BANK BRADESCO
Form 6-K
October 26, 2012

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

FORM 6-K

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

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

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

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

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

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

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

Yes _______ No ___X____

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Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business. Such statements are based on management's current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: "believes," "anticipates," "plans," "expects," "intends," "aims," "evaluates," "predicts," "foresees," "projects," "guidelines," "should" and similar expressions are intended to identify forward-looking statements. These statements, however, do not guarantee future performance and involve risks and uncertainties, which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions that, depending on future events, may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such statements.

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

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

Few numbers of this Report were submitted to rounding adjustments.

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

Highlights

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

1. Adjusted Net Income(1) in the first nine months of 2012 stood at R$8.605 billion (a 2.1% increase compared to the R$8.427 billion recorded in the same period last year), corresponding to earnings per share of R$2.98 in the last 12 months and Return on Average Shareholders' Equity(2) of 19.9%.

2. Adjusted Net Income is composed of R$5.982 billion from financial activities, representing 69.5% of the total, and R$2.623 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.5%.

3. On September 30, 2012, Bradesco's market capitalization stood at R$113.102 billion(3), up 17.0% over the same period in 2011.

4. Total Assets stood at R$856.288 billion in September 2012, an 18.6% increase over the same period in 2011. Return on Total Average Assets was 1.4%.

5. The Expanded Loan Portfolio(4) stood at R$371.674 billion in September 2012, up 11.8% on the same period in 2011. Operations with individuals totaled R$114.536 billion (up 8.7%), while operations with companies totaled R$257.138 billion (up 13.3%).

6. Assets under Management stood at R$1.172 trillion, up 20.4% on September 2011.

7. Shareholders' Equity stood at R$66.047 billion in September 2012, up 22.9% on September 2011. Capital Adequacy Ratio stood at 16.0% in September 2012, 11.3% of which fell under Tier I Capital.

9. Financial Margin stood at R$32.684 billion, up 12.5% in comparison with the same period in 2011.

10. The Delinquency Ratio over 90 days stood at 4.1% on September 30, 2012 (3.8% on September 30, 2011).

11. The Efficiency Ratio(5) improved by 0.6 p.p. (from 42.7% in September 2011 to 42.1% in September 2012), whereas the "adjusted-to-risk" ratio stood at 53.1% (52.4% in September 2011).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R$31.092 billion the first nine months of 2012, up 17.3% over the same period in 2011. Technical Reserves stood at R$117.807 billion, up 21.3% on September 2011.

13. Investments in infrastructure, information technology and telecommunications amounted to R$2.967 billion in the first nine months of 2012, a 5.3% increase on the previous year.

14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R$17.056 billion, of which R$6.695 billion referred to taxes withheld and collected from third parties and R$10.361 billion from Bradesco Organization activities, equivalent to 120.4% of Adjusted Net Income(1).

15. Bradesco has an extensive customer service network in Brazil, comprising 8,439 service points (4,665 branches and 3,774 Service Branches - PAs). Customers can also use 1,456 PAEs - ATMs (Automatic Teller Machines) in companies, 41,713 Bradesco *Expresso* service points, 35,128 Bradesco *Dia & Noite* ATMs and 12,414 *Banco 24 Horas* ATMs.

8. Interest on Shareholders' Equity and Dividends were paid and recorded in provision to shareholders at the amount of R$2.923 billion in the first nine months of 2012, of which R$1.348 billion was paid as monthly and interim dividends and R$1.575 billion was recorded in provision.

(1) According to non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity; (3) R$124.332 billion considering the closing price of preferred shares (most traded share); (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.

Highlights

16. Payroll, plus charges and benefits, totaled R$7.660 billion. Social benefits provided to the 104,100 employees of the Bradesco Organization and their dependents amounted to R$1.840 billion, while investments in training and development programs totaled R$100.219 million.

17. On August 30, the Organization inaugurated Bradesco Next – the bank of the future – a thoroughly modern space for the presentation and experimentation of new technologies, products and services.

18. On September 13, Bradesco was once again included in the Dow Jones Sustainability Index, a select NYSE trading list that includes only those companies with the best sustainable development practices.

19. Major Awards and Acknowledgments in the period:

- Bradesco was elected Company of the Year by the *Best of Dinheiro 2012* year book, as well as the Best Insurance Company, the Best Health Company and Best Human Resources Management Company (*IstoÉ Dinheiro* magazine, in association with KPMG, Trevisan and Economatica);

- For the second consecutive year, Bradesco is the most valuable brand Latin America (Latin America BrandFinance);

- Bradesco is the most innovative company in customer relations according to a survey conducted by the consultancy DOM Strategy Partners (*Consumidor Moderno* magazine);

- Bradesco is one of the 100 Best Companies to Work For in Brazil (*Época* magazine, evaluated by the Great Place to Work Institute);

- Bradesco was the only financial institution with a positive performance in the Stock Exchange in 2012 (*Valor Econômico* newspaper, data from BM&FBovespa and Economatica);

- For the sixth consecutive time, Grupo Bradesco Seguros ranked first in the Brazilian insurance company category (2012 *Valor 1000* list of *Valor Econômico* newspaper); and

- For the second consecutive year, Grupo Bradesco Seguros was the “Best and major insurance company in Latin America”, in the “Top 100 Insurers” ranking (*Latin Trade* magazine).

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

(i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offering;
(ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and
(iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 55-year history of extensive social and educational work, with 40 schools in Brazil. In 2012, a projected budget of R$385.473 million will benefit 111,170 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 50 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco also aided another 300,150 students

- Bradesco placed first in the financial segment "Stock Exchange's Stars" ranking. The study analyzed the performance of all Brazilian companies' shares listed on São Paulo Stock Exchange and indicated those that created more value to their shareholders (Boston Consulting Group);

through its distance learning programs, found at its e-learning portal "Virtual School." These students completed at least one of the many courses offered by the Virtual School. Furthermore, another 83,323 people will benefit from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the *Educa+Ação* Program and Technology courses (*Educar e Aprender*– Teach and Learn).

Main Information

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q1
Income Statement for the Period - R$ million						
Book Net Income	2,862	2,833	2,793	2,726	2,815	2,7
Adjusted Net Income	2,893	2,867	2,845	2,771	2,864	2,8
Total Financial Margin	10,955	11,034	10,695	10,258	10,230	9,4
Gross Loan Financial Margin	7,460	7,362	7,181	7,162	6,928	6,5
Net Loan Financial Margin	4,157	3,955	4,087	4,501	4,149	4,1
Allowance for Loan Losses (ALL) Expenses	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,43
Fee and Commission Income	4,438	4,281	4,118	4,086	3,876	3,7
Administrative and Personnel Expenses	(6,684)	(6,488)	(6,279)	(6,822)	(6,285)	(5,78
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,104	11,570	9,418	11,138	9,025	9,6
Balance Sheet - R$ million						
Total Assets	856,288	830,520	789,550	761,533	722,289	689,3
Securities	319,537	322,507	294,959	265,723	244,622	231,4
Loan Operations [1]	371,674	364,963	350,831	345,724	332,335	319,8
- Individuals	114,536	112,235	109,651	108,671	105,389	102,9
- Corporate	257,138	252,728	241,181	237,053	226,946	216,8
Allowance for Loan Losses (ALL)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,36
Total Deposits	212,869	217,070	213,877	217,424	224,664	213,5
Technical Reserves	117,807	111,789	106,953	103,653	97,099	93,9
Shareholders' Equity	66,047	63,920	58,060	55,582	53,742	52,8
Assets under Management	1,172,008	1,130,504	1,087,270	1,019,790	973,194	933,9
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)						
Adjusted Net Income per Share - R$ [2]	2.98	2.97	2.96	2.93	2.91	2.
Book Value per Common and Preferred Share - R$	17.30	16.74	15.21	14.56	14.08	13.
Annualized Return on Average Shareholders' Equity [3] [4]	19.9	20.6	21.4	21.3	22.4	23
Annualized Return on Average Assets [4]	1.4	1.4	1.5	1.6	1.7	1
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)	7.6	7.9	7.9	7.8	8.0	7
Fixed Assets Ratio - Total Consolidated	19.0	18.2	19.9	21.0	16.7	17
Combined Ratio - Insurance [5]	86.5	85.0	85.6	83.6	86.2	85
Efficiency Ratio (ER) [2]	42.1	42.4	42.7	43.0	42.7	42
Coverage Ratio (Fee and Commission Income / Administrative and Personnel Expenses) [2]	64.4	63.2	62.9	62.2	62.7	63
Market Capitalization - R$ million [6]	113,102	104,869	113,021	106,971	96,682	111,7
Loan Portfolio Quality % [7]						
ALL / Loan Portfolio	7.4	7.4	7.5	7.3	7.3	6
Non-Performing Loans (>60 days [8] / Loan Portfolio)	5.1	5.1	5.1	4.8	4.6	4
Delinquency Ratio (> 90 days [8] / Loan Portfolio)	4.1	4.2	4.1	3.9	3.8	3

Coverage Ratio (> 90 days [8])	179.0	177.4	181.7	184.4	194.0	189
Coverage Ratio (> 60 days [8])	144.8	144.0	146.6	151.8	159.6	154
Operating Limits %						
Capital Adequacy Ratio - Total Consolidated	16.0	17.0	15.0	15.1	14.7	14
- Tier I	11.3	11.8	12.0	12.4	12.2	12
- Tier II	4.7	5.2	3.0	2.7	2.5	1
- Deductions	-	-	-	-	-	

Main Information

	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10	Vari Sept1 vs Jun1
Structural Information - Units									
Service Points	67,225	65,370	62,759	59,721	55,832	53,256	50,977	48,691	2
- Branches	4,665	4,650	4,636	4,634	3,945	3,676	3,651	3,628	0
- PAs [9]	3,774	3,243	2,986	2,962	2,990	2,982	2,978	2,933	16
- PAEs [9]	1,456	1,476	1,497	1,477	1,589	1,587	1,588	1,557	(1.4
- Outplaced Bradesco Network ATMs [10]	3,954	3,992	3,974	3,913	3,953	3,962	3,921	3,891	(1.0
- Banco24Horas Network ATMs [10]	10,464	10,459	10,583	10,753	10,815	10,856	10,326	9,765	0
- Bradesco Expresso (Correspondent Banks)	41,713	40,476	38,065	34,839	31,372	29,263	27,649	26,104	3
- Bradesco Promotora de Vendas	1,186	1,061	1,005	1,131	1,157	919	853	801	11
- Branches / Subsidiaries Abroad	13	13	13	12	11	11	11	12	
ATMs	47,542	47,484	47,330	46,971	45,596	45,103	44,263	43,072	0
- Bradesco Network	35,128	35,226	35,007	34,516	33,217	32,714	32,514	32,015	(0.3
- Banco24Horas Network	12,414	12,258	12,323	12,455	12,379	12,389	11,749	11,057	1
Credit and Debit Cards - in millions	149.3	150.1	159.9	155.7	153.0	150.4	147.5	145.2	(0.5
- Credit Cards [11]	93.0	95.3	93.8	91.4	90.1	89.0	87.4	86.5	(2.4
- Debit Cards [12]	56.4	54.8	66.1	64.3	62.9	61.4	60.1	58.7	2
Employees	104,100	104,531	105,102	104,684	101,334	98,317	96,749	95,248	(0.4
Outsourced Employees and Interns	13,013	12,661	12,659	11,699	10,731	10,563	10,321	9,999	2
Customers - in millions									
Checking accounts	25.6	25.6	25.4	25.1	24.7	24.0	23.5	23.1	
Savings Accounts [13]	48.3	45.2	41.3	43.4	40.6	39.7	39.4	41.1	6
Insurance Group	42.4	41.9	40.8	40.3	39.4	38.0	37.0	36.2	1
- Policyholders	36.7	36.3	35.4	35.0	34.3	33.0	32.1	31.5	1
- Pension Plan Participants	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.0	4
- Capitalization Bond Customers	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.7	
Bradesco Financiamentos	3.7	3.8	3.8	3.8	4.0	4.2	4.5	4.9	(2.0

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

(2) In the last 12 months;

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

(4) Adjusted net income for the period;

(5) Excludes additional reserves;

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

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

(8) Credits overdue;

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

(10) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 2,039 in September 2012 ; 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011; 2,045 in June 2011; 2,024 in March 2011; and 1,999 in December 2010;

(11) The decreased credit card base in 3Q12 is due to the exclusion of idle cards;

(12) The decreased debit card base in 2Q12 is due to the exclusion of idle cards; and

(13) Number of accounts.

