

Gol Intelligent Airlines Inc.
Form 6-K/A
May 29, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

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

For the month of May, 2012
(Commission File No. 001-32221) ,

GOL LINHAS AÉREAS INTELIGENTES S.A.
(Exact name of registrant as specified in its charter)

GOL INTELLIGENT AIRLINES INC.
(Translation of Registrant's name into English)

R. Tamoios, 246
Jd. Aeroporto
04630-000 São Paulo, São Paulo
Federative Republic of Brazil
(Address of Registrant's principal executive offices)

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

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

São Paulo, May 3, 2012 –GOL Linhas Aéreas Inteligentes S.A., “GLAI”, (BM&FBovespa: GOLL4 and NYSE: GOL), (S&P: B+; Fitch: B+, Moody’s: B3), the largest low-cost and low-fare airline in Latin America, announces today its results for the first quarter of 2012 (1Q12). All the information herein is presented in accordance with International Financial Reporting Standards (IFRS) and in Brazilian Reais (R\$), and all comparisons are with the first quarter of 2011 (1Q11). All information related to the 1Q11 considers the financial statements filed on March 27, 2012, as Notice to the Market announced on the same date. The quarter's results are consolidated and incorporate 100% of Webjet’s results.

-----1Q12 HIGHLIGHTS

Consolidated CASK ex-fuel came to 8.63 cents (R\$), reflecting the Company’s efforts to reduce operating costs in 2011 and at the beginning of 2012, besides the initial steps of coordination between both operations, GOL and Webjet, in order to achieve a CASK ex-fuel compatible with its business model apart from external variables that affects the operation.

In March 2012, the Company announced an initial reduction of approximately 100 GOL and Webjet flights. Given the need to adjust to the new operating capacity and macroeconomic environment, the Company is adopting a series of measures to contain operating costs, including a review of its fixed costs, in line with its strategic goals and constant pursuit of increased efficiency, competitiveness and profitability.

Consolidated net revenue totaled R\$2,166.1mn in 1Q12, 14.3% up on the R\$1,895.7mn recorded in the same period last year.

Consolidated ancillary revenue increased by 26.0%, from R\$191.9mn, in 1Q11, to R\$241.8mn, representing 11.2% of total consolidated net revenue (versus 10.1% in 1Q11).

GOL reported a consolidated operating income (EBIT) of R\$7.3mn in 1Q12, with a positive operating margin of 0.3%. Webjet, a 100% wholly-owned Company subsidiary, posted a double digit operating margin (EBIT) in 1Q12, chiefly due to the synergies between the two operations.

GOL retained a strong consolidated cash position closing the quarter at around R\$2.2bn, equivalent to around 27.6% of LTM net revenue.

GOL posted a 1Q12 consolidated net loss of R\$41.4mn, with a negative net margin of 1.9%, versus net income of R\$69.4mn and a net margin of 3.7% in 1Q11.

Message from Management

Confidence and determination are the Company's watchwords at the moment – confidence that GOL is on the right path and determination to do whatever it takes to recover positive margins.

GOL is announcing its results for the first quarter of 2012, with the adoption of measures to bring its capacity and cost structure in line with the new Brazil and global macroeconomic situation.

At the beginning of March, GOL and Webjet announced a reduction of around 100 flights in order to keep domestic supply in 2012 flat in relation to the previous year, compatible with the new domestic demand scenario. Today, however, GOL announced that its new target for 2012 is to reduce domestic supply by up to 2% over 2011. The Company is determined to do everything possible to help discipline and rationalize a market that has been growing in an unsustainable manner, a situation that could well jeopardize the health of the industry in the midterm.

First-quarter CASK ex-fuel of 8.63 cents (R\$) reflects the Company's efforts to reduce operating costs in 2011 and at the beginning of 2012. Low costs have always constituted GOL's main competitive advantage. The first figures of the year show that the measures has produced results. Additional cost optimization projects are being implemented and the Company is confident in the success of its strategy.

GOL and Webjet's results, despite all the cost pressure from current oil prices and the unfavorable Real/Dollar exchange rate, underlines Company's confidence in the low-cost model and opens new opportunities for synergies and improved practices in both airlines.

GOL closed 1Q12 with a cash position of R\$2.2 billion and no refinancing pressure for the next three years, factors have contributed to the implementation of the Company's strategy in an adverse economic scenario. GOL will continue to focus on maintaining high liquidity and an appropriate debt profile in the coming quarters..

GOL is constantly evaluating opportunities for augmenting its platform and increasing passenger services. This quarter, GOL NO AR (GOL ON AIR), the free on-board entertainment service was available on 40% of GOL' unit flights, representing around 350 departures per day. The on-board sales service also continued to expand and is already available on around 250 daily flights.

In line with its pursuit of additional revenue sources, the Company received authorization from Anac (Brazil's Civil Aviation Authority) to undertake conventional and electrostatic painting, weighing and recalculation services for other aircraft models belonging to other airlines in its Maintenance Center at Confins Airport in Belo Horizonte.

GOL's strategy remains the same – prioritizing simplicity above everything else. Once again GOL's team has demonstrated confidence, determination and commitment, always aligned with its values: safety, focus on the client, sustainability, innovation and profitability.

These are the attitudes that are making GOL increasingly the best company to fly with, work for and invest in.

Constantino de Oliveira Junior

Founder and CEO of GOL Linhas Aéreas Inteligentes S.A.

