of instruments for funding - Bacen Resolution 3,444/07	(84,931)	(228,458)	(85,904)	(223,821)	(52,785)	(313,837)
Reference shareholders' equity (a)	55,675,613	56,062,841	55,463,721	55,927,598	47,921,834	47,455,573
Capital allocation (by risk)						
- Credit risk	34,655,230	34,871,767	32,911,105	33,046,469	30,491,748	30,726,169
- Market risk	202,277	202,277	329,750	329,750	731,594	1,257,089
- Operational risk	1,677,756	1,677,756	1,132,832	1,132,832	570,527	570,527
Required reference shareholders' equity (b)	36,535,263	36,751,800	34,373,687	34,509,051	31,793,869	32,553,785
Margin (a – b)	19,140,350	19,311,041	21,090,034	21,418,547	16,127,965	14,901,788
Risk-weighted assets (2) (c)	332,138,752	334,107,270	312,488,064	313,718,649	289,035,178	295,943,503
Capital adequacy ratio (a/c)	16.76%	16.78%	17.75%	17.83%	16.58%	16.04%

(1) Article 4 of Bacen Circular Letter 3,389/08 gives the option to exclude position sold in foreign currency for purposes of ascertaining the Capital Adequacy Ratio, also computing tax effects, carried out with the purpose of hedging investments abroad. Bradesco opted to do this on September 2008;

(2) As of July 1, 2008, with the New Basel Capital Accord (Basel II), risk-weighted assets are determined based on 11%, required reference shareholders' equity which is the minimum capital required by Bacen;

(3) On April 14, 2010, Bacen approved the request for early redemption of funding amounting to US\$300,000 thousand of perpetual subordinated debt issued in June 2005. Adjusting these effects, Capital Adequacy Ratio would be 16.60% for the Financial Conglomerate, and 16.62% for the Economic-financial conglomerate; and

(4) The Capital Adequacy Ratio will also have the following impacts, which were already identified for this year (simulations on March 31, 2010): a) CMN Resolution 3,825/09 revokes, as from April 1, CMN Resolution 3,674 which allows the full addition of the additional provision for loan losses at the calculation of the Reference Shareholders' Equity, and, in this scenario, the Capital Adequacy Ratio would

Notes to the Consolidated Financial Statements

be 15.86% for the Financial Conglomerate, and 15.88% for the Economic-Financial Conglomerate ; and b) as from 2H10 the Operating Risk of non-financial companies will be considered for capital allocation, and, in this scenario, the Capital Adequacy Ratio would be 15.86% for the Financial Conglomerate, and 15.55% for the Economic-Financial Conglomerate.

Pursuant to the New Basel Capital Accord, the Bacen published CMN Resolutions 3,380/06, 3,464/07 and 3,721/09, concerning the structures for managing operating, market and credit risks. It also published Circular Letters 3,360/07, 3,361/07 to 3,366/07, 3,368/07, 3,383/08, 3,388/08 and 3,389/08, which define the methodologies for the portions of capital necessary for credit, market and operating risks, as well as CMN Resolutions 3,444/07 and 3,490/07, amending rules for the determination of reference shareholders' equity and setting the bases for the calculation of required reference shareholders' equity. Therefore, as of July 2008, the National Financial System started operating according to the rules of the New Basel Capital Accord, standardized approach.

b) Market value

The book value, net of provisions for losses of the main financial instruments is as follows:

Portfolios	R\$ thousand							
	Unrealized gain (loss) without tax effects							
	Book value	Market value	In the result			In shareholders' equity		
	2010		2010	2009		2010	2009	
	March 31		1 st quarter	4 th quarter	1 st quarter	March 31	December 31	March 31
Securities and derivative financial instruments (Notes 3e, 3f and 8)	157,308,589	160,910,617	4,167,360	3,674,991	1,034,975	3,602,028	3,082,780	2,168,206
- Adjustment of available-for-sale securities (Note 8 c II)			565,332	592,211	(1,133,231)	-	-	-
- Adjustment of held-to-maturity securities (Note 8d item 7)			3,602,028	3,082,780	2,168,206	3,602,028	3,082,780	2,168,206
Loan and leasing operations (1) (Notes 3g and 10)	198,106,815	198,600,844	494,029	500,972	124,906	494,029	500,972	124,906
Investments (Notes 3j and 13) (2)	1,536,687	8,656,862	7,120,175	6,629,363	68,159	7,120,175	6,629,363	68,159
Treasury shares (Note 23d)	-	-	-	-	-	-	27,554	(1,561)
Time deposits (Notes 3n and 16a)	92,576,685	92,426,541	150,144	111,265	252,176	150,144	111,265	252,176
Funds from issuance of securities (Note 16c)	8,550,513	8,544,090	6,423	7,077	17,393	6,423	7,077	17,393
Borrowing and onlending (Notes 17a and 17b)	30,207,744	30,111,878	95,866	54,968	41,497	95,866	54,968	41,497
Subordinated debts (Note 19)	23,540,729	24,663,926	(1,123,197)	(855,901)	(246,307)	(1,123,197)	(855,901)	(246,307)
Unrealized gains without tax effects			10,910,800	10,122,735	1,292,799	10,345,468	9,558,078	2,424,469

(1) Includes advances on foreign exchange contracts, leasing operations and other receivables with credit features; and

(2) Basically includes the surplus of interest in Cielo (former Visanet), Odontoprev, BM&FBovespa and Cetip.

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Determination of market value of financial instruments:

- Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price on the balance sheet date. Should there be no available market price quotations, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics;
- Fixed rate loan operations were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date; and
- Time deposits, funds from issuance of securities and borrowing and onlending were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

33) EMPLOYEE BENEFITS

Bradesco and its subsidiaries sponsor a supplementary private pension plan for employees and directors, in the PGBL modality, which is a private variable contribution pension plan that allows the accumulation of financial resources by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in Exclusive investment Fund (FIE).

PGBL is managed by Bradesco Vida e Previdência S.A. and Bradesco Asset Management (BRAM). The Securities Dealer company (DTVM) is responsible for the financial management of FIE funds.

Contributions paid by employees and directors of Bradesco and its subsidiaries are equivalent to 4% of the salary, except for participants who, in 2001, opted to migrate to the PGBL plan from the defined benefit plan, whose contributions to the PGBL plan were maintained at the levels in force for the defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of the variable contribution plan (PGBL) are fully covered by the net assets of the corresponding FIE.

In addition to the aforementioned variable contribution plan (PGBL), former participants of the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in this plan. For participants of the defined benefit plan, transferred or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by plan assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A.) maintains supplementary retirement plans of variable contribution and defined benefit, through Fundação Baneb de Seguridade Social - Bases (related to former employees of Baneb). The actuarial liabilities of variable contribution and defined benefit plans are fully covered by assets of the plans.

Banco Bradesco BBI S.A. (current name of Banco BEM S.A.) sponsors supplementary retirement plans of both defined benefit and variable contribution types, through the Assistance and Retirement Pension Fund for the Employees of the Bank of the State of Maranhão (Capof).

Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (Alvorada CCFI) (merging company of Banco BEC S.A.) sponsors a defined benefit plan by means of the Private Pension Plan Fund of the Bank of the State of Ceará (Cabec).

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The assets of the private pension plans are invested in compliance with the applicable legislation (government securities and private securities, listed company shares and real estate properties).

Bradesco's facilities abroad provide their employees and directors with a private pension plan with variable contribution, which accumulate funds during the participant's professional career, by means of contributions paid by an employee and in equal proportion by Bradesco. The contributions of employees, directors and of Bradesco in its facilities abroad are jointly equivalent to at most 5% of the annual salary of the benefit.

Expenses with contributions made in the first quarter of 2010 amounted to R\$73,269 thousand (in the fourth quarter of 2009 – R\$55,106 thousand and in the first quarter of 2009 – R\$51,214 thousand).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and directors several other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, amounted to R\$428,911 thousand in the first quarter of 2010 (in the first quarter of 2009 – R\$423,809 thousand and in the first quarter of 2009 – R\$379,566 thousand).