Press Release

Ratings

Main Ratings

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

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

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

Book Net Income vs Adjusted Net Income

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

R$ million

	9M12	9M11	3Q12	2Q12
Book Net Income	**8,488**	**8,302**	**2,862**	**2,833**
Non-Recurring Events	**117**	**125**	**31**	**34**
- Earnings from Extended Securities Terms [1]	(2,116)	-	(2,116)	-
- Additional Technical Reserve due to Real Interest Rate Reduction [1]	2,116	-	2,116	-
- Reversal of Provision for Tax Risks	-	(2,126)	-	-
- Additional ALL	-	1,006	-	-
- Labor Provision	-	501	-	-
- Other [2]	195	604	52	57
- Tax Effects	(78)	140	(21)	(23)
Adjusted Net Income	**8,605**	**8,427**	**2,893**	**2,867**
ROAE % [3]	**19.6**	**22.0**	**20.2**	**20.6**
ADJUSTED ROAE % [3]	**19.9**	**22.4**	**20.4**	**20.9**

(1) See page 17 – "Income from Insurance, Pension Plans and Capitalization Bonds – Non-Recurring Events."

(2) Includes civil provision, of which: R$195 million in the first nine months of 2012, R$52 million in the third quarter of 2012 and R$57 million in the second quarter of 2012. The first nine months of 2011 include basically: (i) asset impairment, amounting to R$152 million; and (ii) civil provision, amounting to R$403 million.

(3) Annualized.

Summarized Analysis of Adjusted Income

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

R$ million

	Adjusted Income Statement							
	9M12	9M11	Variation 9M12 x 9M11		3Q12	2Q12	Variation 3Q12 x 2Q12	
			Amount	%			Amount	%
Financial Margin	**32,684**	**29,063**	**3,621**	**12.5**	**10,955**	**11,034**	**(79)**	**(0.7)**
- Interest	31,343	27,685	3,658	13.2	10,603	10,518	85	0.8
- Non-interest	1,341	1,378	(37)	(2.7)	352	516	(164)	(31.8)
ALL	(9,804)	(7,576)	(2,228)	29.4	(3,303)	(3,407)	104	(3.1)
Gross Income from Financial Intermediation	**22,880**	**21,487**	**1,393**	**6.5**	**7,652**	**7,627**	**25**	**0.3**
Income from Insurance, Pension Plans and Capitalization Bonds [1]	2,859	2,437	422	17.3	1,029	953	76	8.0
Fee and Commission Income	12,837	11,137	1,700	15.3	4,438	4,281	157	3.7
Personnel Expenses	(9,044)	(7,921)	(1,123)	14.2	(3,119)	(3,047)	(72)	2.4
Other Administrative Expenses	(10,407)	(9,724)	(683)	7.0	(3,565)	(3,441)	(124)	3.6
Tax Expenses	(3,041)	(2,659)	(382)	14.4	(1,038)	(991)	(47)	4.7
Equity in the Earnings (Losses) of Unconsolidated Companies	104	91	13	14.3	45	19	26	136.8
Other Operating Income / (Expenses)	(3,085)	(2,593)	(492)	19.0	(1,054)	(1,035)	(19)	1.8
Operating Result	**13,103**	**12,255**	**848**	**6.9**	**4,388**	**4,366**	**22**	**0.5**
Non-Operating Income	(60)	(1)	(59)	-	(20)	(22)	2	(9.1)
Income Tax / Social Contribution	(4,384)	(3,713)	(671)	18.1	(1,455)	(1,461)	6	(0.4)

Non-controlling Interest	(54)	(114)	60	(52.6)	(20)	(16)	(4)	25.0
Adjusted Net Income	**8,605**	**8,427**	**178**	**2.1**	**2,893**	**2,867**	**26**	**0.9**

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

Summarized Analysis of Adjusted Income

Adjusted Net income and Profitability

In the third quarter of 2012, Bradesco posted adjusted net income of R$2,893 million, up 0.9%, or R$26 million, on the previous quarter, mainly driven by: (i) greater fee and commission income arising from the increase in business volume, (ii) lower allowance for loan lossexpenses, (iii) higher operating insurance income, offset by: (iv) higher personnel and administrative expenses, and (v) lower financial margin income, a result of lower income from non-interest portion.

In comparison with the same period a year earlier, adjusted net income increased by R$178 million, or 2.1% in the first nine months of 2012, for Return on Average Shareholders’ Equity (ROAE) of 19.9%.

Shareholders Equity stood at R$66,047 million in September 2012, up 22.9% on the balance of September 2011. This increase is partially due to the surplus value of some securities reclassified from Held to Maturity to Available for Sale for adoption of CPCs 38 and 40 by the Insurance Group. The Capital Adequacy Ratio stood at 16.0%, 11.3% of which fell under Tier I Reference Shareholders’ Equity.

Total Assets came to R$856,288 million in September 2012, up 18.6% over September 2011, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) reached 1.4%.

Summarized Analysis of Adjusted Income

Efficiency Ratio (ER)

The Efficiency Ratio in the last 12 months[1] improved by 0.3 p.p. for the third consecutive quarter, including the raise in salary levels as determined by the collective bargaining agreement, reaching 42.1% in the third quarter of 2012, lowest recorded in the last nine quarters. The improvement in ER was mainly driven by the growth in financial margin and fee and commission income, which was mainly due to an increase in average business volume, resulting from accelerated organic growth, which began in the second half of 2011, combined with the ongoing cost control efforts and the Efficiency Committee actions.

Quarterly ER was up 1.2 p.p. over the same period in the previous year, as a result of the aforementioned factors, combined with the 19.1% increase in income from insurance, pension plans and capitalization bonds.

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations[2], remained stable over the previous quarter at 53.1%, thanks to the stable delinquency ratio in the period.

(1) ER = (Personnel Expenses – Employee Profit Sharing + Administrative Expenses) / (Financial Margin + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income – Other Operating Expenses). Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), our ER in the third quarter of 2012 would be 44.9%; and

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

Press Release

Summarized Analysis of Adjusted Income

Financial Margin

The R$79 million decrease between the third quarter of 2012 and the second quarter of 2012 was mainly due to:

- lower gains from the non-interest margin, in the amount of R$164 million, as a result of lower treasury/security gains; and

offset by:

- a R$85 million increase in interest-earning operations, mainly due to higher gains with: (i) “Loans”, due to increased volume of transactions in the period, and (ii) “Securities/Other” margins.

Financial margin posted a R$3,621 million improvement between the first nine months of 2012 and the same period in 2011, for growth of 12.5%, mainly driven by:

- a R$3,658 million increase in income from interest-earning operations due to an increase in business volume, mainly from:
(i) “Loans”; and (ii) “Securities/Other;” and

offset by:

- lower income from the non-interest margin, in the amount of R$37 million, due to lower “Treasury/Securities” gains.

Summarized Analysis of Adjusted Income

Interest Financial Margin – Annualized Average Rates

R$ million

	9M12			9M11		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	22,003	280,666	10.6%	19,656	250,059	10.6%
Funding	3,228	333,543	1.3%	3,393	295,027	1.5%
Insurance	2,271	110,526	2.7%	2,618	92,422	3.8%
Securities/Other	3,841	288,773	1.8%	2,018	225,793	1.2%
Financial Margin	**31,343**	**-**	**7.4%**	**27,685**	**-**	**7.5%**

	3Q12			2Q12		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,460	287,987	10.8%	7,362	281,442	10.9%
Funding	1,019	332,488	1.2%	1,041	336,954	1.2%
Insurance	694	115,647	2.4%	726	110,120	2.7%
Securities/Other	1,430	298,905	1.9%	1,389	283,763	2.0%
Financial Margin	**10,603**	**-**	**7.4%**	**10,518**	**-**	**7.5%**

The annualized interest financial margin rate stood at 7.4% in the third quarter of 2012, down 0.1 p.p. on the previous quarter, mainly due to: (i) the reduction in the average “Loan” margin rate, which was impacted by the decrease in interest rates in effect and the change in the loan portfolio mix; and (ii) the shrinkage in the average “Insurance” margin rate, due to the increase of the IGPM in the period, which affected the adjustment for inflation of part of technical reserves.

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio(1)

In September 2012, Bradesco's loan operations totaled R$371.7 billion. The 1.8% increase in the quarter was due to growth of: (i) 2.1% in Individuals; (ii) 2.0% in Small and Medium-sized Entities (SMEs); and (iii) 1.5% in Corporations.

Over the last 12 months, the expanded portfolio increased 11.8.%, driven by: (i) 13.3% growth in Corporations; (ii) 13.3% growth in SMEs; and (iii) 8.7% growth in Individuals.

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

(1) Includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, assignment of receivables-backed investment funds and mortgage-backed receivables and rural loan. For more information, see Chapter 2 of this Report.

Allowance for Loan Losses (ALL)

In the third quarter of 2012, ALL expenses stood at R$3,303 million, down 3.1% from the previous quarter, even considering the 1.9% growth in the loan portfolio – as defined by Bacen in the period. This was mainly due to change occurred only in the second quarter of 2012.

In comparison with the first nine months of 2011, ALL expenses in the same period in 2012 came to R$9,804 million, a 29.4% increase, mainly due to: (i) a 9.2% growth in loan operations - as defined by Bacen; and (ii) greater delinquency ratio in the period.

Summarized Analysis of Adjusted Income

Delinquency Ratio > 90 days[1]

The delinquency ratio over 90 days was down 0.1 p.p. in the quarter, despite the changes in mix of business. It is worth highlighting Corporations' lower delinquency ratio.

(1) As defined by Bacen.

Coverage Ratios[1]

The following graph presents the changes in coverage ratio of the ALL for loans overdue for more than 60 and 90 days. In September 2012, these ratios stood at 144.8% and 179.0%, respectively, posting a slight improvement in the period and pointing to a comfortable level of provisioning.

The ALL, totaling R$20.9 billion in September 2012, was made up of: (i) R$16.9 billion required by Bacen; and (ii) R$4.0 billion in excess provisions.

Summarized Analysis of Adjusted Income

Income from Insurance, Pension Plans and Capitalization Bonds

Net income for the third quarter of 2012 stood at R$837 million (R$881 million in the second quarter of 2012), with an annualized Return on Shareholders' Equity of 24.9%.

Net income totaled R$2.623 billion, up 12.0% in the first nine months of 2012 in comparison with the same period a year earlier (R$2.341 billion), with a 24.6% Return on Shareholders' Equity.

R$ million (unless otherwise stated)

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	Variation % 3Q12 x 2Q12	Variation % 3Q12 x 3Q11
Net Income	837	881	905	860	780	800	761	779	(5.0)	7.3
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,104	11,570	9,418	11,138	9,025	9,628	7,845	9,012	(12.7)	12.0
Technical Reserves	117,807	111,789	106,953	103,653	97,099	93,938	89,980	87,177	5.4	21.3
Financial Assets (1)	133,738	128,526	122,147	116,774	110,502	106,202	102,316	100,038	4.1	21.0
Claims Ratio	70.4	71.3	71.9	68.6	71.5	72.2	72.0	71.1	(0.9) p.p.	(1.1) p.p.
Combined Ratio	86.5	85.0	85.6	83.6	86.2	85.8	86.1	85.1	1.5 p.p.	0.3 p.p.
Policyholders / Participants and Customers (in thousands)	42,363	41,898	40,785	40,304	39,434	37,972	37,012	36,233	1.1	7.4
Employees	7,545	7,478	7,574	7,608	7,571	7,594	7,544	7,459	0.9	(0.3)
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (2)	24.5	24.8	23.4	25.6	24.9	25.0	23.2	24.7	(0.3) p.p.	(0.4) p.p.