AVIATION MARKET – INDUSTRY

Domestic aviation industry supply and demand increased by 11.3% and 7.1%, respectively, over 1Q11, with an average load factor of 69.4%, versus 72.1% in 1Q11. The fact that supply growth lagged demand growth in a quarter with the highest passenger traffic volume of the year, confirms the change in the industry's behavior, especially that of its leading players as they pursued route profitability in a scenario characterized by substantial pressure on operating costs.

| | | | | | |
|------------------------|--------------|-------|--------|-------|--------|
| ASK – Industry | 39.3 | 36.3 | 8.2% | 38.8 | 1.2% |
| RPK - Industry | 28.2 | 26.5 | 6.1% | 27.3 | 3.1% |
| Load Factor - Industry | 71.7% | 73.1% | -1.4pp | 70.4% | +1.4pp |
| ASK – Industry | 31.1 | 27.9 | 11.3% | 30.5 | 1.9% |
| RPK - Industry | 21.5 | 20.1 | 7.1% | 20.8 | 3.4% |
| Load Factor - Industry | 69.4% | 72.1% | -2.7pp | 68.4% | +1.0pp |
| ASK – Industry | 8.2 | 8.4 | -2.2% | 8.3 | -1.7% |
| RPK - Industry | 6.6 | 6.4 | 3.0% | 6.5 | 2.1% |
| Load Factor - Industry | 80.6% | 76.5% | +4.1pp | 77.5% | +3.0pp |

Data from the Brazilian Civil Aviation Agency (Anac). The 1Q11 operating figures were recalculated in accordance with the current DCA Manual.

AVIATION MARKET – GOL

The information below refers to GOL's route network (excluding Webjet):

| | | | | | |
|-------------------|--------------|-------|--------|-------|---------|
| ASK - GOL | 12.2 | 12.2 | 0.3% | 12.6 | -3.5% |
| RPK - GOL | 8.1 | 8.6 | -5.9% | 8.1 | -0.1% |
| Load Factor - GOL | 66.6% | 71.0% | -4.4pp | 64.3% | +2.2 pp |
| ASK - GOL | 11.1 | 10.7 | 3.6% | 11.6 | -3.8% |
| RPK - GOL | 7.4 | 7.8 | -4.7% | 7.5 | -1.2% |
| Load Factor - GOL | 66.5% | 72.2% | -5.8pp | 64.7% | +1.8 pp |
| ASK - GOL | 1.1 | 1.4 | -24.4% | 1.1 | 0.6% |
| RPK - GOL | 0.7 | 0.9 | -16.7% | 0.6 | 12.8% |
| Load Factor - GOL | 67.7% | 61.4% | +6.3pp | 60.4% | +7.3 pp |

Data from the Brazilian Civil Aviation Agency (Anac). The 1Q11 operating figures were recalculated in accordance with the current DCA Manual.

SUPPLY (ASK)

GOL's domestic route network recorded a 3.6% upturn in supply over 1Q11, chiefly due to the increase in the number of aircraft (120 aircraft in 1Q12, versus 115 in 1Q11). Supply was also partially impacted by the 3.6% reduction in productivity from 13.3 block hours/day in 1Q11 to 12.9 block hours/day in 1Q12, and the 4.4% reduction in the average stage length from 930 km to 889 km in the same period. In March 2012, the Company announced an initial cutback of around 70 flights on both GOL's and Webjet's routes. However, this figure is now close to 100 flights. The discontinuation criteria were: (i) flights with low profitability; (ii) flights with longer stretches and; (iii) night flights (early hours of the morning). **The Company's target is to cut domestic supply by 2% in 2012.**

In the same period, **international supply fell by 24.4%** due to: (i) the discontinuation of international charter flights due to the return of three B767 aircraft; and (ii) the discontinuation of flights to Bogotá, in Colombia.

DEMAND (RPK) and LOAD FACTOR

GOL's domestic demand fell by 4.7% over 1Q11, chiefly due to the slowing of Brazil's economy, together with the 2.5% upturn in consolidated yields. **Demand on GOL's international route network declined by 16.7% year-on-year**, primarily due to the discontinuation of flights to Bogotá, Colombia, and the winding up of international charter flights with the B767 aircraft.

As a result of the above, GOL's load factor averaged 66.6% in 1Q12, 4.4 p.p. down on the 71.0% reported in 1Q11

CONSOLIDATED OPERATING INDICATORS (GOL and Webjet)

| | | | | | |
|--------------------------------------|---------------|---------------|--------------|---------------|--------------|
| ASK (in Bn) | 14.0 | 12.2 | 15.1% | 14.3 | -2.0% |
| GOL | 12.2 | 12.2 | 0.3% | 12.6 | -3.5% |
| Webjet | 1.8 | - | na | 1.6 | 9.4% |
| RPK (in Bn) | 9.5 | 8.6 | 10.2% | 9.3 | 1.9% |
| GOL | 8.1 | 8.6 | -5.9% | 8.1 | -0.1% |
| Webjet | 1.4 | - | na | 1.2 | 15.3% |
| Load Factor | 67.9% | 71.0% | -3.0% | 65.4% | 2.6% |
| GOL | 66.6% | 71.0% | -4.4% | 64.3% | 2.2% |
| Webjet | 77.2% | - | na | 73.2% | 4.0% |
| Revenue Passengers ('000) | 9,904 | 8,595 | 15.2% | 10,005 | -1.0% |
| GOL | 8,467 | 8,595 | -1.5% | 8,656 | -2.2% |
| Webjet | 1,437 | - | na | 1,348 | 6.5% |
| Productivity (Block Hour/Day) | 12.6 | 13.3 | -5.6% | 13.0 | -3.2% |
| GOL | 12.9 | 13.3 | -3.6% | 13.3 | -3.4% |
| Webjet | 11.2 | - | na | 11.4 | -1.9% |
| Departures (000) | 94,090 | 75,614 | 24.4% | 96,328 | -2.3% |
| GOL | 80,111 | 75,614 | 5.9% | 82,065 | -2.4% |
| Webjet | 13,979 | - | na | 14,263 | -2.0% |
| Stage Length (km) | 881 | 930 | -5.3% | 889 | -0.9% |
| GOL | 889 | 930 | -4.4% | 906 | -1.8% |
| Webjet | 837 | - | na | 795 | 5.3% |
| Average Operating Aircraft | 138 | 111 | 23.9% | 138 | -0.2% |
| GOL | 115 | 111 | 3.6% | 116 | -0.9% |
| Webjet | 23 | - | na | 22 | 3.2% |
| Fuel Consumption (mm) | 446 | 382 | 16.7% | 462 | -3.6% |
| GOL | 379 | 382 | -0.6% | 397 | -4.4% |
| Webjet | 66 | - | na | 65 | 1.1% |
| Employee | 20,548 | 18,706 | 9.8% | 20,525 | 0.1% |
| GOL | 18,805 | 18,706 | 0.5% | 18,781 | 0.1% |
| Webjet | 1,743 | - | na | 1,744 | -0.1% |

The 1Q11 operating figures were recalculated in accordance with the current DCA Manual..

