

BANK BRADESCO  
Form 6-K  
January 28, 2010

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

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**FORM 6-K**

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

**For the month of January, 2010**

**Commission File Number 1-15250**

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**BANCO BRADESCO S.A.**

(Exact name of registrant as specified in its charter)

**BANK BRADESCO**

(Translation of Registrant's name into English)

**Cidade de Deus, s/n, Vila Yara**

**06029-900 - Osasco - SP**

**Federative Republic of Brazil**

(Address of principal executive office)

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒



## Highlights

The main figures obtained by Bradesco in fiscal year 2009 are presented below:

1. Net Income in 2009 was R\$8.012 billion (an increase of 5.1% from R\$7.625 billion in 2008), corresponding to earnings per share of R\$2.34 and Return on Average Shareholders' Equity<sup>(1)</sup> of 21.4% .
2. Net Income was comprised of R\$5.289 billion from financial activities, which represented 66% of the total, and R\$2.723 billion from insurance, private pension and savings bond operations, which accounted for 34% of the total.
3. Bradesco's market capitalization stood at R\$103.192 billion on December 31, 2009, with the preferred shares gaining 65.5% <sup>(2)</sup> during 2009.
4. Total Assets stood at R\$506.223 billion at year-end 2009, an increase of 11.4% from the ending balance in 2008. Return on average assets was 1.7% in the year, compared with 1.9% in 2008.
5. The Total Loan Portfolio<sup>(3)</sup> stood at R\$228.078 billion in December 2009, up by 6.8% from the ending balance in 2008. Operations with individuals totaled R\$82.085 billion (up 11.5%), while operations with companies totaled R\$145.993 billion (up 4.3%) .
6. Total Assets under Management stood at R\$702.065 billion, an increase of 17.5% from year-end 2008.
7. Shareholders' Equity was R\$41.754 billion in December 2009, increasing by 21.9% from year-end 2008. The Capital Adequacy Ratio (Basel II) stood at 17.8% in December 2009, 14.8% of which under Tier I Capital.
8. In 2009, Interest on Equity and Dividends in the amount of R\$4.599 billion were paid and provisioned in fiscal year 2009, of which R\$2.718 billion was related to income generated in the period and R\$1.881 billion to income from fiscal year 2008.
9. The Efficiency Ratio<sup>(4)</sup> stood at 41.0% in December 2009 (43.3% in December 2008).
10. Investments in infrastructure, technology and telecommunications amounted to R\$3.457 billion, up 29.5% in relation to 2008.
11. Taxes and contributions, including social security, paid or provisioned, calculated based on the main activities of Bradesco Organization in 2009, amounted to R\$7.743 billion, equivalent to 96.6% of Net Income. Financial intermediation taxes withheld and paid by the Organization amounted to R\$5.802 billion.
12. Banco Bradesco has an extensive distribution network in Brazil, with 6,015 Branches, PAB mini-branches and PAAs (3,454 Branches, 1,190 PABs and 1,371 PAAs). Customers can also make use of the 1,551 PAEs, 30,657 ATMs in the Bradesco Dia&Noite (Day&Night) network, 20,200 Bradesco Expresso service points, 6,067 Banco Postal (Postal Bank) branches, 55 branches of Bradesco Financiamentos and 7,300 ATMs in the Banco24Horas (24HourBank) network.
13. In 2009, employee payroll plus charges and benefits totaled R\$6.835 billion. Social benefits provided to the 85,548 employees of the Bradesco Organization<sup>(5)</sup> and their dependents amounted to R\$1.570 billion, while investments in training and development programs totaled R\$86.784 million.

(1) Excludes the asset valuation adjustments recorded under Shareholders' Equity; (2) Adjusted by dividends/interest on equity received/declared; (3) Includes Sureties and Guarantees, advances of credit cards receivables and loan assignments (receivables-backed investment funds and mortgage-backed receivables); (4) Last 12 months; and (5) Considers 476 employees from Banco Ibi.

14. In October 2009, a Special Shareholders' Meeting was held for the merger of stock in Banco Ibi, transforming it into a wholly owned subsidiary.