(1) As of the fourth quarter of 2010, held-to-maturity securities were reclassified to available for sale category, for adoption of CPCs 38 and 40; and

(2) The third quarter of 2012 includes the latest data released by Susep (August 12).

Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Summarized Analysis of Adjusted Income

Below we point out the main non-recurring events in the third quarter of 2012, which, however, had not an impact on Insurance Group's result:

(i) Financial Assets: Aiming at streamlining our Assets Liability Management – ALM, we extended the terms of some available-for-sale securities covering technical reserves. This resulted in a R$2.1-billion gain in financial revenues; and

(ii) Technical Reserves: Based on economic and actuarial studies, the Insurance Group decided to adapt its long-term technical reserves to the current real interest rates. As a result, we had a R$2.1 billion expense on additional technical reserves.

Note that, despite the R$2.1 billion expense with available-for-sale securities, this portfolio's mark-to-market balance increased R$189 million in the third quarter of 2012, totaling R$5.8 billion in September 2012 (June 2012 – R$5.6 billion).

Due to the excellent performance of the Life and Pension Plan segments in the second quarter of 2012 and the known seasonality of the insurance segment, the quarterly revenue stood at R$10.1 billion, lower in a quarter-on-quarter comparison, but up 12.0% when compared to the previous year.

Net income for the third quarter of 2012 was down 5.0% over the previous quarter, mainly due to: (i) the 12.7% decrease in revenue; partially offset by: (ii) the 0.9 p.p. reduction in claims ratio; and (iii) the improved financial and equity income.

Year on year, quarterly net income was up 7.3%, due to: (i) the 12.0% increase in revenue; (ii) 1.1 p.p. drop in claims ratio; (iii) lower general and administrative expenses; partially offset by: (iv) a decreased financial income.

In the first nine months, total revenue increased by 17.3% over the same period in 2011, which was driven by the performance of all segments, that posted an over two-digit growth in the period.

Net income for the first nine months of 2012 was up 12.0% over the same period in 2011, due to: (i) a 17.3% increase in revenue; (ii) the focus on more profitable products; (iii) the 0.7 p.p. drop in claims ratio; (iv) improved equity income; and (v) lower general and administrative expenses, despite the sector's collective bargaining agreement in January 2012; partially offset by:
(vi) a decreased financial income.

With regards to solvency, Grupo Bradesco de Seguros e Previdência complies with Susep and ANS rules, also complying with global standards (Solvency II), with a leverage of 2.3 times its Shareholders' Equity in the period.

Summarized Analysis of Adjusted Income

Fee and Commission Income

In the third quarter of 2012, fee and commission income came to R$4,438 million, up R$157 million, or 3.7%, over the previous quarter, due to the increase in business volume. This result was due to: (i) an increase in income from cards; (ii) an increase in income from fund management; (iii) an increase in income from checking accounts; (iv) an increase in income from collections; and partially offset by: (v) lower gains from capital market operations (underwriting / financial advisory).

In comparison with the same period a year earlier, the increase of R$1,700 million, or 15.3%, in fee and commission income in the first nine months of 2012 was mainly due to: (i) the performance of the credit card segment, driven by the growth in credit card base and revenue; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 945 thousand accounts in the period; (iii) greater income from fund management; (iv) greater gains from capital market operations (underwriting / financial advisory); and (v) greater income from loan operations, resulting from an increase in volume of contracted operations and surety and guarantee operations.

Summarized Analysis of Adjusted Income

Personnel Expenses

In the third quarter of 2012, the R$72 million increase from the previous quarter was due to the following:

- structural expenses – up R$112 million, mainly due to raise in salary levels, as determined by the collective bargaining agreement, and adjustments to labor obligations; and

- non-structural expenses – R$40 million decrease, mainly due to lower expenses with: (i) provision for labor claims; and (ii) employee and management profit sharing.

In comparison with the same period in 2011, the R$1,123 million increase in the first nine months of 2012 was mainly the result of:

- R$951 million in structural expenses, resulting from: (i) increased expenses with salaries, social charges and benefits, due to raise in salary levels (2011 and 2012 collective bargaining agreements); and (ii) the net increase in the number of employees by 2,766 professionals, due to organic growth in the period; and

- R$172 million in non-structural expenses, basically driven by greater expenses with employee and management profit sharing in the period.

Note: Structural Expenses = Salaries + Social Charges + Benefits + Pension Plans. Non-Structural Expenses = Employee and Management Profit Sharing + Training + Labor Provision + Costs with Termination of Employment Contracts.

Summarized Analysis of Adjusted Income

Administrative Expenses

In the third quarter of 2012, the 3.6% increase in administrative expenses from the previous quarter was mainly the result of higher expenses with: (i) outsourced services, mainly due to Cards variable expenses; (ii) data processing; and (iii) marketing and advertising, mainly due to the actions taken during the 2012 London Olympic and Paralympic Games, regarding the 2016 Rio Olympics sponsorship rights.

In comparison with the nine months of 2012 and the same period a year earlier, the 7.0% increase in the third quarter of 2012 was mainly due to: (i) the increase in business and services volume; (ii) contractual adjustments; and (iii) the opening of 11,393 service points, mainly the increase to 720 branches and 10,341 Bradesco *Expresso* points, for a total of 67,225 service points on September 30, 2012; which was partially offset by lower expenses with: (iv) outsourced services; and (v) marketing and advertising.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R$1,054 million in the third quarter of 2012, up R$19 million over the previous quarter, and R$492 million in comparison with the first nine months of 2012.

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

Summarized Analysis of Adjusted Income

Income Tax and Social Contribution

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

In the year-on-year comparison, the increase in these expenses is mainly the result of: (i) greater taxable result; and (ii) the termination of tax credits resulting from the increase in the social contribution rate from 9% to 15% in the first quarter of 2011.

Unrealized Gains

Unrealized gains totaled R$21,096 million in the third quarter of 2012, a R$448 million decrease from the previous quarter. This was mainly due to: (i) the depreciation of investment in Cielo, whose share value decreased by 14.4% in the quarter; and partially offset by: (ii) the appreciation of fixed-income securities due to mark-to-market accounting.

Economic Outlook

The third quarter was marked by a new shift in the global scenario as the concerns that had increased in the previous three months began to abate. In an atypically proactive and decisive manner, the main central banks renewed or increased their commitment to injecting liquidity into the markets, which reacted positively. The ECB - European Central Bank signaled its intention of intervening in the sovereign debt markets, contingent upon the assumption of certain obligations by the beneficiaries. Even if this initiative does not solve the eurozone's current structural and non-structural problems, it has contributed substantially to reducing the risk of extreme events in the region. At the same time, the Federal Reserve gave the market a pleasant surprise when it inaugurated the third phase of its quantitative easing program (QE3). In addition to announcing a program to purchase mortgage-backed securities, with no definite closing date, it signaled the maintenance of zero interest until mid-2015 and undertook to continue its expansionist measures even after the U.S. economy shows signs of a sustainable recovery. The Japanese central bank also expanded its asset purchase program.

This series of initiatives should help the recovery of the global economy in the coming quarters, albeit moderately, although they have not eliminated all the existing fears. In particular, there is still a good deal of uncertainty regarding the end of the fiscal stimuli in the United States (the so-called "fiscal cliff"), the degree of commitment of the European nations to adjusting their public finances and, more recently, midterm growth in China, which will be undergoing a political transition in the fourth quarter and whose growth rates are approaching 7.5%.

In Brazil, there was also a shift in the third quarter, this time towards economic activity. The various Looking forward, it would appear that the recovery is sustainable. The capital goods segment, in particular, should benefit from temporary measures, such as more attractive funding rates and accelerated depreciation, as well as the federal government's purchase program aimed at the segment. Looking further ahead, investments in general should also benefit from the recent infrastructure concessions. For the economy as a whole, the sector-specific tax breaks and the measures to trim production costs, such as the reduction in electricity tariffs, should make the country more competitive. It is also worth highlighting the excellent prospects for domestic agriculture and cattle-raising, which is already having a positive impact on growth, following the negative shock in the first quarter.

Bradesco is maintaining its positive long-term outlook for Brazil. The country's ample foreign reserves (US$379 billion, versus US$208 billion in September 2008) and the volume of reserve requirements (R$365 billion, versus R$272 billion four years ago) constitute lines of defense that can be called upon rapidly if necessary – such as the reduction in reserve requirements in September. Pre-salt oil exploration and the major global sporting events scheduled for the coming years constitute unique opportunities for a select group of nations. In addition, the ongoing and intense upward social mobility process has expanded the domestic consumer market, in turn generating excellent prospects for Brazil's banking system.

The Organization continues to believe that Brazil will achieve a higher potential growth pace more rapidly if fueled by bigger investments in education and infrastructure and by economic reforms that increase the efficiency of the productive sector. Action on these fronts would play a crucial role in monetary and fiscal stimuli began to generate more positive results, including an upturn in business confidence. The auto sector measures were particularly effective in that they encouraged sales and reduced inventories to near-normal levels. There are also recent indications suggesting that industrial production is recovering in segments that are not directly related to the auto industry.

giving the private sector a more solid foundation in regard to facing global competition and continuing to grow and create jobs.

Main Economic Indicators

Main Indicators (%)	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	9M12	9M11
Interbank Deposit Certificate (CDI)	1.91	2.09	2.45	2.67	3.01	2.80	2.64	2.56	6.59	8.70
Ibovespa	8.87	(15.74)	13.67	8.47	(16.15)	(9.01)	(1.04)	(0.18)	4.27	(24.50)
USD – Commercial Rate	0.46	10.93	(2.86)	1.15	18.79	(4.15)	(2.25)	(1.65)	8.25	11.30
General Price Index - Market (IGP-M)	3.79	2.56	0.62	0.91	0.97	0.70	2.43	3.18	7.10	4.15
Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE)	1.42	1.08	1.22	1.46	1.06	1.40	2.44	2.23	3.77	4.97
Federal Government Long-Term Interest Rate (TJLP)	1.36	1.48	1.48	1.48	1.48	1.48	1.48	1.48	4.37	4.50
Reference Interest Rate (TR)	0.03	0.07	0.19	0.22	0.43	0.31	0.25	0.22	0.29	0.99
Savings Account (Old Rule) (1)	1.53	1.58	1.70	1.73	1.95	1.82	1.76	1.73	4.89	5.62
Savings Account (New Rule) (1)	1.40	-	-	-	-	-	-	-	1.89	-
Business Days (number)	64	62	63	62	65	62	62	63	189	189
Indicators (Closing Rate)	**Sept12**	**Jun12**	**Mar12**	**Dec11**	**Sept11**	**Jun11**	**Mar11**	**Dec10**	**Sept12**	**Sept11**
USD – Commercial Selling Rate - (R$)	2.0306	2.0213	1.8221	1.8758	1.8544	1.5611	1.6287	1.6662	2.0306	1.8500
Euro - (R$)	2.6109	2.5606	2.4300	2.4342	2.4938	2.2667	2.3129	2.2280	2.6109	2.4930
Country Risk (points)	166	208	177	223	275	148	173	189	166	275
Basic Selic Rate Copom (% p.a.)	7.50	8.50	9.75	11.00	12.00	12.25	11.75	10.75	7.50	12.00
BM&F Fixed Rate (% p.a.)	7.48	7.57	8.96	10.04	10.39	12.65	12.28	12.03	7.48	10.39

(1) The 3Q12 and 9M12 consider the new savings account remuneration rule, which defines that: (i) the existing deposits up to May 3, 2012 will continue to remunerate at TR + 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are:
(a) if the Selic rate is higher than 8.5% p.a., the TR + 6.17% p.a. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

Projections through 2014

%	2012	2013	2014
USD - Commercial Rate (year-end) - R$	2.00	2.00	2.10
Extended Consumer Price Index (IPCA)	5.40	5.20	5.00
General Price Index - Market (IGP-M)	7.80	4.60	4.50
Selic (year-end)	7.25	8.25	8.25
Gross Domestic Product (GDP)	1.60	4.00	4.50

Guidance

Bradesco's Outlook for 2012

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

Loan Portfolio(1)	**14% to 18%**
Individuals	12% to 16%
Companies	14% to 18%
SMEs	16% to 20%
Corporations	13% to 17%
Products	
Vehicles	2% to 6%
Cards(2)	10% to 14%
Real Estate Financing (origination)	R$ 14.0 bi
Payroll-Deductible Loans	26% to 30%
Financial Margin(3)	**10% to 14%**
Fee and Commission Income	**10% to 14%**
Operating Expenses(4)	**8% to 12%**
Insurance Premiums	**15% to 19%**

(1) Expanded Loan Portfolio;

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

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

(4) Administrative and Personnel Expenses.