Notes to the Consolidated Financial Statements

34) INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Income before income tax and social contribution	2,689,696	2,758,802	2,412,611
Total income tax and social contribution at rates of 25% and 15%, respectively (1)	(1,075,878)	(1,103,521)	(965,044)
Effect of additions and exclusions on the tax calculation:			
Equity in the earnings of unconsolidated companies	11,502	56,804	2,227
Exchange gain/(loss)	30,540	(71,752)	(48,582)
Non-deductible expenses, net of non-taxable income (2)	(56,769)	105,732	(29,607)
Tax credits recorded from previous periods	241,732	-	-
Interest on shareholders' equity (paid and payable)	243,210	210,218	209,260
Effect of the difference of the social contribution rate (3)	152,209	175,204	120,879
Other amounts	(115,864)	58,292	26,810
Income tax and social contribution for the period	(569,318)	(569,023)	(684,057)

(1) The social contribution rate for companies of the financial and insurance sectors was increased to 15%, according to Law 11,727/08, remaining at 9% for other companies (Note 3h);

(2) In the fourth quarter of 2009, comprises the tax effect from the adhesion to the tax amnesty program of debits managed by RFB and PGFN, established by Law 11, 941/09; and

(3) Refers to the adjustment of the effective rate of social contribution in relation to the rate (40%) shown.

b) Breakdown of income tax and social contribution in the result

	R\$ thousand		
	2010	2009	
	1 st quarter	4 th quarter	1 st quarter
Current taxes:			
Income tax and social contribution payable	(1,486,130)	367,863	(1,608,704)
Deferred taxes:			
Amount recorded/realized for the period on temporary additions	661,483	(625,602)	657,807
Use of opening balances of:			
Negative basis of social contribution	(55,047)	(26,825)	(35,896)
Tax loss	(153,724)	82,178	(100,496)
Tax credits recorded from previous periods			
Negative basis of social contribution	12,102	-	-
Tax loss	33,617	-	-
Temporary additions	196,013	-	-
Recording/utilization in the period on:			
Negative basis of social contribution	11,117	(2,420)	12,764
Tax loss	211,251	(364,217)	390,468
Total deferred taxes	916,812	(936,886)	924,647
Income tax and social contribution for the period	(569,318)	(569,023)	(684,057)

Notes to the Consolidated Financial Statements

c) Origin of tax credits of deferred income tax and social contribution

	R\$ thousand				
	Balance on 12.31.2009	Amount recorded (3)	Amount realized	Balance on 3.31.2010	Balance on 3.31.2009
Allowance for loan losses	7,724,064	1,231,160	1,034,786	7,920,438	5,910,919
Provision for civil contingencies	827,553	105,836	38,041	895,348	613,341
Provision for tax contingencies	1,970,367	297,443	1,862	2,265,948	1,833,202
Labor provisions	578,623	74,015	47,476	605,162	569,872
Provision for devaluation of securities and investments	121,010	549	827	120,732	149,120
Provision for devaluation of foreclosed assets	104,500	9,481	6,841	107,140	96,976
Adjustment to market value of trading securities	13,317	1,119	185	14,251	14,857
Amortized goodwill	1,031,107	12,655	51,759	992,003	1,160,869
Provision for interest on shareholders' equity (1)	-	208,948	-	208,948	178,634
Law 11,638/07 adjustments	93,665	13,279	636	106,308	87,531
Other	1,787,044	235,903	150,479	1,872,468	1,528,566
Total tax credits over temporary differences	14,251,250	2,190,388	1,332,892	15,108,746	12,143,887
Tax losses and negative basis of social contribution in Brazil and abroad	1,119,281	268,087	208,771	1,178,597	1,635,420
Subtotal	15,370,531	2,458,475	1,541,663	16,287,343	13,779,307
Adjustment to market value of available-for-sale securities	51,388	8,251	37,184	22,455	562,157
Social contribution – Provisional Measure 2,158-35 of August 24, 2001 (2)	270,123	-	22,876	247,247	406,546
Total tax credits (Note 11b)	15,692,042	2,466,726	1,601,723	16,557,045	14,748,010
Deferred tax liabilities (Note 34f)	3,985,467	657,772	187,333	4,455,906	3,165,039
Tax credits net of deferred tax liabilities	11,706,575	1,808,954	1,414,390	12,101,139	11,582,971
- Percentage of net tax credits over reference shareholders' equity (Note 32a)	20.9%			21.6%	24.4%
- Percentage of net tax credits over total assets	2.3%			2.3%	2.4%