CONSOLIDATED INCOME STATEMENT**Net Revenue**

Consolidated net revenue came to R\$2,166.1mn in 1Q12, 14.3% up on the R\$1,895.7mn reported in 1Q11, mainly due to the incorporation of Webjet's 1Q12 revenue of R\$319.1mn. Total consolidated net revenue per ASK (RASK) edged down by 0.7% year-on-year.

| | | | | | |
|---------------------------|----------------|----------------|--------------|----------------|--------------|
| Net Revenue | 2,166.1 | 1,895.7 | 14.3% | 2,233.5 | -3.0% |
| Passenger | 1,924.3 | 1,703.8 | 12.9% | 1,998.0 | -3.7% |
| Ancillary | 241.8 | 191.9 | 26.0% | 235.5 | 2.7% |
| Net Revenue - RASK | 15.48 | 15.59 | -0.7% | 15.65 | -1.1% |
| Passenger - PRASK | 13.75 | 14.02 | -1.9% | 14.00 | -1.7% |
| Ancillary per ASK | 1.73 | 1.58 | 9.5% | 1.65 | 4.8% |

The 12.9% positive variation in **consolidated net passenger revenue** was chiefly due to the 10.2% upturn in consolidated demand, as a result of the incorporation of Webjet's route network performance into GOL's consolidated result, partially offset by the 1.9% period decline in PRASK. **In order to improve PRASK, the Company announced a new domestic supply target of 2% less than the 2011 figure.**

Consolidated ancillary revenue came to R\$241.8mn, 26.0% up on the R\$191.9mn recorded in 1Q11, chiefly due to: (i) the incorporation of Webjet's ancillary revenue; (ii) the 10% increase in revenue from GOL's cargo operations; (iii) the 20% upturn in GOL's revenue from flight rebooking charges, passenger services and ticket refunds; and (iv) 11.0% increase in revenues from Smiles program. Consolidated ancillary revenue per ASK increased by 9.5% year-on-year.

Operating Costs and Expenses

Total consolidated operating costs and expenses stood at R\$2,158.8mn, 22.6% more than in 1Q11. Total CASK came to 15.43 cents (R\$), 6.6% up year-on-year, while CASK excluding fuel expenses (CASK ex-fuel) fell by 3.9% to 8.63 cents (R\$). In 1Q12, Webjet's costs and expenses of R\$275.1mn were incorporated into GOL's result and there were no non-recurring items in the consolidated result.

| | | | | | |
|--|----------------|----------------|--------------|----------------|--------------|
| Aircraft fuel | (6.80) | (5.50) | 23.6% | (6.41) | 6.1% |
| Salaries, wages and benefits | (2.91) | (2.96) | -1.5% | (3.14) | -7.1% |
| Aircraft rent | (1.01) | (1.05) | -4.0% | (1.09) | -7.1% |
| Sales and Marketing | (0.66) | (0.76) | -12.1% | (0.85) | -22.0% |
| Landing Fees | (1.02) | (0.70) | 45.1% | (0.79) | 27.9% |
| Aircraft and Traffic Servicing | (0.88) | (0.89) | -1.4% | (0.99) | -10.7% |
| Maintenance, Materials and Repairs | (0.44) | (0.65) | -32.9% | (0.95) | -53.8% |
| Depreciation and Goodwill Amortization | (0.85) | (0.74) | 14.7% | (0.87) | -2.4% |
| Other Operating Expenses | (0.86) | (1.22) | -30.0% | (0.79) | 7.7% |
| Total CASK | (15.43) | (14.48) | 6.6% | (15.89) | -2.9% |
| CASK Ex-Fuel | (8.63) | (8.98) | -3.9% | (9.47) | -8.9% |

| | | | | | |
|------------------------------------|------------------|------------------|--------------|------------------|---------------|
| Aircraft Fuel | (951.6) | (669.1) | 42.2% | (915.4) | 4.0% |
| Salaries, Wages and Benefits | (407.3) | (359.4) | 13.3% | (447.6) | -9.0% |
| Aircraft Rent | (141.7) | (128.2) | 10.5% | (155.7) | -9.0% |
| Sales and Marketing | (92.9) | (91.9) | 1.1% | (121.6) | -23.6% |
| Landing Fees | (142.2) | (85.1) | 67.0% | (113.4) | 25.3% |
| Aircraft and Traffic Servicing | (123.3) | (108.6) | 13.5% | (140.9) | -12.5% |
| Maintenance, Materials and Repairs | (61.2) | (79.3) | -22.8% | (135.3) | -54.7% |
| Depreciation and Amortization | (119.0) | (90.2) | 32.0% | (124.3) | -4.3% |
| Other Operating Expenses | (119.7) | (90.8) | 31.8% | (113.4) | 5.5% |
| Total Operating Expenses | (2,158.8) | (1,760.5) | 22.6% | (2,267.4) | -4.8% |
| Operating Expenses Ex-Fuel | (1,207.2) | (1,091.4) | 10.6% | (1,352.1) | -10.7% |

Aircraft fuel costs per ASK totaled 6.80 cents (R\$) in 1Q12, 23.6% up on 1Q11, chiefly due to the 21.8% increase in the price of jet fuel, as well as the 16.7% consolidated upturn in fuel consumption. Fuel expenses accounted for around 44% of GOL's total fourth-quarter consolidated expenses (Webjet's fuel expenses accounted for around 51.0% of total operating costs).