Income Statement vs. Managerial Income vs. Adjusted Income

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

Third Quarter of 2012

R$ million

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

Contribution and Non-controlling Interest											
Net Income	**2,862**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,862**	**31**	**2,893**

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

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

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

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

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

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

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

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

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

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

Press Release

Income Statement vs. Managerial Income vs. Adjusted Income

Second Quarter of 2012

R$ million

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

Net Income	**2,833**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,833**	**34**	**2,867**

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

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

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

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

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

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

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

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

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

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

Income Statement vs. Managerial Income vs. Adjusted Income

Nine Months of 2012

R$ millio

	9M12											
	Book Income Statement	**Reclassifications**							**Fiscal Hedge (8)**	**Managerial Income Statement**	**Non-Recurring Events (9)**	**Adjusted Statemen of Incom**
		(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**				
Financial Margin	**35,921**	**(747)**	**141**	**(30)**	**(1,748)**	**29**	**-**	**-**	**1,235**	**34,801**	**(2,116)**	**32,68**
ALL	(10,501)	-	-	-	955	(258)	-	-	-	(9,804)	-	(9,80
Gross Income from Financial Intermediation	**25,420**	**(747)**	**141**	**(30)**	**(793)**	**(229)**	**-**	**-**	**1,235**	**24,997**	**(2,116)**	**22,88**
Income from Insurance, Pension Plans and Capitalization Bonds (10)	743	-	-	-	-	-	-	-	-	743	2,116	2,85
Fee and Commission Income	12,501	-	-	-	-	-	336	-	-	12,837	-	12,83
Personnel Expenses	(9,044)	-	-	-	-	-	-	-	-	(9,044)	-	(9,04
Other Administrative Expenses	(10,060)	-	-	-	-	-	-	(347)	-	(10,407)	-	(10,40
Tax Expenses	(2,957)	-	-	-	50	-	-	-	(135)	(3,041)	-	(3,04
Equity in the Earnings (Losses) of Unconsolidated Companies	104	-	-	-	-	-	-	-	-	104	-	10
Other Operating Income/Expenses	(4,746)	747	(141)	30	743	78	(336)	347	-	(3,279)	195	(3,08
Operating Result	**11,961**	**-**	**-**	**-**	**-**	**(151)**	**-**	**-**	**1,100**	**12,909**	**195**	**13,10**
Non-Operating Income	(211)	-	-	-	-	151	-	-	-	(60)	-	(6
Income Tax / Social	(3,262)	-	-	-	-	-	-	-	(1,100)	(4,361)	(78)	(4,43

Contribution and Non-controlling Interest												
Net Income	**8,488**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,488**	**117**	**8,60**

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

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

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

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

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

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

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

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

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

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

Income Statements vs. Managerial Income vs. Adjusted Income
Nine Months of 2011

R$ millio

	9M11											
	Book Income Statement	Reclassifications							Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statemen of Incom
		(1)	(2)	(3)	(4)	(5)	(6)	(7)				
Financial Margin	**29,399**	**(344)**	**81**	**(282)**	**(1,266)**	**-**	**-**	**-**	**1,475**	**29,063**	**-**	**29,06**
ALL	(9,125)	-	-	-	718	(175)	-	-	-	(8,582)	1,006	(7,57
Gross Income from Financial Intermediation	**20,274**	**(344)**	**81**	**(282)**	**(548)**	**(175)**	**-**	**-**	**1,475**	**20,481**	**1,006**	**21,48**
Income from Insurance, Pension Plans and Capitalization Bonds (10)	2,437	-	-	-	-	-	-	-	-	2,437	-	2,43
Fee and Commission Income	10,815	-	-	-	-	-	322	-	-	11,137	-	11,13
Personnel Expenses	(8,421)	-	-	-	-	-	-	-	-	(8,421)	501	(7,92
Other Administrative Expenses	(9,444)	-	-	-	-	-	-	(280)	-	(9,724)	-	(9,72
Tax Expenses	(2,618)	-	-	-	119	-	-	-	(160)	(2,659)	-	(2,65
Equity in the Earnings (Losses) of Unconsolidated Companies	91	-	-	-	-	-	-	-	-	91	-	9
Other Operating Income/Expenses	(2,061)	344	(81)	282	429	-	(322)	280	-	(1,129)	(1,464)	(2,59
Operating Result	**11,073**	**-**	**-**	**-**	**-**	**(175)**	**-**	**-**	**1,315**	**12,213**	**43**	**12,25**
Non-Operating Income	(118)	-	-	-	-	175	-	-	-	57	(58)	(
Income Tax / Social	(2,653)	-	-	-	-	-	-	-	(1,315)	(3,968)	140	(3,82

Contribution and Non-controlling Interest												
Net Income	**8,302**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,302**	**125**	**8,42**

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

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

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

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

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

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

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

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

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

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

Consolidated Statement of Financial Position and Adjusted Income Statement

Statement of Financial Position

	R$ million							
	Sept12	**Jun12**	**Mar12**	**Dec11**	**Sept11**	**Jun11**	**Mar11**	**Dec10**
Assets								
Current and Long-Term Assets	**840,295**	**815,063**	**773,896**	**746,090**	**710,238**	**677,571**	**663,599**	**625,783**
Cash and Cash Equivalents	12,944	13,997	25,069	22,574	10,018	7,715	6,785	15,738
Interbank Investments	126,772	92,858	84,690	82,303	85,963	86,147	100,159	73,232
Securities and Derivative Financial Instruments	319,537	322,507	294,959	265,723	244,622	231,425	217,482	213,518
Interbank and Interdepartmental Accounts	56,276	62,510	61,576	72,906	71,951	67,033	67,292	66,326
Loan and Leasing Operations	262,748	258,242	250,201	248,719	241,812	231,862	222,404	213,532
Allowance for Loan Losses (ALL)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)
Other Receivables and Assets	82,933	85,631	77,518	73,405	74,963	70,754	66,217	59,727
Permanent Assets	**15,993**	**15,457**	**15,654**	**15,443**	**12,051**	**11,736**	**11,788**	**11,702**
Investments	1,907	1,889	2,076	2,052	1,721	1,699	1,675	1,577
Premises and Leased Assets	4,500	4,523	4,551	4,413	3,812	3,658	3,666	3,766
Intangible Assets	9,586	9,045	9,027	8,978	6,518	6,379	6,447	6,359
Total	**856,288**	**830,520**	**789,550**	**761,533**	**722,289**	**689,307**	**675,387**	**637,485**
Liabilities								
Current and Long-Term Liabilities	**789,036**	**765,398**	**730,214**	**704,664**	**667,312**	**635,360**	**623,069**	**588,610**
Deposits	212,869	217,070	213,877	217,424	224,664	213,561	203,822	193,201
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	245,538	225,974	213,930	197,448	171,458	164,204	178,989	171,497
Funds from Issuance of Securities	53,810	51,158	48,482	41,522	32,879	29,044	21,701	17,674
Interbank and Interdepartmental Accounts	3,649	3,618	3,231	4,614	2,974	3,037	2,647	3,790
Borrowing and Onlending	45,399	47,895	47,112	53,247	49,057	45,207	41,501	38,196
Derivative Financial Instruments	4,148	3,568	2,703	735	1,724	1,221	2,358	730
Reserves for Insurance, Pension Plans and Capitalization Bonds	117,807	111,789	106,953	103,653	97,099	93,938	89,980	87,177
Other Liabilities	105,816	104,326	93,926	86,021	87,457	85,148	82,071	76,345
Deferred Income	**619**	**615**	**646**	**672**	**622**	**505**	**447**	**360**
Non-controlling Interest in Subsidiaries	**586**	**587**	**630**	**615**	**613**	**599**	**574**	**472**
Shareholders' Equity	**66,047**	**63,920**	**58,060**	**55,582**	**53,742**	**52,843**	**51,297**	**48,043**

Total	**856,288**	**830,520**	**789,550**	**761,533**	**722,289**	**689,307**	**675,387**	**637,485**

Consolidated Statement of Financial Position and Adjusted Income Statement

Adjusted Income Statement

								R$ million
	3Q12	**2Q12**	**1Q12**	**4Q11**	**3Q11**	**2Q11**	**1Q11**	**4Q10**
Financial Margin	**10,955**	**11,034**	**10,695**	**10,258**	**10,230**	**9,471**	**9,362**	**9,018**
- Interest	10,603	10,518	10,222	9,985	9,669	9,167	8,849	8,553
- Non-interest	352	516	473	273	561	304	513	465
ALL	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)
Gross Income from Financial Intermediation	**7,652**	**7,627**	**7,601**	**7,597**	**7,451**	**7,034**	**7,002**	**6,723**
Income from Insurance, Pension Plans and Capitalization Bonds [1]	1,029	953	877	933	864	788	785	700
Fee and Commission Income	4,438	4,281	4,118	4,086	3,876	3,751	3,510	3,568
Personnel Expenses	(3,119)	(3,047)	(2,878)	(3,140)	(2,880)	(2,605)	(2,436)	(2,533)
Other Administrative Expenses	(3,565)	(3,441)	(3,401)	(3,682)	(3,405)	(3,179)	(3,140)	(3,257)
Tax Expenses	(1,038)	(991)	(1,012)	(1,005)	(866)	(913)	(880)	(858)
Equity in the Earnings (Losses) of Unconsolidated Companies	45	19	40	53	41	16	34	60
Other Operating Income / (Expenses)	(1,054)	(1,035)	(996)	(808)	(907)	(764)	(922)	(646)
Operating Result	**4,388**	**4,366**	**4,349**	**4,034**	**4,174**	**4,128**	**3,953**	**3,757**
Non-Operating Income	(20)	(22)	(18)	4	10	(7)	(4)	10
Income Tax and Social Contribution	(1,455)	(1,461)	(1,468)	(1,241)	(1,304)	(1,271)	(1,138)	(1,059)
Non-controlling Interest	(20)	(16)	(18)	(26)	(16)	(25)	(73)	(24)
Adjusted Net Income	**2,893**	**2,867**	**2,845**	**2,771**	**2,864**	**2,825**	**2,738**	**2,684**

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

Financial Margin - Interest and Non-Interest

Financial Margin Breakdown

Financial Margin - Interest and Non-Interest

Average Financial Margin Rate

R$ million

	Financial Margin					
	9M12	9M11	3Q12	2Q12	Variation YTD	Variation Quarter
Interest - due to volume					3,982	261
Interest - due to spread					(324)	(176)
- Financial Margin - Interest	31,343	27,685	10,603	10,518	3,658	85
- Financial Margin - Non-Interest	1,341	1,378	352	516	(37)	(164)
Financial Margin	**32,684**	**29,063**	**10,955**	**11,034**	**3,621**	**(79)**
Average Margin Rate (1)	**7.7%**	**7.9%**	**7.6%**	**7.9%**		

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

In the third quarter of 2012, financial margin was R$10,955 million. Compared with the previous quarter there was a 0.7%, or R$79 million, decrease. This variation was mainly due to: (i) lower non-interest margin, totaling R$164 million, and partially offset by: (ii) higher interest margin, in the amount of R$85 million.