15. In December 2009, a merger was made of stock in Bradesco Dental, making it a wholly owned subsidiary of Odontoprev S.A. As a result of the transaction, Bradesco Saúde, the controlling shareholder of Bradesco Dental, now holds a 43.5% interest in Odontoprev S.A. The partnership between the two companies should lead to the capture of scale gains resulting from the combination of the best practices in managing claims and in particular from consolidation of the two sales platforms.

16. In November 2009, Bradesco achieved 100% geographic inclusion in Brazil, with a "Presence" in all of the country's 5,564 municipalities.

17. In December 2009, the Central Bank of Brazil approved a R\$2.0 billion increase in Bradesco's capital, which went from R\$24.5 billion to R\$26.5 billion, accompanied by a 10% stock bonus. Since the monthly amount paid per share will be maintained, shareholders will receive a 10% increase in the monthly remuneration.

18. In December 2009, Bradesco inaugurated the world's first floating bank branch, which was installed on a vessel that travels a route on the Solimões River in the state of Amazonas, and serves a population of 210 thousand.

19. Main Awards and Recognitions received in the fourth quarter of 2009:

According to a study published by the consulting firm Economática, Bradesco was the most profitable bank in Latin America and the United States (based on ROA in 9M09);

Bradesco ranks among the exclusive group of the 12 best companies to work for in Brazil (Great Place to Work / *O Estado de S. Paulo* newspaper);

Bradesco is the best bank in people management, according to the annual survey *As Melhores na Gestão de Pessoas* (sponsored by *Valor Carreira/Valor Econômico*);

Grupo Bradesco Seguros e Previdência was the leader among Ibero-American insurance companies in terms of total insurance premiums in Latin America, according to the Mapfre Foundation; and

Bradesco received the 2009 *Época* Climate Change Award for being a leader in the monitoring and reduction of the environmental impacts caused by its activities (*Época* magazine).

20. Bradesco's sustainability actions are divided into three pillars: (i) Sustainable Finances, with a focus on banking inclusion, social and environmental variables for loan approvals and offering social and environmental products; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focused on education, the environment, culture and sports.

The highlight in this area is Fundação Bradesco, which for 53 years has been developing a broad social and educational program that operates 40 schools across Brazil. In 2009, Fundação provided services over 430 thousand times in its various operating segments: School Network, Virtual School, e-learning portal and Digital Inclusion Centers (CIDs). The roughly 50 thousand students enrolled in basic education also receive, at no charge, uniforms, school materials, food and medical and dental care.

21. In January 2010, Bradesco signed a Memorandum of Understanding with the controlling shareholders of Ibi Services S. de R. L. México (Ibi México) and RFS Human Management S. de R. L. for the purpose of acquiring 100% of its capital stock, and in parallel entered into a Partnership Agreement with C&A México S. de R.L. (C&A México) to jointly sell, on an exclusive basis and for a period of 20 years, financial products and services through the stores of the C&A México chain. The transactions are subject to final approval by the respective authorities in Brazil and Mexico.

Statement of Income for the Period - R\$ million

Balance Sheet - R\$ millionPerformance Indicators % (except when otherwise stated)6

Assets - Repos - Permanent  
Assets) Annualized

Fixed Assets Ratio - Total Consolidated	18.6	15.4	15.1	14.1	13.5	17.6	16.2	12.1	3.2 p.p	5.1 p.p
Combined Ratio - Insurance (5)	83.4	88.9	85.5	86.2	89.7	84.4	84.9	83.9	(5.5) p.p	(6.3) p.p
Efficiency Ratio (ER) (2)	41.0	41.7	42.0	42.7	43.3	43.0	42.6	42.9	(0.7) p.p	(2.3) p.p
Coverage Ratio (Fees and Commissions/Administrative and Personnel Expenses)(2)	66.5	66.4	67.3	67.2	68.4	70.4	72.7	73.7	0.1 p.p	(1.9) p.p
Market Capitalization - R\$ million (6)	103,192	98,751	81,301	65,154	65,354	88,777	95,608	93,631	4.5	57.9