Salaries, wages and benefits per ASK came to 2.91 cents (R\$) in 1Q12, 1.5% down on 1Q11. In nominal terms, however, there was a 13.3% upturn, primarily due to: (i) the impact of the 6.5% pay rise awarded for 2012 on payroll expenses; (ii) the 18% increase in the number of consolidated hours flown; and (iii) the 9.8% increase in the Company's consolidated workforce due to the incorporation of Webjet into the Company's results.

Aircraft leasing costs per ASK stood at 1.01 cents (R\$) in 1Q12, 4.0% down year-on-year. In nominal terms, however, they moved up by 10.5%, due to the incorporation of 18 Webjet aircraft under operational leasing contracts into GOL's result and the 6.2% average depreciation of the Real against the Dollar, partially offset by the period return of three B767 aircraft. At the end of the quarter, the Company had 100 aircraft under operational leasing contracts, versus 86 in 1Q11.

Sales and marketing expenses per ASK amounted to R\$0.66 cents (R\$), 12.1% less than in 1Q11. In nominal terms, they remained virtually flat.

Landing fees per ASK stood at R\$1.02 cents (R\$), 45.1% more than in 1Q11, due to: (i) the negative impact of the new landing and navigation fee calculation methodology introduced by Infraero in 2011; (ii) the 24.4% upturn in the number of departures as a result of Webjet's operations; and (iii) the 6.2% average

depreciation of the Real against the Dollar, which had an adverse impact on the Company's international operations.

Aircraft and traffic servicing expenses per ASK fell by 1.4% over 1Q11 to 0.88 cents (R\$), but climbed by 13.5% in nominal terms, due to: (i) the 24.4% upturn in the number of arrivals and departures, mainly as a result of Webjet's operations – operational volume impacts expenses from handling, collection and forwarding, among others; and (ii) the 6.2% average depreciation of the Real against the Dollar, which had an adverse impact on the Company's international operations.

Maintenance, materials and repairs per ASK came to 0.44 cents (R\$), 32.9% down on 1Q11, primarily due to the reduced number of engine removals and the decline in GOL's average unit engine maintenance cost as a result of the benefits from the maintenance agreement entered into with Delta Tech Ops in 2011 (see the Notice to the Market of February 3, 2011), partially offset by the incorporation of Webjet's maintenance expenses and the 6.2% average depreciation of the Real against the U.S. dollar, given that most maintenance expenses are dollar-pegged.

Depreciation and amortization per ASK increased by 14.7% over 1Q11 to 0.85 cents (R\$), due to the higher number of aircraft under financial leasing (45 in 1Q12, versus 39 in 1Q11), the addition of six Boeing 737-300s from Webjet owned by the Company, and the upturn in the depreciation of estimated aircraft reconfiguration costs which will be incurred when the aircraft are returned and costs from improvements related to major engine maintenance established in the contracts.

Other operating expenses per ASK fell by 30.0% year-on-year, reaching 0.86 cents (R\$) (versus 1.22 cents in 1Q11), due to non cash expenses of R\$57.8mm not considered in the 1Q11 earning release. As announced, the non cash expenses were related to the balance difference in the moment of the new mileage control systems implantation. Not taking this expense into consideration, other operating expenses per ASK increased by 14.5% due to: (i) the incorporation of Webjet's expenses; (ii) the 24.4% increase in the Company's operational volume (5.9% on GOL's route network), which impacted the variable expenses making up this line (crew travel, accommodation and daily expenses, direct passenger expenses and others); and (iii) the 6.2% average depreciation of the Real against the Dollar, which had an adverse impact on the Company's international operations.

CASK ex-fuel, not considering the one-off expense in the 1Q11 as discussed above, increased by only 1.5% year-on-year. This result happened despite the pressure on the industry's operating costs, chiefly due to the 6.2% depreciation of the Real against the Dollar and the 50% upturn in landing fees. In addition, there was virtually no dilution of fixed unit costs in 1Q12, given low year-on-year supply growth by the leading players (0.3% in GOL's case – consolidated). **Consequently, consolidated CASK ex-fuel of 8.63 (R\$) was the result of the operating cost-cutting measures adopted by both companies as for the synergies achieved by the coordination of both GOL and Webjet operations.**

OPERATING RESULT

The 1Q12 consolidated positive operating income (EBIT) was R\$7.3mn, with an operating margin of 0.3%, versus the positive R\$135.3mn (margin of 7.1%) recorded in 1Q11. This result was mainly due to the period increase in fuel expenses and the 6.2% average depreciation of the Real against the Dollar, which had a negative impact on the Company's dollar-pegged costs.

| | | | | | |
|-------------------------------|------------------|-----------|--------|-----------|--------|
| Net Revenue | 2,166.1 | 1,895.7 | 14.3% | 2,233.5 | -3.0% |
| Operating Costs and Expenses | (2,158.8) | (1,760.5) | 22.6% | (2,267.4) | -4.8% |
| EBIT | 7.3 | 135.3 | -94.6% | (33.9) | nm |
| <i>EBIT Margin</i> | 0.3% | 7.1% | -6.8pp | -1.5% | nm |
| Depreciation and Amortization | (119.0) | (90.2) | 32.0% | (124.3) | -4.3% |
| EBITDA | 126.2 | 225.4 | -44.0% | 90.4 | 39.6% |
| <i>EBITDA Margin</i> | 5.8% | 11.9% | -6.1pp | 4.0% | +1.8pp |
| Aircraft Rent | (142.2) | (128.2) | 10.5% | (155.6) | -9.0% |
| EBITDAR | 267.9 | 353.7 | -24.2% | 246.1 | 8.9% |
| <i>EBITDAR Margin</i> | 12.4% | 18.7% | -6.3pp | 11.0% | +1.4pp |

WEBJET

In 1Q12, Webjet recorded a positive double-digit operating margin, reflecting a well-adjusted operation in terms of cost, thanks to the improved practices adopted by both companies, compounded by their coordinated route network strategy. In 1Q12, Webjet's fuel costs accounted for around 51.0% of its operating costs, underlining the Company's focus on managing its ex-fuel costs. Webjet closed the quarter with a total fleet of 28 aircraft, comprising 24 Boeing 737-300s and 4 Boeing 737-800s, which were March 2011 and included a capital increase in the amount of R\$1.511 billion, up by 19.1% on the balance of March 2010. The Capital Adequacy Ratio stood at 15.0%, of which 13.4% was under Tier I Capital.