When comparing the nine months of 2012 with the same period last year, financial margin grew by 12.5%, or R$3,621 million as a result of (i) a R$3,658 million increase in interest margin, of which: (a) R$3,982 million corresponds to the increase in volume of operations; partially offset by: (b) a R$324 million decrease in spread; and partially offset by: (ii) decrease in non-interest financial margin, in the amount of R$37 million, due to lower Treasury / Securities gains.

Financial Margin - Interest

Interest Financial Margin - Breakdown

R$ million

	Interest Financial Margin Breakdown					
	9M12	9M11	3Q12	2Q12	Variation YTD	Variation Quarter
Loans	22,003	19,656	7,460	7,362	2,347	98
Funding	3,228	3,393	1,019	1,041	(165)	(22)
Insurance	2,271	2,618	694	726	(347)	(32)

Securities/Other	3,841	2,018	1,430	1,389	1,823	41
Financial Margin	**31,343**	**27,685**	**10,603**	**10,518**	**3,658**	**85**

The interest financial margin in the third quarter of 2012 stood at R$10,603 million, versus R$10,518 million in the second quarter of 2012, for an R$85 million increase. When comparing the nine months of 2012 and the same period in 2011, there was an increase of 13.2%, or R$3,658 million.

The business lines that most contributed to the higher interest margin in quarter-on-quarter and year-on-year comparisons were (i) "Loan"; and (ii) and “Securities/Other.”

Financial Margin - Interest and Non-Interest

Interest Financial Margin - Rates

The annualized interest financial margin rate stood at 7.4% in the third quarter of 2012, posting a slight 0.1 p.p. decrease in relation to the previous quarter, mainly due to (i) the decrease in the Loan margin average rate, which was impacted by lower interest rates, coupled with the change in the mix of the loan portfolio, and (ii) the decrease occurred in the Insurance margin average rate, due to the increase of IGP-M, which impacted on the adjustment to inflation of part of the technical reserves in the period.

Interest Financial Margin - Annualized Average Rates

R$ million

	9M12			9M11		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	22,003	280,666	10.6%	19,656	250,059	10.6%
Funding	3,228	333,543	1.3%	3,393	295,027	1.5%
Insurance	2,271	110,526	2.7%	2,618	92,422	3.8%
Securities/Other	3,841	288,773	1.8%	2,018	225,793	1.2%
Financial Margin	**31,343**	**-**	**7.4%**	**27,685**	**-**	**7.5%**

	3Q12			2Q12		
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	7,460	287,987	10.8%	7,362	281,442	10.9%
Funding	1,019	332,488	1.2%	1,041	336,954	1.2%
Insurance	694	115,647	2.4%	726	110,120	2.7%
Securities/Other	1,430	298,905	1.9%	1,389	283,763	2.0%
Financial Margin	**10,603**	**-**	**7.4%**	**10,518**	**-**	**7.5%**

Loan Financial Margin - Interest

Loan Financial Margin - Breakdown

R$ million

	Financial Margin - Loan					
	9M12	9M11	3Q12	2Q12	Variation YTD	Variation Quarter
Interest - due to volume					2,399	170
Interest - due to spread					(52)	(72)
Interest Financial Margin	**22,003**	**19,656**	**7,460**	**7,362**	**2,347**	**98**
Income	38,875	36,295	12,912	13,318	2,580	(406)
Expenses	(16,872)	(16,639)	(5,452)	(5,956)	(233)	504

In the third quarter of 2012, financial margin with loan operations reached R$7,460 million, up R$98 million or 1.3% over the previous quarter. The variation is the result of: (i) the R$170 million increase in average business volume and offset by (ii) the R$72 million decrease in the average spread, reflecting primarily lower interest rates.

Between the first nine months of 2012 and the same period in 2011, there was an increase of 11.9% or R$2,347 million in the loan financial margin, resulting from: (i) a R$2,399 million increase in the volume of operations; and partially offset by: (ii) the decrease in average spread, in the amount of R$52 million, which was basically impacted by the change in the mix of the loan portfolio, due to greater share of the Corporate segment, which has lower margins, with an increase of 13.3% over the past 12 months compared to an 8.7% growth of the Individuals segment in the same period.

Loan Financial Margin - Interest

Loan Financial Margin - Net Margin

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

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

The net margin curve presents the result of loan interest income, net of ALL, which, in the third quarter of 2012, recorded a 5.1% increase compared to the second quarter of 2012, impacted mainly by: (i) the provisioning level adequacy made in the second quarter of 2012 in relation to the expected loss from certain corporate customers, who are in debt restructuring process, and (ii) the increase in business volume. When comparing the nine months of 2012 with the same period last year, net margin was practically stable, due to the increase in business volume, fully offset by the increase of delinquency level in the period.

Loan Financial Margin - Interest

Expanded Loan Portfolio (1)

The expanded loan portfolio amounted to R$371.7 billion in September 2012, recording a 1.8% growth in the quarter, led by Individuals and SMEs, both of which grew by 2.1% in the period. The expanded loan portfolio increased 11.8%, led by the Corporate portfolios (both Corporations and SMEs had a 13.3% growth).

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

For further information, refer to page 42 herein.

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

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

Individuals	R$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
CDC / Vehicle Leasing	31,860	32,195	32,565	(1.0)	(2.2)
Payroll-Deductible Loans (1)	19,956	19,243	17,509	3.7	14.0
Credit Card	18,850	18,545	17,454	1.6	8.0
Personal Loans	14,929	14,465	12,977	3.2	15.0
Real Estate Financing (2)	9,452	8,768	6,372	7.8	48.3
Rural Loans	6,528	6,367	6,414	2.5	1.8
BNDES/Finame Onlending	5,628	5,515	5,177	2.1	8.7
Overdraft Facilities	3,198	3,204	3,035	(0.2)	5.4
Sureties and Guarantees	685	650	690	5.4	(0.8)
Other (3)	3,450	3,282	3,196	5.1	7.9

Total	**114,536**	**112,235**	**105,389**	**2.1**	**8.7**

Including:

(1) Loan assignment (FIDC): R$265 million in September 2012, R$339 million in June 2012 and R$442 million in September 2011;

(2) Loan assignment (CRI): R$165 million in September 2012, R$182 million in June 2012 and R$232 million in September 2011; and

(3) Loan assignment (FIDC) for the acquisition of assets: R$1 million in September 2012, R$2 million in June 2012 and R$3 million in September 2011; and rural loan assignment: R$111 in September 2012, R$112 million in June 2012 and R$122 million in September 2011.

Operations bearing loan risks for individuals – expanded portfolio grew by 2.1% in the quarter and 8.7% in the last 12 months, respectively. In both quarter and the last 12 months, we highlight these products: (i) real estate financing; and (ii) payroll-deductible loans.

Loan Financial Margin - Interest

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

Corporate	R$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Working Capital	42,416	42,533	38,590	(0.3)	9.9
BNDES/Finame Onlending	29,160	29,474	29,895	(1.1)	(2.5)
Operations Abroad	24,748	23,615	23,083	4.8	7.2
Credit Card	13,984	14,385	12,962	(2.8)	7.9
Export Financing	12,974	12,408	9,123	4.6	42.2
Real Estate Financing - Corporate Plan (1)	12,059	11,047	8,319	9.2	45.0
Overdraft Account	10,546	10,437	9,989	1.1	5.6
Leasing	6,416	6,722	7,530	(4.6)	(14.8)
Vehicles - CDC	6,677	6,245	5,092	6.9	31.1
Rural Loans	4,553	4,539	4,714	0.3	(3.4)
Sureties and Guarantees (2)	54,048	52,226	43,699	3.5	23.7
Operations bearing Credit Risk - Commercial Portfolio (3)	28,587	28,043	22,799	1.9	25.4
Other (4)	10,970	11,054	11,151	(0.8)	(1.6)
Total	**257,138**	**252,728**	**226,946**	**1.7**	**13.3**

Including:

(1) Loan assignment (CRI): R$234 million in September 2012, R$239 million in June 2012, R$293 million in September 2011;

(2) A total of 91% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R$1,569 million in September 2012, R$1,779 million in June 2012 and R$1,946 million in September 2011.

Operations with loan risk for corporate customers - expanded portfolio, grew by 1.7% in the quarter and 13.3% in the last 12 months. The main highlights in both the quarter and in the last 12 months were: (i) real estate financing - corporate plan; and (ii) export financing.

Expanded Loan Portfolio - Consumer Financing

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

Consumer financing totaled R$86.0 billion, up 1.4% in the quarter and 6.2% in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing) (R$31.9 billion); and (ii) payroll-deductible loans (R$20.0 billion), which together totaled R$51.9 billion, accounting for 60.3% of the consumer financing balance. Given their guarantees and characteristics, these products provide a rather low level of credit risk to this group of operations.

Loan Financial Margin - Interest

Breakdown of the Vehicle Portfolio

	R$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
CDC Portfolio	**36,217**	**35,569**	**32,646**	**1.8**	**10.9**
Individuals	29,540	29,324	27,554	0.7	7.2
Corporate	6,677	6,245	5,092	6.9	31.1
Leasing Portfolio	**5,492**	**6,305**	**9,238**	**(12.9)**	**(40.5)**
Individuals	2,320	2,871	5,011	(19.2)	(53.7)
Corporate	3,172	3,434	4,227	(7.6)	(25.0)
Finame Portfolio	**10,308**	**10,294**	**10,173**	**0.1**	**1.3**
Individuals	989	1,032	1,061	(4.2)	(6.8)
Corporate	9,319	9,262	9,112	0.6	2.3
Total	**52,017**	**52,168**	**52,057**	**(0.3)**	**(0.1)**
Individuals	32,849	33,227	33,626	(1.1)	(2.3)
Corporate	19,168	18,941	18,431	1.2	4.0

Vehicle financing operations (individual and corporate customers) totaled R$52.0 billion in September 2012, remaining stable both in quarter-on-quarter and year-on-year comparisons. Of the total vehicle portfolio, 69.6% corresponds to CDC, 19.8% to Finame and 10.6% to Leasing. Individuals represented 63.2% of the portfolio, while corporate customers accounted for the remaining 36.8%.

Expanded Loan Portfolio Concentration - by Sector

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

Activity Sector						R$ million
	Sept12	%	Jun12	%	Sept11	%
Public Sector	**1,086**	**0.3**	**1,770**	**0.5**	**1,894**	**0.6**
Private Sector	**370,588**	**99.7**	**363,193**	**99.5**	**330,441**	**99.4**
Corporate	**256,052**	**68.9**	**250,958**	**68.8**	**225,052**	**67.7**
Industry	82,531	22.2	78,798	21.6	75,620	22.8
Commerce	58,786	15.8	57,251	15.7	51,153	15.4
Financial Intermediaries	6,617	1.8	5,746	1.6	5,234	1.6
Services	104,200	28.0	105,188	28.8	88,964	26.8

Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	3,918	1.1	3,975	1.1	4,081	1.2
Individuals	**114,536**	**30.8**	**112,235**	**30.8**	**105,389**	**31.7**
Total	**371,674**	**100.0**	**364,963**	**100.0**	**332,335**	**100.0**

Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio

Of the R$39.3 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R$34.3 billion, or 87.1%, representing 9.2% of the portfolio in September 2012.