(1) The tax credit relative to interest on shareholders' equity is recorded up to the limit allowed by the tax law;

(2) Up to the end of the year, Bradesco expects to realize R\$31,193 thousand, which will be recorded upon use (item d); and

(3) Includes tax credit related to the increase in the social contribution rate for companies in the financial and insurance sectors, established by Law 11,727/08, equivalent to R\$77,288 thousand (Note 3h).

Notes to the Consolidated Financial Statements

d) Expected realization of tax credits over temporary differences, tax loss and negative basis of social contribution and social contribution tax credit – Provisional Measure 2,158-35

	R\$ thousand				
	Temporary differences		Tax loss and negative basis		Total
	Income tax	Social contribution	Income tax	Social contribution	
2010	1,639,366	862,542	255,341	55,000	2,812,249
2011	2,285,462	1,105,867	204,580	69,179	3,665,088
2012	2,499,557	1,217,205	192,055	66,613	3,975,430
2013	1,618,282	793,402	138,231	28,628	2,578,543
2014	2,023,468	999,573	118,098	30,772	3,171,911
2015 (1 st quarter)	42,607	21,415	20,094	6	84,122
Total	10,108,742	5,000,004	928,399	250,198	16,287,343

	R\$ thousand					
	Social contribution tax credit - Provisional Measure 2,158-35					
	2010	2011	2012	2013	2014	Total
Total	31,193	27,786	76,467	81,727	30,074	247,247

The projected realization of tax credits is an estimate and it is not directly related to the expected accounting income.

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$14,809,989 thousand (December 31, 2009 – R\$14,026,544 thousand and March 31, 2009 – R\$12,960,602 thousand), of which R\$13,519,605 thousand (December 31, 2009 – R\$12,755,568 thousand and March 31, 2009 – R\$11,069,727 thousand) is relative to temporary differences, R\$1,071,383 thousand (December 31, 2009 – R\$1,031,153 thousand and March 31, 2009 – R\$1,535,560 thousand) to tax losses and negative basis of social contribution and R\$219,001 thousand (December 31, 2009 – R\$239,823 thousand and March 31, 2009 – R\$355,315 thousand) comprises tax credit over social contribution – Provisional Measure 2,158-35.

e) Unrecorded tax credits

Tax credits of R\$74,152 thousand (December 31, 2009 – R\$274,222 thousand and March 31, 2009 – R\$75,238 thousand) have not been recorded in the financial statements, and will be recorded when prospects of realization are probable according to studies and analyses prepared by the Management and in accordance with Bacen rules.

Due to the *Ação Direta de Inconstitucionalidade* (lawsuit filed at the Supreme Court claiming the unconstitutionality of a law approved by congress) filed by CONSIF against Law 11,727/08, Articles 17 and 41, tax credits from previous periods arising from the Social Contribution rate increase from 9% to 15% were recorded up to the limit of the corresponding consolidated tax liabilities. The unrecognized tax credit balance related to the Social Contribution rate increase not recorded amounts to R\$735,500 thousand (note 3h).

Notes to the Consolidated Financial Statements

f) Deferred tax liabilities

	R\$ thousand		
	2010	2009	
	March 31	December 31	March 31
Mark-to-market adjustment of derivative financial instruments	311,713	469,141	586,031
Difference in depreciation	3,427,393	2,996,545	1,892,706
Operations in the market for future settlement	82,178	1,454	1,768
Others	634,622	518,327	684,534
Total	4,455,906	3,985,467	3,165,039

The deferred tax liabilities of financial and insurance sector companies were established considering the increase of the social contribution rate, determined by Law 11,727/08 (Note 3h).