## Loan Portfolio Quality %

PLL / Loan Portfolio	8.5	8.3	7.7	6.3	5.7	5.5	5.6	5.6	0.2 p.p	2.8 p.p
Non-Performing Loans (> 60 days (7) / Loan Portfolio)	5.7	5.9	5.6	5.2	4.4	4.0	4.1	4.1	(0.2) p.p	1.3 p.p
Delinquency Ratio (> 90 days (7) / Loan Portfolio)	4.9	5.0	4.6	4.2	3.4	3.4	3.4	3.4	(0.1) p.p	1.5 p.p
Coverage Ratio (> 90 days (7))	174.6	166.5	169.1	152.4	165.6	163.6	165.9	166.5	8.1 p.p	9.0 p.p
Coverage Ratio (> 60 days (7))	148.6	139.4	137.9	122.3	130.7	135.7	136.6	137.0	9.2 p.p	17.9 p.p

## Operating Limits %

Capital Adequacy Ratio - Total Consolidated (8)	17.8	17.7	17.0	16.0	16.1	15.6	12.9	13.9	0.1 p.p	1.7 p.p
- Tier I	14.8	14.3	14.3	13.2	12.9	12.5	10.1	10.5	0.5 p.p	1.9 p.p
- Tier II	3.1	3.5	2.8	2.9	3.3	3.3	2.9	3.6	(0.4) p.p	(0.2) p.p
- Deductions	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	-	-

									Variation %	
	Dec09	Sep09	Jun09	Mar09	Dec08	Sep08	Jun08	Mar08	Dec09 x Sep09	Dec09 x Dec08

## Structural Information - Units

Service points	44,632	42,627	41,067	39,427	38,183	36,140	34,709	32,758	4.7	16.9
- Branches	3,454	3,419	3,406	3,375	3,359	3,235	3,193	3,169	1.0	2.8
- Advanced Service Branch (PAAs) <sup>(9)</sup>	1,371	1,338	1,260	1,183	1,032	902	584	135	2.5	32.8
- Mini-Branches (PABs) <sup>(9)</sup>	1,190	1,194	1,192	1,184	1,183	1,185	1,181	1,175	(0.3)	0.6
- Eletronic Service Branch (PAEs) <sup>(9)</sup>	1,551	1,539	1,528	1,512	1,523	1,561	1,545	1,515	0.8	1.8
- External ATM Network Terminals	3,577	3,569	3,516	3,389	3,296	3,074	2,904	2,877	0.2	8.5
- 24-Hour Bank Network Assisted Terminals	6,486	5,980	5,558	5,068	4,732	4,378	4,153	3,763	8.5	37.1
- Banco Postal (Postal Bank)	6,067	6,038	6,011	5,959	5,946	5,924	5,882	5,851	0.5	2.0
- Bradesco Expresso (Correspondent Banks)	20,200	18,722	17,699	16,710	16,061	14,562	13,413	12,381	7.9	25.8
- Bradesco Financiamentos (Branches)	55	64	64	152	156	216	268	357	(14.1)	(64.7)
- Bradesco Promotora de Vendas (Correspondent Banks)	670	753	822	884	883	1,078	1,561	1,510	(11.0)	(24.1)
- Credicerto Promotora de Vendas (Branches)	-	-	-	-	-	13	13	13	-	-
- Branches/Subsidiaries Abroad	11	11	11	11	12	12	12	12	-	(8.3)
ATMs	37,957	37,178	36,430	35,443	34,524	32,942	31,993	30,956	2.1	9.9
- Proprietary	30,657	30,414	30,191	29,764	29,218	28,092	27,362	26,735	0.8	4.9
- 24-Hour Bank	7,300	6,764	6,239	5,679	5,306	4,850	4,631	4,221	7.9	37.6
Credit and Debit Card <sup>(10)</sup> - in millions	132.9	88.4	86.3	85.2	83.2	81.6	79.3	74.3	50.3	59.7
Internet Banking - users in millions	11.0	10.7	10.4	10.1	9.8	9.5	9.2	8.8	2.8	12.2
Employees <sup>(11)</sup>	85,548	85,027	85,871	86,650	86,622	85,577	84,224	83,124	0.6	(1.2)
Employees and Interns	9,589	9,606	9,439	9,292	9,077	8,971	8,704	8,574	(0.2)	5.6
Foundations' Employees <sup>(12)</sup>	3,654	3,696	3,645	3,674	3,575	3,622	3,607	3,577	(1.1)	2.2