Total assets stood at R\$675,387 million in March 2011, up 26.8% over March 2010, driven by the expansion of business volume. Return on Average Assets (ROAA) remained stable, hovering near 1.7%.

Efficiency Ratio (ER)

The ER calculated on an “adjusted-to-risk” basis to reflect the impact of risk in loan operations⁽²⁾ dropped for the fifth consecutive quarter, reaching 52.1% in the first quarter of 2011, up 0.3 p.p. compared to the previous quarter and 3.3 p.p. year-on-year. This behavior is in line with the results of previous quarters, mainly due to decreased delinquency.

The ER – accumulated over 12 months⁽¹⁾ remained stable in relation to the previous quarter.

The quarterly ER decreased from 44.0% in the fourth quarter of 2010 to 42.0% in the first quarter of 2011, mainly due to: (i) reduced personnel expenses due to vacation periods concentrated in the first quarter; (ii) lower administrative expenses; and (iii) increased financial margin, driven by growth in business volume.

(1) Efficiency Ratio (ER) = (Personnel Expenses – Employee Profit Sharing (PLR) + 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) and (ii) revenue net of related taxes (not considering Claims Expenses from the Insurance Group), our Efficiency Ratio in the first quarter of 2011 would be 43.5%.

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

Financial Margin

The R\$344 million increase between the first quarter of 2011 and the fourth quarter of 2010 was due to:

- the increase in income from interest-earning operations by R\$296 million, mainly the result of: (i) higher income from funding margin; and (ii) higher income from insurance margin; and
 - higher income from non-interest margin, in the amount of R\$48 million.
- growth in income from interest-earning operations of R\$1,443 million, mainly due to (i) higher income from loan operations, resulting from increase in business volumes; (ii) higher income from funding margin; and (iii) higher income from insurance margin; and
 - greater income from the non-interest margin, in the amount of R\$230 million, due to higher treasury/securities gains.

The financial margin posted a R\$1,673 million improvement between the first quarter of 2011 and the same period in 2010, which corresponds to a 21.8% growth, mainly driven by:

Total Loan Portfolio

In March 2011, Bradesco's loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed receivables) totaled R\$284.7 billion. The expansion of 3.8% in the quarter was due to: (i) 5.3% growth in Large Corporate portfolio; (ii) 4.3% in the SME portfolio; and (iii) 2.0% in the Individuals portfolio.

Year on year, the portfolio expanded by 21.0%, the result of growth of: (i) 29.4% in the SME portfolio, (ii) 19.0% in the Large Corporate portfolio; and (iii) 16.4% in the Individuals portfolio.

In the Individuals segment, the products that posted the strongest growth in the last twelve months were: (i) real estate financing; (ii) the payroll-deductible loan portfolio; and (iii) BNDES/Finame onlending operations. In the Corporate segment, growth was led by: (i) BNDES/Finame onlending operations; (ii) credit card; and (iii) vehicle financing - CDC.

Including other operations bearing credit risk from the Corporate portfolio⁽¹⁾ (expanded criteria), operations with credit risk would have amounted to R\$304.4 billion in March 2011 (R\$248.3 billion in March 2010), up 3.7% in the quarter and 22.6% over the last 12 months. These operations mainly comprise debentures and promissory notes with Large Corporations.

(1) For more information, see page 36 of Chapter 2 of this Report.

Allowance for Loan Losses (ALL)

In the first quarter of 2011, expenses with the allowance for loan losses stood at R\$2,360 million, up 2.8%. This increase was mainly the result of the 4.0% growth in loan operations – Bacen concept.

The first quarter of 2011 compared to the same period of 2010, ALL expenses posted a 7.9% increase, causing an expansion of generic provisions and partially offset by a decline in delinquency and higher income from loan recovery of 20.7% in the period, totaling R\$613 million. Loan operations – Bacen concept grew by 21.1% in the same period, demonstrating growth accompanied by quality in Bradesco's loan portfolio.

Delinquency Ratio > 90 days

After five consecutive quarters in decline, the delinquency ratio over 90 days was stable in the first quarter of 2011.

Coverage Ratios

The graph below presents the evolution of the coverage ratio of the Allowance for Loan Losses for loans overdue more than 60 and 90 days. In March 2011 these ratios reached 159.1% and 193.6%, respectively, providing the Bank with comfortable levels of coverage.

The balance of Allowance for Loan Losses (ALL) of R\$16.7 billion, in March 2011, was made up of: (i) R\$13.7 billion in Brazilian Central Bank requirements; and (ii) R\$3.0 billion in additional provisions.