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

Loan Financial Margin - Interest

Changes in the Expanded Loan Portfolio - By Rating

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

Changes in the Extended Loan Portfolio by Rating from September 2011 to 2012

Rating	Total Loans as of September 2012		New Customers from October 2011 to September 2012		Remaining Debtors as of September 2011	
	R$ million	**%**	**R$ million**	**%**	**R$ million**	**%**
AA - C	347,289	93.4	32,832	95.8	314,457	93.2
D	7,274	2.0	447	1.3	6,827	2.0
E - H	17,111	4.6	979	2.9	16,132	4.8
Total	**371,674**	**100.0**	**34,258**	**100.0**	**337,416**	**100.0**

Expanded Loan Portfolio - By Customer Profile

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

Type of Customer	R$ million			Variation %	
	Sept12	**Jun12**	**Sept11**	**Quarter**	**12M**
Corporations	146,033	143,830	128,883	1.5	13.3
SMEs	111,106	108,898	98,063	2.0	13.3
Individuals	114,536	112,235	105,389	2.0	8.7
Total Loan Operations	**371,674**	**364,963**	**332,335**	**1.8**	**11.8**

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

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

Type of Customer	By Rating								
	Sept12			Jun12			Sept11		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.8	0.8	0.5	98.6	0.3	1.1	99.0	0.6	0.5
SMEs	91.2	3.1	5.7	91.3	3.0	5.7	92.1	2.5	5.4
Individuals	88.8	2.4	8.8	88.8	2.4	8.8	89.3	2.0	8.7
Total	**93.4**	**2.0**	**4.6**	**93.4**	**1.8**	**4.8**	**93.9**	**1.6**	**4.5**

Loan Financial Margin - Interest

Expanded Loan Portfolio - By Business Segment

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

Business Segments	R$ million						Variation %
	Sept12	%	Jun12	%	Sept11	%	12M
Retail	104,405	28.1	100,538	27.5	91,412	27.5	14.2
Corporate (1)	152,850	41.1	151,847	41.6	139,899	42.1	9.3
Middle Market	46,693	12.6	45,447	12.5	40,225	12.1	16.1
Prime	14,718	4.0	13,768	3.8	11,432	3.4	28.7
Other / Non-account holders (2)	53,008	14.2	53,365	14.6	49,368	14.9	7.4
Total	**371,674**	**100.0**	**364,963**	**100.0**	**332,335**	**100.0**	**11.8**

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

Expanded Loan Portfolio - By Currency

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US$15.0 billion in September 2012 (US$13.6 billion in June 2012 and US$15.2 billion in September 2011), a 10.3% increase and 1.3% decrease, in dollars, in the quarter and in the last 12 months respectively. In reais, these same foreign currency operations totaled R$30.4 billion in September 2012 (R$27.5 billion in June 2012 and R$28.1 billion in September 2011), a 10.5% growth in the quarter and 8.2% in the last 12 months.

In September 2012, total loan operations, in reais, stood at R$341.3 billion (R$337.4 billion in June 2012 and R$304.2 billion in September 2011), up 1.2% on the previous quarter and 12.2% over the last 12 months.

Loan Financial Margin - Interest

Expanded Loan Portfolio - by Debtor

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

Loan Portfolio[1] - By Type

The table below presents all operations bearing credit risk by type, in the amount of R$394.6 billion, which increased by 1.9% in the quarter and 13.1% in the last 12 months.

	R$ million			Variation %	
	Sept12	**Jun12**	**Sept11**	**Quarter**	**12M**
Loans and Discounted Securities	138,417	135,873	125,883	1.9	10.0
Financing	99,631	97,156	87,952	2.5	13.3
Rural and Agribusiness Financing	15,968	15,624	15,435	2.2	3.5
Leasing Operations	8,731	9,588	12,542	(8.9)	(30.4)
Advances on Exchange Contracts	7,360	7,078	6,185	4.0	19.0
Other Loans	14,258	13,847	12,474	3.0	14.3
Subtotal Loan Operations [2]	**284,367**	**279,166**	**260,471**	**1.9**	**9.2**
Sureties and Guarantees Granted (Memorandum Accounts)	54,732	52,876	44,389	3.5	23.3
Operations bearing Credit Risk - Commercial Portfolio [3]	28,587	28,043	22,799	1.9	25.4
Letters of Credit (Memorandum Accounts)	1,569	1,779	1,946	(11.8)	(19.4)
Advances from Credit Card Receivables	1,623	2,207	1,619	(26.5)	0.2
Co-obligation in Loan Assignment FIDC/CRI (Memorandum Accounts)	666	761	969	(12.5)	(31.3)
	130	131	142	(0.8)	(8.5)

Co-obligation in Rural Loan Assignment (Memorandum Accounts)					
Subtotal of Operations bearing Credit Risk - Expanded Portfolio	**371,674**	**364,963**	**332,335**	**1.8**	**11.8**
Other Operations Bearing Credit Risk (4)	22,928	22,284	16,675	2.9	37.5
Total Operations bearing Credit Risk	**394,602**	**387,247**	**349,010**	**1.9**	**13.1**

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

Loan Financial Margin - Interest

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

Loan Portfolio(1) - By Flow of Maturities

In September 2012 versus September 2011 and June 2012, performing loan operations presented a longer debt maturity profile, mainly as a result of the increased volume of Brazilian Development Bank - BNDES and real-estate financing operations.

Note that these operations are subject to lower risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

(1) As defined by Bacen.

Loan Financial Margin - Interest

Loan Portfolio[1] - Delinquency over 90

Total delinquency ratio over 90 days was down 0.1 p.p. in the quarter, despite the changes in mix of business. It is worth highlighting Corporations' lower delinquency ratio.

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

(1) As defined by Bacen.

Loan Financial Margin - Interest

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

The loan portfolio, excluding renegotiation, stood at R$275.1 billion in September 2012, up 1.9% in the quarter. The graph below presents the behavior of the total portfolio and delinquency over 90 days, including and excluding renegotiation, both of which present similar trends, proof that renegotiation does not have a material effect on delinquency.

In September 2012, the renegotiated portfolio totaled R$9.3 billion, a 1.5% increase in the quarter. The renegotiated share in the total loan portfolio[1] was 3.3% in September 2012 (3.3% in June 2012). Note that, in September 2011, for an existing provision of 62.3% of the portfolio, net loss over the subsequent 12 months was 27.6%, meaning that the existing provision exceeded the loss recorded in the following 12 months by over 125%. Furthermore, the Organization's provisions remained stable in the period.

(1) As defined by Bacen.

Loan Financial Margin - Interest

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

An ALL of R$20.9 billion, representing 7.4% of the total portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing loans) and the excess provision (internal criteria).

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

(1) As defined by Bacen.

Loan Financial Margin - Interest

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in September 2011, for an existing provision of 7.3% of the portfolio[1], the effective gross loss in the subsequent twelve-month period was 4.5%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 64%, as shown in the graph below.

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In September 2011, for an existing provision of 7.3% of the portfolio[1], the net loss in the subsequent twelve-month period was 3.3%, meaning that the existing provision covered the loss in the subsequent 12 months by more than 119%.

(1) As defined by Bacen.

Loan Financial Margin - Interest

Allowance for Loan Losses [1]

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

(1) As defined by Bacen; and

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

Loan Financial Margin - Interest

Loan Portfolio(1) - Portfolio Indicators

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

			R$ million (except %)
	Sept12	**Jun12**	**Sept11**
Total Loan Operations (1)	**284,367**	**279,166**	**260,471**
- Individuals	113,308	110,952	103,901
- Corporate	171,058	168,215	156,570
Existing Provision	**20,915**	**20,682**	**19,091**
- Specific	10,897	10,809	9,173
- Generic	6,007	5,862	5,909
- Excess	4,011	4,010	4,009
Specific Provision / Existing Provision (%)	52.1	52.3	48.1
Existing Provision / Loan Operations (%)	7.4	7.4	7.3
AA–C Rated Loan Operations / Loan Operations (%)	91.5	91.4	92.2
D Rated Operations under Risk Management / Loan Operations (%)	2.5	2.3	2.0
E–H Rated Loan Operations / Loan Operations (%)	6.0	6.3	5.8
D Rated Loan Operations	7,192	6,356	5,268
Existing Provision for D Rated Loan Operations	1,982	1,738	1,419
D Rated Provision / Loan Operations (%)	27.6	27.3	26.9
D–H Rated Non-Performing Loans	16,262	16,105	13,381
Existing Provision/D–H Rated Non-Performing Loans (%)	128.6	128.4	142.7
E–H Rated Loan Operations	17,032	17,519	14,967
Existing Provision for E–H Rated Loan Operations	14,999	15,084	13,142
E–H Rated Provision / Loan Operations (%)	88.1	86.1	87.8
E–H Rated Non-Performing Loans	13,017	13,166	11,020
Existing Provision/E–H Rated Non-Performing Loan (%)	160.7	157.1	173.2
Non-Performing Loans (2)	14,447	14,365	11,963
Non-Performing Loans (2) / Loan Operations (%)	5.1	5.1	4.6
Existing Provision / Non-Performing Loans (2) (%)	144.8	144.0	159.6
Loan Operations Overdue for over 90 days	11,684	11,662	9,839
Existing Provision/Operations Overdue for over 90 days (%)	179.0	177.4	194.0

(1) As defined by Bacen; and

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

Funding Financial Margin- Interest

Funding Financial Margin - Breakdown

						R$ million
	Financial Margin - Funding					
	9M12	9M11	3Q12	2Q12	Variation	
					YTD	Quarter
Interest - due to volume					373	(14)
Interest - due to spread					(538)	(8)
Interest Financial Margin	**3,228**	**3,393**	**1,019**	**1,041**	**(165)**	**(22)**

Comparing the third quarter of 2012 with the second quarter of 2012, the interest funding financial margin decreased 2.1% or R$22 million. The variation was due to: (i) the R$14 million decrease in volume of operations; and (ii) the R$8 million decrease in average spread, reflecting lower interest rate (Selic).

In the first nine months of 2012, the interest funding financial margin posted a result of R$3,228 million against R$3,393 million in the same period of 2011, decreasing by 4.9%, or R$165 million, mainly driven by: (i) the R$538 million decrease in average spread, impacted by lower interest rate (Selic), and partially offset by: (ii) gains from average business volume, totaling R$373 million.

Funding Financial Margin - Interest

Loans x Funding

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

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

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

Funding x Investments	**R$ million**			**Variation %**	
	Sept12	**Jun12**	**Sept11**	**Quarter**	**12M**
Demand Deposits	33,627	32,529	31,862	3.4	5.5
Sundry Floating	4,735	4,122	3,660	14.9	29.4
Savings Deposits	65,540	62,308	56,584	5.2	15.8
Time Deposits + Debentures (1)	168,702	177,503	183,374	(5.0)	(8.0)
Financial Bills	31,234	31,124	19,285	0.4	62.0
Other	21,311	19,799	16,594	7.6	28.4
Customer Funds	**325,149**	**327,385**	**311,359**	**(0.7)**	**4.4**
(-) Compulsory Deposits/Available Funds (2)	(63,459)	(67,210)	(69,208)	(5.6)	(8.3)
Customer Funds Net of Compulsory Deposits	**261,690**	**260,175**	**242,151**	**0.6**	**8.1**
Onlending	31,832	32,122	32,930	(0.9)	(3.3)
Foreign Lines of Credit	16,360	17,018	12,412	(3.9)	31.8
Funding Abroad	45,057	51,411	46,237	(12.4)	(2.6)
Total Funding (A)	**354,939**	**360,726**	**333,730**	**(1.6)**	**6.4**
Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) (3)	**330,530**	**322,962**	**295,146**	**2.3**	**12.0**
B/A (%)	**93.1**	**89.5**	**88.4**	**3.6 p.p.**	**4.7 p.p.**

(1) Debentures mainly used to back purchase and sale commitments;
(2) Excluding government securities tied to savings accounts; and
(3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to CDI to rebate from compulsory deposits and debentures.