## Clients - million

Checking Accounts	20.9	20.7	20.4	20.2	20.1	20.0	19.8	19.1	1.0	4.0
Savings Accounts <sup>(13)</sup>	37.7	35.1	33.9	34.2	35.8	33.8	32.5	32.2	7.4	5.3
Insurance Group <sup>(14)</sup>	30.8	30.3	29.1	28.6	27.5	26.8	25.8	25.0	1.7	12.0



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- Policyholders	26.3	25.8	24.6	24.1	23.0	22.4	21.5	20.8	1.9	14.3
- Pension Plan										
Participants	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	-	-
- Savings Bonds Clients	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.3	-	-
Bradesco										
Financiamentos	4.0	4.1	4.0	4.2	4.9	4.9	5.0	5.3	(2.4)	(18.4)

(1) Includes sureties and guarantees, advances of credit card receivables and credit assignments (receivables-backed investment funds and mortgage-backed receivables);

(2) Last 12 months;

(3) Excludes the asset valuation adjustments recorded under Shareholders' Equity;

(4) Accrued Net Income in period;

(5) Excluding additional provisions;

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

(7) Credits overdue;

(8) (i) As of 3Q08, calculated in accordance with the new Basel II Accord. (ii) Excluding the additional provision that currently comprises the Reference Assets of Tier I Capital, due to CMN Resolution 3,825/2009 revoking its use as of April 2010, Bradesco's consolidated capital adequacy ratio in December 2009 would be 16.9%;

(9) PAB: Branch located on the premises of a company and with a Bradesco employees; PAE: ATM located on the premises of a company; PAA: service point located in a municipality without a Bank branch;

(10) Includes Prepaid, Private Label, Pague Fácil and Banco Ibi as of 4Q09;

(11) Considers 476 employees from Banco Ibi;

(12) Comprises Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports Association (ADC Bradesco);

(13) Number of accounts;

(14) Number of policies.

**Ratings****Main Ratings**

Fitch Ratings							
International Scale				Domestic Scale			
Individual	Support	Domestic Currency		Foreign Currency		Domestic	
B/C	3	Long-Term BBB +	Short-Term F2	Long-Term BBB	Short-Term F2	Long-Term AAA (bra)	Short-Term F1 + (bra)

Moody's Investors Service							
Financial Strength	International Scale				Domestic Scale		
B-	Debt Foreign Currency	Deposit Domestic Currency		Deposit Foreign Currency		Domestic Currency	
	Long-Term Baa2	Long-Term A1	Short-Term P - 1	Long-Term Baa3	Short-Term P-3	Long-Term Aaa.br	Short-Term BR - 1

Standard & Poor's						R&I Inc.	Austin Rating	
International Scale - Counterparty Rating				Domestic Scale		International Scale	Corporate Governance	D
Foreign Currency	Domestic Currency		Counterparty Rating		Issuer Rating			
Long-Term BBB	Short-Term A - 3	Long-Term BBB	Short-Term A - 3	Long-Term brAAA	Short-Term brA - 1	BBB -	AA	AA

**Net Income vs. Adjusted Net Income**

The main non-recurring events that influenced net income, both in the quarter and in the fiscal year, are presented below in a comparative chart:

	R\$ million			
	4Q09	3Q09	2009	2008
<b>Net Income</b>	<b>2,181</b>	<b>1,811</b>	<b>8,012</b>	<b>7,620</b>
<b>Non-recurring Events</b>	<b>(342)</b>	<b>(16)</b>	<b>(426)</b>	<b>5</b>
- Partial / Total Sale of Investments <sup>(1)</sup>	(53)	(410)	(2,460)	(806)
- Additional PLL	-	-	1,477	597
- Full Goodwill Amortization	-	-	-	53
- Civil Provision - Economic Plans	111	387	915	124
- Law 11,941/09 (REFIS) <sup>(2)</sup>	(388)	-	(388)	-
- Other <sup>(3)</sup>	30	-	30	60
- Tax Effects	(42)	7	-	(23)
<b>Adjusted Net Income</b>	<b>1,839</b>	<b>1,795</b>	<b>7,586</b>	<b>7,625</b>
<b>ROAE %</b>	<b>23,7%<sup>(*)</sup></b>	<b>21,8%<sup>(*)</sup></b>	<b>21,4%</b>	<b>23,8%</b>
<b>ROAE (ADJUSTED) %</b>	<b>19,7%<sup>(*)</sup></b>	<b>21,5%<sup>(*)</sup></b>	<b>20,3%</b>	<b>23,8%</b>