35) OTHER INFORMATION

a) The Bradesco Organization manages investment funds and portfolios with net assets on March 31, 2010 of R\$258,562,728 thousand (December 31, 2009 - R\$247,700,191 thousand and March 31, 2009 – R\$200,975,384 thousand).

b) In the first quarter of 2010, continuing with the reversal of anti-crisis measures taken at the end of 2008, BACEN altered the mandatory payment calculation system, which had the following impacts:

Description	Previous rule	Current rule
Decrease in Bacen additional compulsory deposit requirement collected from demand deposits, savings deposits and time deposits	Bacen collects the amount that exceeds R\$1 billion	Use of reducing agents for institutions with Reference Equity lower than R\$5 billion
Rate to calculate Bacen additional compulsory deposit requirement collected from demand and time deposits	Demand deposits - 5% Time deposits - 4%	Demand deposits - 8% Time deposits - 8%
Decrease in the amount subject to collections over time deposits ⁽¹⁾	Bacen collects the amount that exceeds R\$2 billion	Use of reducing agents for institutions with Reference Equity lower than R\$5 billion
Calculation rate of compulsory deposits on time deposits ⁽¹⁾	13.5%	15%
Compliance with Bacen compulsory deposit requirement collected from time deposits ⁽¹⁾	45% in government securities and 55% in cash, not remunerated may be replaced by credits acquired up to March 31, 2010 from financial institutions, basically derived from (i) loan operations; (ii) receivables from leasing operations; (iii) advances and other issuance credits or liability of non-financial individuals and corporations, (iv) interbank deposits with guaranteed assets provided for by laws; (v) fixed income securities issued by non-financial entities, composing the institution's portfolio or investment funds; (vi) receivables pertaining to Receivables Securitization Funds (FIDC); (vii) FIDC quotas organized by the Deposit Guarantee Association (FGC); and (viii) foreign currency acquisitions with Bacen made with financial institution's resale commitment, combined with Bacen's repurchase commitment, only accepting the deduction of credits acquired from institutions whose Reference Shareholders' Equity reaches up to R\$2.5 billion.	100% in cash remunerated at the Selic rate, which may be deducted in up to 45% of the acquisitions and interbank deposits acquired up to June 30, 2010

(1) Financial Statements will be impacted as of April 2010.

Notes to the Consolidated Financial Statements

- c) On January 21, 2010, Bradesco entered into a Memorandum of Understanding with the controlling shareholders of Ibi Services S. de R. L. México (Ibi México) and RFS Human Management S. de R.L., to acquire 100% of their capital stock. Ibi México has a loan portfolio of 1.3 billion Mexican Pesos, equivalent to R\$180 million, shareholders' equity of 566 million Mexican Pesos, or nearly R\$79 million, and over 1 million credit cards. The business foresees a 20-year Partnership Agreement with C&A México S. de R.L. (C&A México), for the exclusive joint sale of financial products and services through the C&A México retail chain. This transaction is subject to the compliance of usual condition precedent to this type of operation, especially procedures, the signature of definitive contracts and the approval of competent Mexican and Brazilian authorities. The parties expect to conclude legal processes and execute all agreements up to June 2010.
- d) As part of the process of convergence with international accounting standards, certain rules and their interpretation were issued by the Brazilian Accounting Pronouncements Committee (CPC), which are applicable to financial institutions only after approval by BACEN. The accounting standards which have been approved by BACEN include the following:
- Resolution 3,566/08 – Impairment of Assets;
 - Resolution 3,604/08 – Statement of Cash Flow;
 - Resolution 3,570/09 – Related-Party Disclosures; and
 - Resolution 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets.

At present, it is not practicable to estimate when BACEN will approve the other CPC accounting standards or whether their adoption, subsequent to approval, will be effective for future periods, or applicable retroactively. As a result, it is not yet possible to estimate the accounting effects of these standards on Bradesco's financial statements.