Results of Insurance, Private Pension Plans and Savings Bonds Operations

Net Income in the first quarter of 2011 came to R\$761 million (R\$779 million in the fourth quarter of 2010), posting a 28.3% Return on Average Shareholders' Equity. In the comparison of the first quarter of 2011 with the same period in 2010, Net Income posted an 8.3% increase.

| | R\$ million (except when indicated otherwise) | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|----------------|----------------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | Variation % | |
| | | | | | | | | | 1Q11 x 4Q10 | 1Q11 x 1Q10 |
| Net Income | 761 | 779 | 721 | 701 | 703 | 602 | 607 | 638 | (2.3) | 8.3 |
| Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*) | 7,850 | 9,022 | 7,697 | 7,163 | 7,196 | 8,040 | 6,685 | 6,094 | (13.0) | 9.1 |
| Technical Provisions | 89,980 | 87,177 | 82,363 | 79,308 | 77,685 | 75,572 | 71,400 | 68,828 | 3.2 | 15.8 |
| Financial Assets | 99,594 | 96,548 | 92,599 | 88,515 | 86,928 | 83,733 | 79,875 | 76,451 | 3.2 | 14.6 |
| Claims Ratio | 72.0 | 71.1 | 72.4 | 71.8 | 73.3 | 74.3 | 77.2 | 73.3 | 0.9 p.p | (1.3) p.p |
| Combined Ratio | 86.1 | 85.1 | 85.3 | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | 1.0 p.p | 0.9 p.p |
| Policyholders / Participants and Customers (in thousands) | 37,012 | 36,233 | 34,632 | 33,908 | 33,768 | 30,822 | 30,339 | 29,178 | 2.1 | 9.6 |
| Market Share from Premiums from Insurance, Private Pension Plan Contribution and Income from Savings Bonds (**) | 22.4 | 24.7 | 24.7 | 24.8 | 25.2 | 24.4 | 23.5 | 23.1 | (2.3) p.p | (2.8) p.p |

Note: For comparison purposes, excluding the build in Technical Provisions for benefits to be granted – Remission (Health) from the calculation of ratios for the first quarter of 2010, and excluding the effects of RN 206/09 and its effects on health revenues from the calculation of combined ratios.

(*) Excludes the effects of RN 206/09 (ANS), which as of January 2010 extinguished the PPNG (SES), with income from premiums accounted pro-rata temporis. Note that this accounting change did not affect Earned Premiums; and

(**) 1Q11 considers the latest data made available by Susep (January 2011).

In the first quarter of 2011, income was 9.1% up from the same period in 2010. This increase was fueled by the high performance of Savings Bonds and Health products, which grew 23.4% and 25.3%, respectively.

Summarized Analysis of Adjusted Income

Due to the concentration of private pension plan contributions that historically occurs in the last quarter of the fiscal year, revenue in the first quarter of 2011 dropped by 13% compared to the previous quarter.

Net income in the first quarter of 2011 was down 2.3% from the previous quarter, mainly due to: (i) variations in revenues, due to seasonality in the last quarter of the year, directly affecting revenue from pension plans; (ii) a 0.9 p.p. increase in claims; (iii) a drop in equity in the earnings of subsidiaries; and (iv) partially offset by a decrease in administrative and personnel expenses despite the collective bargaining agreement in January 2011.

Net income for the first quarter of 2011 was 8.3% higher than the one recorded in the same period of last year, mainly due to: (i) 9.1% growth in revenues; (ii) an increase in financial result and equity in the earnings of subsidiaries; and partially offset by: (iii) a increase in personnel expenses, impacted by the collective bargaining agreement in January 2011.

In terms of solvency, Grupo Bradesco de Seguros e Previdência complies with the Susep rules effective as of January 1, 2008, and international standards (Solvency II). The financial leverage ratio stood at 2.6 times Shareholders' Equity.

Fee and Commission Income

In the first quarter of 2011, fee and commission income totaled R\$3,510 million, down 1.6% or R\$58 million from the previous quarter. This performance was mainly the result of: (i) lower gains from underwriting and financial advisory services; (ii) lower revenue from loan operations.

In the year-on-year comparison, the 12.4% increase was mainly due to: (i) the performance of the credit card segment, due to the growth in card base and revenues, in addition to the increase in interest held in Visavale and Cielo; (ii) the increase in income from checking accounts, which was driven by growth in business volume and a larger checking account client base, which posted net growth of some 2.3 million accounts in the period; (iii) greater income from loan operations, mainly due to the increase in guarantees and sureties and the higher volume of contracted operations; and (iv) growth in revenue from fund management.

Personnel expenses

In the first quarter of 2011, the R\$97 million decrease from the previous quarter was composed of changes in the following portions:

- “structural” – R\$10 million reduction, mainly due to: (i) higher concentration of vacation periods in the first quarter, offset by: (ii) higher expenses with salaries, compulsory social charges and benefits, as a result of the collective bargaining agreement of insurance industry workers in January 2011 and the organic growth in the period, with an increase in the number of service points and the consequent hiring of a net total of 1,501 employees; and
- “non-structural” – decrease of R\$87 million, chiefly related to lower expenses with employee and management profit sharing (PLR).
- the R\$55 million increase in the “non-structural” portion, basically resulting from higher expenses with management and employee profit sharing (PLR).

Year-on-year growth of R\$316 million in the first quarter of 2011 is mainly due to:

- R\$261 million in the “structural” portion from: (i) an increase in expenses related to salaries, compulsory social charges and benefits, due to higher salary levels; (ii) and the net increase of 8,669 employees; and

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

Non-Structural Expenses = Employee Profit Sharing (PLR) + Training + Labor Provision + Severance Expenses.

Administrative Expenses

In the first quarter of 2011, the 3.6% decrease in administrative expenses from the previous quarter is mainly due to lower expenses with: (i) advertising and marketing; (ii) outsourced services, mainly related to legal and corporate consulting services; and (iii) data processing; partially offset by: (iv) increased expenses from the expansion of Service Points by 2,301, of which 23 were branches, 76 PAB/PAE/PAA, 1,545 Bradesco Expresso units and 657 other service points.

Year on year, the 18.6% increase is the result of greater expenses with: (i) outsourced services, related to: (a) upgrading and expansion of customer service structure and partial outsourcing of credit card processing (Fidelity); and (b) variable expenses related to revenue (e.g. non- bank correspondents); (ii) depreciation and amortization; (iii) advertising and marketing; (iv)

increase in business and service volume; and (v) the expansion of the Customer Service Network by 10,615 new units: 196 branches, 341 PAB/PAE/PAA, 6,148 Bradesco Expresso branches and 3,930 other service points, amounting to 57,185 on March 31, 2011.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R\$922 million in the first quarter of 2011, up R\$276 million over previous quarter and R\$372 million year on year.