(\*) Annualized ROAE;

(1) Gross gain of R\$53 million from the partial divestment of Cetip in 4Q09; gross gain of R\$410 million from the sale of the over-allotment shares in Cielo (former Visanet) in 3Q09. In 2009: gross gain (R\$2,460 million) from the partial divestment of the investment in Cielo and Cetip. In 2008: result from the partial divestment of Visa Inc. (R\$806 million);

(2) Net effect from the payment of taxes under the program for settlement of tax debits through cash and installment payments under Law 11,941/09 (REFIS); and

(3) In 4Q09, R\$60 million relative gain from the IPO of Laboratório Fleury obtained through our affiliate Integritas Participações, R\$64 million in expenses with impairment testing and R\$26 million allowance for investment losses. In 2008: basically the effects from adopting Law 11,638/07.

**Note:** The 2009 figures are not adjusted for non-recurring events. However, when pertinent, the adjustments are explained in the respective line.

## Summarized Analysis of Managerial Income

To provide a better understanding, comparison and analysis of Bradesco's results, we use the Managerial Statement of Income for the analyses and comments contained in this Report on Economic and Financial Analysis, which is obtained from adjustments made to the Reported Statement of Income, which are detailed at the end of this Press Release.

	R\$ million							
	<b>Managerial Statement of Income</b>							
			<b>Variation</b>				<b>Variation</b>	
	<b>12M09</b>	<b>12M08</b>	<b>YTD</b>		<b>4Q09</b>	<b>3Q09</b>	<b>Quarter</b>	
			<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>
<b>Financial Margin</b>	<b>29.730</b>	<b>23.143</b>	<b>6.587</b>	<b>28,5</b>	<b>7.468</b>	<b>7.587</b>	<b>(119)</b>	<b>(1,6)</b>
- Interest	27.228	22.938	4.290	18,7	7.144	6.891	253	3,7
- Non-Interest	2.502	205	2.297	-	324	696	(372)	(53,4)
PLL	(12.963)	(6.922)	(6.041)	87,3	(2.695)	(2.908)	213	(7,3)
<b>Gross Income from Financial Intermediation</b>	<b>16.767</b>	<b>16.221</b>	<b>546</b>	<b>3,4</b>	<b>4.773</b>	<b>4.679</b>	<b>94</b>	<b>2,0</b>
Income from Insurance, Private Pension Plan, Savings Bonds Operations (*)	1.983	2.255	(272)	(12,1)	484	433	51	11,8
Fees and Commissions	11.616	10.744	872	8,1	3.125	2.857	268	9,4
Personnel Expenses	(7.967)	(7.390)	(577)	7,8	(2.081)	(2.126)	45	(2,1)
Other Administrative Expenses	(9.493)	(8.307)	(1.186)	14,3	(2.746)	(2.359)	(387)	16,4
Tax Expenses	(2.535)	(2.230)	(305)	13,7	(694)	(639)	(55)	8,6
<b>Equity in the Earnings (Losses) of Unconsolidated Companies</b>	<b>200</b>	<b>136</b>	<b>64</b>	<b>47,1</b>	<b>142</b>	<b>39</b>	<b>103</b>	<b>264,1</b>
Other Operating Income/Expenses	(2.539)	(1.304)	(1.235)	94,7	(328)	(926)	598	(64,6)
<b>Operating Income</b>	<b>8.032</b>	<b>10.125</b>	<b>(2.093)</b>	<b>(20,7)</b>	<b>2.675</b>	<b>1.958</b>	<b>717</b>	<b>36,6</b>
Non-Operating Income	2.570	263	2.307	-	(9)	473	(482)	(101,9)
Income tax / Social contribution	(2.566)	(2.729)	163	(6,0)	(477)	(614)	137	(22,3)
Minority Interest	(24)	(34)	10	(29,4)	(8)	(6)	(2)	33,3
<b>Net Income</b>	<b>8.012</b>	<b>7.625</b>	<b>387</b>	<b>5,1</b>	<b>2.181</b>	<b>1.811</b>	<b>370</b>	<b>20,4</b>

(\*) Result of Insurance, Private Pension and Savings Bond Operations = Insurance, Private Pension and Savings Bond Premiums – Variation in the Technical Provisions of Insurance and Private Pension Plans – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance, Private Pension Plans and Savings Bonds.