Funding Financial Margin - Interest

Main Funding Sources

The following table presents changes in main funding sources:

	R$ million			Variation %	
	Sept12	**Jun12**	**Sept11**	**Quarter**	**12M**
Demand Deposits	33,627	32,529	31,862	3.4	5.5
Savings Deposits	65,540	62,308	56,584	5.2	15.8
Time Deposits	113,379	121,761	135,848	(6.9)	(16.5)
Debentures (1)	55,323	55,742	47,526	(0.8)	16.4
Borrowing and Onlending	45,399	47,895	49,057	(5.2)	(7.5)
Funds from Issuance of Securities (2)	53,810	51,158	32,879	5.2	63.7
Subordinated Debts	34,507	34,091	26,180	1.2	31.8
Total	**401,585**	**405,484**	**379,936**	**(1.0)**	**5.7**

(1) Considering only debentures used to back purchase and sale commitments; and
(2) Including: Financial Bills, on September 30, 2012, amounting to R$31,234 million (R$31,124 million on June 30, 2012 and R$19,285 million on September 30, 2011).

Demand Deposits

Demand deposits amounted to R$33,627 million in the third quarter of 2012, a 3.4% increase quarter on quarter and 5.5% on the same period in 2011, mainly due to the improved funding, in addition to the increased account holder base.

(1) Additional installment is not included.

Savings Deposits

Savings deposits increased 5.2% in the quarter-on-quarter comparison and 15.8% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

(1) Additional installment is not included.

The new savings remuneration rule determines that: (i) the existing account savings up to May 3, 2012 will continue to remunerate at TR + 0.5% p.m.; and (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., the TR + 0.5% p.m. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

Bradesco is always increasing its savings accounts base and posted net growth of 7.7 million new savings accounts over the last 12 months.

Funding Financial Margin - Interest

Time Deposits

In the third quarter of 2012, time deposits totaled R$113,379 million, decreasing by 6.9% quarter on quarter and 16.5% on same period of the previous year.

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

(1) As defined by Bacen.

Debentures

On September 30, 2012, Bradesco's debentures amounted to R$55,323 million, a slight 0.8% decrease in the quarter-on-quarter comparison and a 16.4% increase over the last 12 months.

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

Borrowing and Onlending

The quarter-on-quarter R$2,496 million reduction was mainly due to a decreased foreign-currency-denominated and/or indexed borrowing and onlending, from R$12,517 million in June 2012 to R$10,267 million in September 2012, mainly driven by the settlement of operations.

Between the first nine months of 2012 and the same period in 2011, the balance fell 7.5%, or R$3,658 million, due to: (i) a R$621 million decrease in the volume of funds raised through loans and onlending in Brazil, especially through BNDES operations; and (ii) the R$3,037 million decrease in foreign-currency-denominated and/or indexed borrowing and onlending, from R$13,304 million in September 2011 to R$10,267 million in September 2012, mainly due to: (a) the settlement of operations; partially offset by: (b) the exchange gain of 9.5% in the period.

Funding Financial Margin - Interest

Funds for the Issuance of Securities

Funds from issuance of securities totaled R$53,810 million, a 5.2% or R$2,652 million increase in the quarter is mainly due to: (i) the increased volume of securities issued abroad of R$1,613 million; (ii) the greater volume of Mortgage Bonds, in the amount of R$616 million; and (ii) growth in the volume of Letters of Credit for Agribusiness, in the amount of R$491 million.

When compared to the same period in 2011, the first nine months of the year posted a growth of 63.7%, or R$20,931 million, mainly the result of: (i) new issuances of Financial Bills, up by R$11,949 million, from R$19,285 million in September 2011 to R$31,234 million in September 2012; (ii) the increase in volume of securities issued abroad, in the amount of R$5,846 million, a result of exchange gains of 9.5% and new issuances carried out in the period; (iii) the higher volume of Mortgage Bonds, in the amount of R$2,061 million; and (iv) the higher volume of Letters of Credit for Agribusiness, in the amount of R$1,415 million.

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

Subordinated Debt

Subordinated Debt totaled R$34,507 million in September 2012 (R$8,715 million abroad and R$25,792 million in Brazil). In the last 12 months, Bradesco issued R$10,675 million (R$2,008 million abroad and R$8,667 million in Brazil).

Additionally, note that, in the third quarter of 2012, the Brazilian Central Bank authorized the use of

Subordinated Financial Bills amounting to R$273 million (R$7,878 million in the second quarter of 2012) to compose Tier II of the Capital Adequacy Ratio, of which only R$24,842 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.

Securities / Other Financial Margin - Interest

Securities / Other Financial Margin - Breakdown

R$ million

	Financial Margin - Securities / Other					
	9M12	9M11	3Q12	2Q12	Variation YTD	Variation Quarter
Interest - due to volume					838	72
Interest - due to spread					985	(31)
Interest Financial Margin	**3,841**	**2,018**	**1,430**	**1,389**	**1,823**	**41**
Income	24,758	25,723	7,110	9,049	(965)	(1,939)
Expenses	(20,917)	(23,705)	(5,680)	(7,660)	2,788	1,980

In the comparison between the third quarter of 2012 and the previous quarter, the interest financial margin from Securities/Other was up by R$41 million, mainly due to: (i) the increase in volume, which accounted for R$72 million, and offset by: (ii) R$31 million decrease in average spread.

In the first nine months of 2012, the interest financial margin with Securities/Other stood at R$3,841 million, versus R$2,018 million recorded in the same period a year earlier, up 90.3% or R$1,823 million. This result was due to: (i) a R$985 million increase in the average spread, and (ii) an increase in the volume of operations which affected the result in R$838 million.

Insurance Financial Margin - Interest

Insurance Financial Margin - Breakdown

R$ million

	Financial Margin - Insurance					
	9M12	9M11	3Q12	2Q12	Variation YTD	Variation Quarter
Interest - due to volume					372	33
Interest - due to spread					(719)	(65)
Interest Financial Margin	**2,271**	**2,618**	**694**	**726**	**(347)**	**(32)**
Income	8,546	7,419	3,206	2,265	1,127	941
Expenses	(6,275)	(4,801)	(2,512)	(1,539)	(1,474)	(973)

In the quarter-on-quarter comparison, interest financial margin from insurance operations posted a decrease of R$32 million, or 4.4%, mainly due to: (i) a R$65 million decrease in average spread, due to the increase of IGP-M, which impacted the adjustment of part of the period`s technical reserves, and offset by: (ii) the increase in the volume of operations, amounting to R$33 million.

Between the first nine months of 2012 and the same period of 2011, interest financial margin from insurance operations was down 13.3%, or R$347 million, due to: (i) the R$719 million loss in average spread, and (ii) the increase in volume of operations, amounting to R$372 million.

Financial Margin - Non-Interest

Non-Interest Financial Margin - Breakdown

						R$ million
	Non-Interest Financial Margin					
	9M12	9M11	3Q12	2Q12	Variation	
					YTD	Quarter
Funding	(218)	(219)	(72)	(73)	1	1
Insurance	266	142	84	19	124	65
Securities/Other	1,293	1,455	340	570	(162)	(230)
Total	**1,341**	**1,378**	**352**	**516**	**(37)**	**(164)**

The non-interest financial margin in the third quarter of 2012 stood at R$352 million versus R$516 million in the second quarter of 2012. Margin was down R$37 million in the first nine months of 2012 when compared to the same period a year earlier. Main variations in the non-interest financial margin were due to:

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

- "Securities / Other," a R$230 million decrease in the quarter-on-quarter comparison and a R$162 million decrease in the year-on-year comparison, reflecting the lower gains from Treasury/Securities.

Insurance, Pension Plans and Capitalization Bonds

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

Consolidated Statement of Financial Position

			R$ million
	Sept12	**Jun12**	**Sept11**
Assets			
Current and Long-Term Assets	**142,288**	**137,008**	**117,988**
Securities	133,738	128,526	110,502
Insurance Premiums Receivable	1,995	2,009	1,748
Other Loans	6,555	6,473	5,738
Permanent Assets	**3,456**	**3,312**	**2,616**
Total	**145,744**	**140,320**	**120,604**
Liabilities			
Current and Long-Term Liabilities	**127,194**	**122,494**	**105,422**
Tax, Civil and Labor Contingencies	2,266	2,179	1,950
Payables on Insurance, Pension Plan and Capitalization Bond Operations	340	362	367
Other Liabilities	6,781	8,163	6,006
Insurance Technical Reserves	10,217	8,705	7,982
Life and Pension Plan Technical Reserves	102,425	98,199	84,788
Capitalization Bond Technical Reserves	5,165	4,886	4,329
Non-controlling Interest	**631**	**624**	**646**
Shareholders' Equity	**17,919**	**17,202**	**14,536**
Total	**145,744**	**140,320**	**120,604**

Consolidated Income Statement

Below we point out the main non-recurring events in the third quarter of 2012 which, however, had not an impact on Insurance Group's result: (i) Financial Assets: Aiming at streamlining our Assets Liability Management - ALM, we extended the terms of some available-for-sale securities covering technical reserves. This resulted in a R$2.1-billion gain in financial revenues; and (ii) Technical Reserves: Based on economic and actuarial studies, the Insurance Group decided to adapt its long-term technical reserves for pension and health plans to the current real interest rates. As a result, we had a R$2.1 billion expense on additional technical reserves. Note that, despite the R$2.1 billion expense with available-for-sale securities, this portfolio's mark-to-market balance increased R$189 million in the third quarter of 2012, totaling R$5.8 billion in September 2012 (June 2012 - R$5.6 billion).

	9M12	9M11	3Q12	R$ million 2Q12
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	31,092	26,498	10,104	11,570
Premiums Earned f rom Insurance, Pension Plan Contribution and Capitalization Bond (1)	16,388	14,063	5,763	5,413
Financial Result f rom the Operation (1)	2,452	2,584	757	722
Sundry Operating Income	815	773	203	356
Retained Claims	(9,470)	(8,317)	(3,282)	(3,108)
Capitalization Bond Draws and Redemptions	(2,400)	(1,926)	(891)	(800)
Selling Expenses	(1,738)	(1,384)	(592)	(552)
General and Administrative Expenses	(1,441)	(1,559)	(519)	(498)
Other Operating Income/Expenses	(211)	(211)	(64)	(47)
Tax Expenses	(346)	(339)	(108)	(123)
Operating Result	**4,049**	**3,684**	**1,268**	**1,363**
Equity Result	313	186	127	90
Non-Operating Income	(29)	(27)	(10)	(10)
Income before Taxes and Profit Sharing	**4,333**	**3,843**	**1,385**	**1,443**
Income Tax and Contributions	(1,592)	(1,338)	(506)	(525)
Profit Sharing	(58)	(44)	(19)	(19)
Non-controlling Interest	(60)	(120)	(23)	(18)
Net Income	**2,623**	**2,341**	**837**	**881**

(1) For comparison purposes, 3Q12 non-recurring events were not considered.

Insurance, Pension Plans and Capitalization Bonds

Income Distribution of Grupo Bradesco Seguros e Previdência

R$ million

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Life and Pension Plans	493	494	493	535	486	470	442	485
Health	133	148	151	181	132	200	201	177
Capitalization Bonds	86	91	104	87	86	79	86	63
Basic Lines and Other	125	148	157	57	76	51	32	54
Total	**837**	**881**	**905**	**860**	**780**	**800**	**761**	**779**

Performance Ratios

%

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Claims Ratio (1)	70.4	71.3	71.9	68.6	71.5	72.2	72.0	71.1
Expense Ratio (2)	11.3	11.1	11.1	11.1	10.5	10.8	10.0	10.8
Administrative Expenses Ratio (3)	5.0	4.3	5.0	4.5	5.8	5.4	6.1	5.8
Combined Ratio (4) (5)	86.5	85.0	85.6	83.6	86.2	85.8	86.1	85.1

(1) Retained Claims/Earned Premiums;
(2) Selling Expenses/Earned Premiums;
(3) Administrative Expenses/Net Written Premiums;
(4) (Retained Claims + Selling Expenses + Other Operating Income and Expenses) / Earned Premiums + (Administrative Expenses + Taxes) / Net Written Premiums; and
(5) Excluding additional reserves.
Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

In view of the excellent performance of "Life and Pension Plan" and "Capitalization Bond" products in the second quarter of 2012 and the insurance segment seasonality in the period, the R$10.1 billion revenue in the third quarter of 2012 was lower than that of the previous quarter, but up 12.0% when compared to the third quarter of 2011.