Compared to the same period last year, the increase in other operating expenses net of other operating income, is mainly the result of higher expenses with: (i) the recording of operating provisions, especially those for civil contingencies; and (ii) the recording of provisions to cover fluctuations arising from the revaluation of IBNR provisions and benefits payable – remission of the Health Insurance segment

Income Tax and Social Contribution

Growth in tax and social contribution expenses, both quarter-on-quarter and year-on-year, is the result of an increase in taxable income in the first quarter of 2011. It is important to note that the remainder of tax credit was consumed as a result of the increase in the social contribution rate from 9% to 15%.

Unrealized Gains

Unrealized gains totaled R\$9,590 million in the first quarter of 2011, a R\$966 million decrease from the previous quarter. This was mainly due to: (i) the decrease in unrealized gains of loan and leasing operations, resulting from an increase in interest rates; (ii) the relative depreciation of mark- to-market of held-to-maturity securities; partially offset by: (iii) the appreciation of investments, especially those in Cielo, the stocks of which appreciated by 7.5%; and (iv) the decrease in unrealized losses in borrowings and onlendings, resulting from increased interest rates.

Economic Scenario

Two years after the peak of the global financial crisis, inflation is once again a cause for concern due to the recent highs in petroleum prices, partially due to recent restrictions of a geo-political nature. More intense pressure on prices has been reported in a number of emerging economies, whose main task at the moment is to moderate growth rates. Nonetheless, the economic policy response to the pressure triggered by the high degree of uncertainty surrounding the global economy has not been as restrictive as in the pre-crisis years. The developed economies, on the other hand, are facing a number of challenges to sustainable growth, such as weak job markets, high levels of public debt and the impacts of the recent tragedy in Japan. Generally, the international scenario continues to be marked by abundant liquidity, low risk aversion and high commodity prices, which should continue virtually unchanged in the coming months.

On the domestic front, the international shock caused by commodity prices has worsened thanks to the mismatch between supply and demand and the Brazilian economy's still high level of indexation. The response to inflationary pressure has been a change in the economic policy mix, combining a moderate increase in basic interest rates and a slowdown in public spending with the adoption of prudential macroeconomic measures. This coordinated response will most likely fail to prevent inflation from reaching around 6.0% this year, but should ensure convergence with the inflationary target throughout 2012, when Brazil's economic growth should be more moderate than the 7.5% recorded in 2010, the highest figure since 1986. If projections for GDP growth of 3.8% in 2011 prove correct, this convergence will become even more likely.

Despite the country's undoubted export strength, its main economic activity driver has been – and will continue to be – domestic demand. Investments have been fueled by the high level of corporate confidence and the opportunities

generated by the sporting events in 2014 and 2016 and the exploration of the pre-salt oil discoveries. Household consumption continues to grow at a robust pace, supported by the buoyant job market, income gains and the generation of formal jobs. Credit, employment and income should continue to grow in 2011, albeit at a more moderate pace. With no signs of excessive commitment of income on the part of borrowers and with continuing social mobility, the outlook for the Brazilian banking system remains favorable, especially in the real estate segment, whose growth has been healthy, with no signs of undue excess.

The world's perception of Brazil remains positive, underlined by yet another upgrade from an important risk classification agency. The favorable long-term domestic outlook and the current international scenario have put pressure on the dollar exchange rate, which will tend to remain high. This tendency will be accompanied by the continuing build-up of international reserves, which provide a necessary liquidity buffer in moments of cyclical reversal. The increase in the current account deficit this year should not jeopardize this tendency, as the external accounts will mainly be financed by direct foreign investments, which should reach US\$52 billion, a new record.

Bradesco continues to hold a positive long-term view of Brazil, with no signs of any institutional regressions on the horizon. At the same time, the Organization tends to have a positive bias. It is important to point out that the path to sustainable growth could be considerably shortened by massive investments in education and infrastructure, accompanied by economic reforms to increase the efficiency of the domestic productive sector. Initiatives of this type would make a fundamental contribution to creating more solid conditions for the private sector to confront global competition and continue expanding and generating jobs.

Main Economic Indicators

| Main Indicators (%) | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
|---|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| Interbank Deposit Certificate (CDI) | 2.64 | 2.56 | 2.61 | 2.22 | 2.02 | 2.12 | 2.18 | 2.37 |
| Ibovespa | (1.04) | (0.18) | 13.94 | (13.41) | 2.60 | 11.49 | 19.53 | 25.75 |
| USD – Commercial Rate | (2.25) | (1.65) | (5.96) | 1.15 | 2.29 | (2.08) | (8.89) | (15.70) |
| General Price Index - Market (IGP-M) | 2.43 | 3.18 | 2.09 | 2.84 | 2.78 | (0.11) | (0.37) | (0.32) |
| CPI (IPCA – IBGE) | 2.44 | 2.23 | 0.50 | 1.00 | 2.06 | 1.06 | 0.63 | 1.32 |
| Federal Government Long-Term Interest Rate (TJLP) | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.54 |
| Reference Interest Rate (TR) | 0.25 | 0.22 | 0.28 | 0.11 | 0.08 | 0.05 | 0.12 | 0.16 |
| Savings Accounts | 1.76 | 1.73 | 1.79 | 1.62 | 1.59 | 1.56 | 1.63 | 1.67 |
| Business Days (number) | 62 | 63 | 65 | 62 | 61 | 63 | 65 | 61 |
| Indicators (Closing Rate) | Mar11 | Dec10 | Sept10 | Jun10 | Mar10 | Dec09 | Sept09 | Jun09 |
| USD – Commercial Selling Rate – (R\$) | 1.6287 | 1.6662 | 1.6942 | 1.8015 | 1.7810 | 1.7412 | 1.7781 | 1.9516 |
| Euro – (R\$) | 2.3129 | 2.2280 | 2.3104 | 2.2043 | 2.4076 | 2.5073 | 2.6011 | 2.7399 |
| Country Risk (points) | 173 | 189 | 206 | 248 | 185 | 192 | 234 | 284 |
| Basic Selic Rate Copom (% p.a.) | 11.75 | 10.75 | 10.75 | 10.25 | 8.75 | 8.75 | 8.75 | 9.25 |
| BM&F Fixed Rate (% p.a.) | 12.28 | 12.03 | 11.28 | 11.86 | 10.85 | 10.46 | 9.65 | 9.23 |