## Net Income and Profitability

In 4Q09, Net Income was R\$2,181 million, an increase of 20.4% or R\$370 million on the previous quarter. Net Income in the quarter was mainly impacted by: (i) the R\$388 million net effect from the payment of taxes through the program for settlement of tax debits through cash and installment payments under Law 11,941/09 (REFIS); (ii) R\$111 million in expenses related to the constitution of a provision for civil liabilities for claims related to impacts from implementation of economic plans; and (iii) gross gain of R\$53 million from partial divestment of the investment in Cetip. Meanwhile, Net Income in 3Q09 was impacted by: (i) the gross gain of R\$410 million from the sale of the over-allotment shares in Cielo; and (ii) R\$387 million in expenses related to the constitution of a provision for civil liabilities for claims related to impacts from implementation of economic plans.

In the fiscal year, Net Income came to R\$8,012 million, up 5.1% or R\$387 million from the previous quarter, despite the negative impacts from the economic **contraction** in the first half of 2009.

Shareholders' Equity was R\$41,754 million on December 31, 2009, increasing by 21.9% on the previous year. The Capital Adequacy Ratio ended 2009 at 17.8%, 14.8% of which under Tier I Reference Assets.

The main items that contributed to this result are described below. Note that Banco Ibi's income accounts were consolidated as of November 2009.



## Efficiency Ratio

In December 2009, Bradesco's Efficiency Ratio\* stood at 41.0%, representing improvement of 0.7 p.p. from the end of the previous quarter. The decline was basically due to the higher revenue, in particular financial margin and fee and commissions, which were partially offset by the increase in personnel and administrative expenses.

Compared to 2008, the 2.3 p.p. increase was mainly due to the higher revenue from financial margin and fee and commissions, which were offset by the constitution of allowances for contingencies related to economic plans and by higher personnel and administrative expenses.

\* Efficiency Ratio (ER) in last 12 months =  $\frac{\text{Personnel Expenses} - \text{Employee Profit Sharing (PLR)} + \text{Administrative Expenses}}{\text{Financial Margin} + \text{Income from Insurance} + \text{Fee and Commission Income} + \text{Equity in the Earnings (Losses) of Unconsolidated Companies} - \text{Other Operating Expenses} + \text{Other Operating Income}}$ . If we considered the ratio between total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation) and revenue net of related taxes (not considering Claims Expenses from the Insurance Group), our 4Q09 Efficiency Ratio would be 41.3%



## **Financial Margin**

The decline of R\$119 million between the third and fourth quarters of 2009 was due to:

the R\$372 million reduction in non-interest income caused by the lower treasury/securities gains; and

offset by:

the increase in income from interest-earning operations of R\$253 million, due to the higher average business volume.

In the comparison between fiscal years, financial margin improved by R\$6,587 million, or 28.5%, driven by the following factors:

the increase of R\$4,290 million in the result of interest-earning operations, basically due to the higher average business volume; and

the increase in non-interest income of R\$2,297 million, basically derived from higher treasury/securities gains.

## **Total Loan Portfolio**

In December 2009, loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed securities) totaled R\$228.1 billion. This expansion of 5.8% in the quarter was due to growth of 8.7% in the Individuals portfolio, 7.7% in the SME portfolio and 1.7% in the Large Corporate portfolio.

In the comparison between fiscal years, the portfolio expanded by 6.8%, as a result of the following growth rates: Individuals 11.5%, SMEs 11.2% and Large Corporate -0.6% .

In the Corporate segment, the products registering the strongest growth were: mortgages - corporate plans, operations abroad, BNDES/Finame onlendings and working capital. In the Individuals segment, growth was led by credit cards and payroll-deductible loans.