Bacen Resolution 3786/09 and Circular 3472/09 established that financial institutions and others authorized to operate by Bacen, constituted as publicly held companies or which are obliged to form an audit committee shall, as from December 31, 2010, prepare annually and publish in up to 90 days from the base date December 31, their consolidated financial statements, prepared in accordance with international financial reporting standards (IFRS), in compliance with standards issued by the International Accounting Standards Board. (IASB). Accordingly, Bradesco is currently analyzing the accounting effects of the transition to IFRS and will conclude this process within the deadlines established by Bacen.

- e) On April 23, 2010, Bradesco presented to the Spanish Santander Group (Santander), a Binding Proposal (Proposal) for the acquisition of the shares held by Santander in the following companies:
- In Cielo S.A. (Cielo), corresponding to 2.09% of the company's capital for the amount of R\$ 425 million; and
 - In Companhia Brasileira de Soluções e Serviços (CBSS), corresponding to 10.67% of the company's capital for the amount of R\$ 139.2 million.

Considering that the Proposal was accepted by Santander on the same date, the completion of the purchase is now contingent upon a satisfactory negotiation process related to the final documents and compliance with the applicable legal and regulatory formalities.

Notes to the Consolidated Financial Statements

Once the transaction has been concluded, Bradesco's stake in Cielo will increase from 26.56% to 28.65% and in CBSS from 34.33% to 45.00%, strengthening its percentage of ownership of companies operating in the bank card market.

- f) On April 27, 2010 Banco Bradesco S.A. and Banco do Brasil S.A. signed a non-binding memorandum of understanding for the preparation of a business model, involving:
- The integration of part of their card operations
 - The launch of a Brazilian brand of credit, debit and pre-paid cards for account-holders and non-account-holders;
 - The joint creation of new businesses for private label cards (cards offered to non-account-holder clients through partner merchants);
 - The creation of a company to sell cards to certain determined groups of non-account-holder clients;
 - The transfer of shareholdings retained by both institutions and their subsidiaries in CBSS S.A., for the subsequent creation of a new company.

The Banks announced their are studying the possibility of transferring their interests in Cielo S.A. to a new company to be created, while observing the interests of their shareholders, the requirements of the BM&FBovespa's Novo Mercado listing rules and the companies' Bylaws.

If the operation is concluded, the Banks intend to set up a holding company which will integrate and manage the businesses listed above, in addition to generating gains in synergy, the structuring of new private label businesses, and other similar businesses, and constructing a business model that will permit the offer of branded cards on a nationwide basis.

The conclusion of the operation is subject to technical, legal and financial studies, the satisfactory negotiation of the final documents and compliance with the applicable legal and regulatory requirements.

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Cidade de Deus, Osasco, SP, April 27, 2010.

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Vice-Chairman

Antônio Bornia

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Executive Officers

Chief Executive Officer

Luiz Carlos Trabuco Cappi

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Ombudsman Department

Julio Alves Marques – Ombudsman

* Pending approval by the Brazilian Central Bank

General Accounting Committee

Luiz Carlos Angelotti
Accountant-CRC 1SP203959/O-0

Independent Auditor's Report on Limited Review

Independent Auditors' Report on Limited Review

(A free translation of the original in Portuguese)

To the Board of Directors
Banco Bradesco S.A.

1. We carried out limited reviews of the accounting information presented in the consolidated Quarterly Information of Banco Bradesco S.A. and its subsidiaries, comprising the consolidated balance sheets as of March 31, 2010, December 31, 2009 and March 31, 2009 and the related consolidated statements of income, of changes in stockholders' equity, of cash flows and of value added for the quarters then ended. This information is the responsibility of the Bank's management.
2. Our reviews were carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of the Quarterly Information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.
3. Based on our limited reviews, we are not aware of any material modifications which should be made to the Quarterly Information referred to above in order that this information be stated in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN) and the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information.

São Paulo, April 27, 2010



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Luís Carlos Matias Ramos
Contador CRC 1SP171564/O-1

Independent Auditor's Report Summary

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory attributions, having examined the Management Report and the Financial Statements related to the first quarter of 2010 and in view of the limited review report prepared by PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, based on the current corporate law, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, São Paulo, April 27, 2010

Domingos Aparecido Maia

Nelson Lopes de Oliveira

Ricardo Abecassis E. Santo Silva