Production in the first nine months of 2012 posted a 17.3% increase comparing to the same period in the previous year, mainly driven by the performance of all segments, which had more than a two-digit growth.

Insurance, Pension Plans and Capitalization Bonds

Written Premiums, Pension Plan Contributions and Capitalization Bond Income

Insurance, Pension Plan and Capitalization Bonds

Retained Claims by Insurance Line

Insurance, Pension Plan and Capitalization Bonds

Insurance Expense Ratio by Insurance Line

Insurance, Pension Plans and Capitalization Bonds

Efficiency Ratio

General and Administrative Expenses/Revenue

Year on year, the efficiency ratio decreased 0.8 p.p. in the third quarter of 2012 due to: (i) the 12.0% increase in revenue for the period; and (ii) the 4.6% decrease in general and administrative expenses, even considering the collective bargaining agreement, which occurred in January 2012.

Insurance, Pension Plans and Capitalization Bonds

Insurance Technical Reserves

Bradesco Vida e Previdência

	R$ million (unless otherwise stated)							
	3Q12	**2Q12**	**1Q12**	**4Q11**	**3Q11**	**2Q11**	**1Q11**	**4Q10**
Net Income	493	494	493	535	486	470	442	485
Premium and Contribution Income (1)	5,002	6,737	5,009	6,886	4,708	5,493	4,059	5,385
- Income from Pension Plans and VGBL	3,988	5,816	4,090	5,926	3,829	4,713	3,317	4,617
- Income from Life/Personal Accidents Insurance Premiums	1,014	921	919	960	879	780	742	768
Technical Reserves	102,425	98,199	93,861	91,008	84,788	81,991	78,547	76,283
Investment Portfolio	110,182	106,102	100,366	96,047	91,806	88,255	85,182	82,786
Claims Ratio	34.6	43.5	41.3	38.3	44.4	47.4	43.6	44.1
Expense Ratio	21.2	19.2	21.3	19.1	18.5	19.2	19.2	19.5
Combined Ratio	60.8	68.4	70.8	66.1	71.3	75.4	71.9	74.7
Participants / Policyholders (in thousands)	25,295	25,257	24,534	24,582	24,051	23,109	22,698	22,186
Premium and Contribution Income Market Share (%) (2)	28.9	29.9	27.5	33.1	31.6	32.0	28.1	31.2
Life/AP Market Share - Insurance Premiums (%) (2)	17.7	17.4	17.3	17.6	16.9	16.3	16.0	17.3

(1) Life/VGBL/PGBL/Traditional; and
(2) 3Q12 includes the latest data released by Susep (August 2012).
Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência leads the segment with a 28.9% market share in terms of pension plan and VGBL (Susep) income in the period.

Net income for the third quarter of 2012 remained stable when comparing to the previous quarter, influenced by: (i) the "Life/AP" product performance, with a 10.1% increase in sales in the period; (ii) the decreased claims ratio; and offset by: (iii) a decrease in the financial result.

Net income for the first nine months of 2012 was up 5.9% from that of the same period in 2011, mainly resulting from: (i) the 17.4% increase in revenue; (ii) a 5.6 p.p. decrease in "Life" product claims ratio; (iii) the decrease in general and administrative expenses, even when accounting for the collective bargaining agreement in January 2012; and partially offset by: (iv) a decrease in the financial result.

Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical reserves stood at R$102.4 billion in September 2012, made up of R$97.4 billion from the “Pension Plans and VGBL” product and R$5.0 billion from “Life,” “Personal Accidents” and “Other Lines” products, up 20.8% over September 2011.

The Pension Plan and VGBL Investment Portfolio totaled R$105.1 billion in August 2012, equal to 33.6% of all market funds (source: Fenaprevi).

Growth of Participants and Life and Personal Accident Policyholders

In September 2012, the number of Bradesco Vida e Previdência customers grew by 5.2% compared to September 2011, surpassing a total of 2.2 million pension plan and VGBL plan participants and 23.0 million personal accident participants. This impressive growth was fueled by the strength of the Bradesco brand and the improvement of selling and product management policies.

Bradesco Saúde and Mediservice

	R$ million (unless otherwise stated)							
	3Q12	**2Q12**	**1Q12**	**4Q11**	**3Q11**	**2Q11**	**1Q11**	**4Q10**
Net Income	133	148	151	181	132	200	201	177
Net Written Premiums	2,498	2,338	2,251	2,170	2,114	2,016	1,940	1,808
Technical Reserves	5,466	4,128	4,072	3,984	3,942	3,848	3,708	3,481
Claims Ratio	86.9	86.1	86.4	83.4	87.3	87.7	87.6	84.0
Expense Ratio	5.0	4.9	4.8	4.7	4.4	4.3	4.2	4.2
Combined Ratio	99.9	96.9	97.9	96.1	98.9	99.6	100.0	100.2
Policyholders (in thousands)	3,873	3,707	3,627	3,458	3,384	3,244	3,144	3,100
Written Premiums Market Share (%) (1)	47.4	46.9	46.7	47.9	47.5	47.4	49.4	49.5

(1) 3Q12 considers the latest data released by ANS (August 2012).
Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Revenue posted a 6.8% growth comparing with the previous quarter. Net income for the third quarter of 2012 decreased 10.1% quarter on quarter, mainly due to: (i) the 0.8% p.p. increase in claims ratio, driven by: (a) the seasonality of medical and hospital expenses; and (b) more business days for claims payment.

The result for the first nine months of 2012 was down 18.9% over the same period of the previous year, due to: (i) the decrease in financial result, driven by the payment of dividends amounting to R$900 million in December 2011; (ii) the decrease in equity income, partially offset by: (iii) the 16.8% increase in revenue; (iv) the 1.0 p.p. decrease in the claims ratio; and (v) lower general and administrative expenses.

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

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

Bradesco Saúde and Mediservice

Number of Policyholders at Bradesco Saúde and Mediservice

Together, the two companies have over 3.8 million customers. The high share of corporate policies in the overall portfolio (94.9% in September 2012) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

Bradesco Capitalização

	R$ million (unless otherwise stated)							
	3Q12	**2Q12**	**1Q12**	**4Q11**	**3Q11**	**2Q11**	**1Q11**	**4Q10**
Net Income	86	91	104	87	86	79	86	63
Capitalization Bond Income	1,013	937	795	798	849	751	649	706
Technical Reserves	5,165	4,886	4,663	4,571	4,329	4,096	3,891	3,724
Customers (in thousands)	3,426	3,358	3,228	3,097	3,024	2,888	2,794	2,691
Premium Income Market Share (%) (1)	22.6	22.2	21.2	21.6	21.4	21.3	21.2	21.1

(1) 3Q12 considers the latest data released by Susep (August 2012).

Revenues from capitalization bonds for the third quarter of 2012 grew by 8.1% when compared to the previous quarter. Net income for the quarter was 5.5% lower than that of the second quarter of 2012, influenced by an increase in the reserve for redemptions/draws.

Net income for the first nine months of 2012 grew by 12.0% when compared to the same period of the previous year, mainly due to: (i) the 22.1% increase in revenues from capitalization bonds; (ii) an improved management efficiency ratio; and partially offset by: (iii) the decrease in the financial result, driven by the payment of dividends amounting to R$300 million in December 2011.

Bradesco Capitalização

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

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

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

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

The portfolio is composed of 21.2 million active bonds, of which: 38.3% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, up 17.1% over September 2011; and 61.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 1.3% over September 2011. Given that the purpose of this type of capitalization bond is to add value to the associated company or even encourage the performance of its customers, bonds have reduced maturity and grace terms and a lower sale price.

Bradesco Auto/RE

R$ million (unless otherwise stated)

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Net Income	42	26	49	33	50	44	39	58
Net Written Premiums	1,239	1,208	967	983	1,042	1,061	871	865
Technical Reserves	4,508	4,345	4,148	3,920	3,853	3,828	3,688	3,554
Claims Ratio	63.9	64.2	64.7	65.9	61.3	61.0	68.1	69.3
Expense Ratio	18.7	18.8	18.4	18.2	17.4	17.6	17.2	17.6
Combined Ratio	105.8	104.1	107.4	108.2	104.1	97.9	110.2	106.9
Policyholders (in thousands)	3,968	3,826	3,801	3,694	3,632	3,567	3,330	3,337
Premium Income Market Share (%) (1)	10.6	10.5	9.8	10.1	10.4	10.5	9.7	10.6

(1) 3Q12 considers the latest data released by Susep (August 2012).

Net income for the third quarter of 2012 was up by 61.5% from the previous quarter, due to: (i) a 0.3 p.p. decrease in claims ratio, impacted by: (a) a 2.5 p.p. decrease in "Auto" segment, due to increased risk premium; and offset by (b) a 8.7 p.p. growth in "Basic Lines" segment, due to high claims ratio in transport and certain claims; (ii) an increase in the financial result; and (iii) higher equity result.

Net income for the first nine months of 2012 was 12.0% lower than that posted in the same period of 2011, due to: (i) a decrease in the financial result; (ii) the 0.8 p.p. increase in claims ratio, resulting from: (a) a 2.6 p.p. growth in "Auto" segment, boosted by higher average claims ratio and the increase in frequency of theft/robbery in Brazil's main capital cities; and mitigated by: (b) a 4.6 p.p. decrease in "Basic Lines" segment, driven by the increase in "Residential" portfolio; partially offset by: (iii) the improved equity result; and (iv) lower general and administrative expenses, even with the raise in salary set out in the collective bargaining agreement in January 2012.

In the Property Insurance segment, the focus on "Bradesco Corporate" large brokers and customers was maintained. This results in renewal of the main accounts, whether in leadership or participation in co-insurance. Also note the excellent performance

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

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

Despite strong competition in the Auto/RCF line, the insurer has increased its customer base, mainly due to improvements to current products and the creation of products for a specific target-public. Among them, it is worth noting the launch of the First Vehicular Protection of Bradesco Seguro (*Bradesco Seguro Primeira Proteção Veicular*), an exclusive product to Bradesco's account holders, which helps, through the Day and Night Support services, vehicles from 3 to 10 years of use.

For better service, Bradesco Auto/RE currently has 22 Bradesco Auto Centers (BAC), which offer of “Engineering Risks” segment: the partnership with Banco Bradesco’s Real Estate Loan area has enabled new insurance contracts from its customer base

policyholders the greatest variety of services in a single place, including: auto claims services, reserve rental cars, installation of anti-theft equipment, preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

Bradesco Auto/RE

Number of Policyholders at Auto/RE

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to growth in the customer base, which increased by 9.3% in the last 12 months, to a total of 4.0 million customers.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with a 32% growth in premiums from January to August (higher than the market growth), totaling more than 2 million insured homes.

Fee and Commission Income

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

Fee and Commission Income	9M12	9M11	3Q12	2Q12	Variation YTD	R$ million Quarter
Card Income	4,373	3,691	1,527	1,456	682	71
Checking Account	2,378	2,039	826	805	339	21
Fund Management	1,622	1,451	562	535	171	27
Loan Operations	1,563	1,455	538	524	108	14
Collection	974	893	338	322	81	16
Consortium Management	452	389	159	150	63	9
Custody and Brokerage Services	359	318	122			