The above information includes Banco Ibi, since this institution's asset accounts began to be consolidated into Bradesco as of October 2009. For better comparison between previous periods and excluding the Banco Ibi operations, the portfolio grew by 4.0%, composed of 3.7% growth in the

Individuals portfolio and 7.2% growth in the SME portfolio, while in fiscal year 2009, this increase was 4.9% on the previous year, composed of 6.4% growth in the Individuals Portfolio and 10.6% growth in the SME portfolio. In both periods, the Large Corporate portfolio remained stable.

## **Allowance for Loan Losses (PLL)\***

In 4Q09, the balance of expenses with the allowance for loan losses fell by 7.3% from the previous quarter, due to the decrease in the allowance, which occurred despite the 5.8% expansion in the loan portfolio in that quarter. Bear in mind that the increase recorded in the line Allowance for Loan Losses (inventory)/Loan Portfolio was impacted by the effects of the Banco Ibi merger.

In the comparison of fiscal years, the variation is essentially due to the constitutions required to adjust provisioning levels in view of the weak economic performance, especially in the first six months of 2009, as well as the builds in the Allowance for Loan Losses resulting from rating reviews.

### **Delinquency Ratio > 90 days**

The delinquency ratio for credits overdue more than 90 days decreased in 4Q09, benefitted by the improvement in economic indicators resulting from the gradual recovery in economic activity, which fueled growth in loan operations in the quarter. Bradesco ended 4Q09 with a delinquency ratio of 4.9%, indicating an improvement trend.

For better comparison between previous periods and excluding the Banco Ibi operations in 4Q09, the 90-day delinquency ratio was 4.7%, while in the Individuals segment, where the credits from the acquired institution are concentrated, this ratio fell from 7.4% to 7.0% .

### **Coverage Ratio**

The balance of the Allowance for Loan Losses of R\$16.3 billion in December 2009 is composed of R\$13.3 billion in provisions required by the Central Bank of Brazil and R\$3.0 billion in additional provisions.

The graph below presents the coverage ratio of the Allowance for Loan Losses for loans overdue more than 90 days. In December 2009, the ratio stood at 174.6%, representing a comfortable level of provisioning.

## Results of the Insurance, Private Pension and Savings Bond Operations

Net Income in 4Q09 was R\$828 million (R\$607 million in 3Q09), for Return on Average Equity of 37.2% . Net Income in fiscal year 2009 was R\$2.723 billion (R\$2.648 billion in 2009), for Return on Average Equity of 27.1% .

Continuing to bolster its technical provisions, in the fourth quarter, Bradesco Vida e Previdência

concluded the reduction, from 4.3% p.a. to 4% p.a., in the real interest rate used to calculate the provision for insufficient contribution (PIC) and the provision for administrative expenses (PDA). The impacts on Net Income in fiscal year 2009 from the adoption of this methodology was R\$507 million.

In 4Q09, revenue grew by 20.3% . Meanwhile, Net Income was 36.4% higher than in the prior quarter due to: (i) the significant improvement in its main performance indicators; (ii) the net effect from the payment of taxes through the program for settlement of tax debits through cash and installment payments under Law 11,941/09 (REFIS); and (iii) equity income in the period, combined with the constitution of a provision for insufficient contribution (PIC) and a provision for administrative expenses (PDA) due to the reduction, from 4.3% p.a. to 4% p.a., in the real interest rate used to calculate these reserves.

Revenue in fiscal year 2009 was R\$26.3 billion, an increase of 13.8% on the prior year. Meanwhile, Net Income was 2.8% higher than in 2008, due to: (i) the better financial result, despite the reduction in interest rates; (ii) the net effect from the payment of taxes through the program for settlement of tax debits through cash and installment payments under Law 11,941/09

(REFIS); (iii) the higher equity income; which was partially offset by: (iv) the constitution of the technical provisions described above; and (v) the increase of 6% in the CSLL tax rate.

In November 2009, Net Income at Bradesco's Insurance Group accounted for 36.5% of net income in Brazil's entire insurance industry and 49.9% of the net income from insurers associated with banks (Source: Insurance Superintendence – Susep).

Meanwhile, the Insurance Group's technical provisions represented 31.8% of the insurance industry in November 2009, accor