Projections through 2013

| % | 2011 | 2012 | 2013 | |
|--|------|-------|-------|-------|
| USD - Commercial Rate (year-end) - R\$ | | 1.60 | 1.70 | 1.74 |
| Extended Consumer Price Index (IPCA) | | 6.00 | 4.50 | 4.50 |
| General Price Index - Market (IGP-M) | | 6.50 | 4.50 | 4.50 |
| Selic (year-end) | | 12.25 | 11.25 | 10.25 |
| Gross Domestic Product (GDP) | | 3.80 | 4.70 | 4.80 |

Guidance

Bradesco's Outlook for 2011

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

| | |
|--|------------------|
| Loan Portfolio | 15 to 19% |
| Individuals | 13 to 17% |
| Corporate | 16 to 20% |
| SMEs | 20 to 24% |
| Corporate | 11 to 15% |
| Products | |
| Vehicles | 10 to 14% |
| Cards ⁽¹⁾ | 9 to 13% |
| Real Estate Financing (origination) | R\$10.0 bil |
| Payroll Deductible Loans | 30 to 34% |
| Financial Margin ⁽²⁾ | 18 to 22% |
| Fee and Commission Income | 9 to 13% |
| Operating Expenses ⁽³⁾ | 11 to 15% |
| Insurance Premiums | 10 to 13% |

Does not include the "BNDES Cards" and "Advances of Receivables" portfolios;

(1)

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

(3)

Administrative and Personnel Expenses.

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

First quarter of 2011

| | R\$ million | | | | | | | | | | | |
|---|---------------|-------------------|-----------|--------------|--------------|-------------|------|--------|--------------|---------------|-----------|--------------|
| | 1Q11 | Reclassifications | | | | | | Fiscal | Managerial | Non-Recurring | Adjusted | |
| | Statement | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Hedge | Statement | Events | Statement |
| | of Income | | | | | | | | (8) | of Income | (9) | of Income |
| Financial Margin | 10,131 | (91) | 33 | (102) | (408) | - | - | - | (201) | 9,362 | - | 9,362 |
| ALL | (2,534) | - | - | - | 225 | (51) | - | - | - | (2,360) | - | (2,360) |
| Gross Income from Financial Intermediation | 7,597 | (91) | 33 | (102) | (183) | (51) | - | - | (201) | 7,002 | - | 7,002 |
| Savings Bond Operations (*) | 785 | - | - | - | - | - | - | - | - | 785 | - | 785 |
| Fee and Commission | 3,419 | - | - | - | - | - | 91 | - | - | 3,510 | - | 3,510 |
| Income Personnel Expenses | (2,436) | - | - | - | - | - | - | - | - | (2,436) | - | (2,436) |
| Other Administrative Expenses | (3,037) | - | - | - | - | - | - | (103) | - | (3,140) | - | (3,140) |
| Tax Expenses | (895) | - | - | - | (7) | - | - | - | 22 | (880) | - | (880) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 34 | - | - | - | - | - | - | - | - | 34 | - | 34 |
| Other Operating Income/Expenses | (1,338) | 91 | (33) | 102 | 190 | - | (91) | 103 | - | (976) | 54 | (922) |
| Operating Income | 4,129 | - | - | - | - | (51) | - | - | (179) | 3,899 | 54 | 3,953 |
| Non-Operating Income | (55) | - | - | - | - | 51 | - | - | - | (4) | - | (4) |
| Income Tax / Social Contribution and Minority Interest | (1,372) | - | - | - | - | - | - | - | 179 | (1,193) | (18) | (1,211) |
| Net Income | 2,702 | - | - | - | - | - | - | - | - | 2,702 | 36 | 2,738 |

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses"; 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 reclassification

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- of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
 - (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
 - (7) Credit Card Operation Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";
 - (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
 - (9) For more information see page 08 of this chapter.
- (*) Result of Insurance, Private Pension Plans and Savings Bond Operations = Insurance, Private Pension Plans and Savings Bond Retained Premiums - Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.

Statement of Income vs. Managerial Income vs. Adjusted Income

Fourth quarter of 2010

| | R\$ million | | | | | | | | | | | |
|---|--------------|-------------------|-----------|--------------|--------------|-------------|------|--------|--------------|---------------|--------------|--------------|
| | 4Q10 | Reclassifications | | | | | | Fiscal | Managerial | Non-Recurring | Adjusted | |
| | Statement | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Hedge | Statement | Events | Statement |
| | of Income | | | | | | | | (8) | of Income | (9) | of Income |
| Financial Margin | 9,904 | (114) | 32 | (110) | (492) | - | - | - | (202) | 9,018 | - | 9,018 |
| ALL | (2,299) | - | - | - | 309 | (85) | - | - | - | (2,075) | (220) | (2,295) |
| Gross Income from Financial Intermediation | 7,605 | (114) | 32 | (110) | (183) | (85) | - | - | (202) | 6,943 | (220) | 6,723 |
| Savings Bond Operations (*) | 700 | - | - | - | - | - | - | - | - | 700 | - | 700 |
| Fee and Commission Income | 3,471 | - | - | - | - | - | 97 | - | - | 3,568 | - | 3,568 |
| Personnel Expenses | (2,533) | - | - | - | - | - | - | - | - | (2,533) | - | (2,533) |
| Other Administrative Expenses | (3,159) | - | - | - | - | - | - | (98) | - | (3,257) | - | (3,257) |
| Tax Expenses | (872) | - | - | - | (8) | - | - | - | 22 | (858) | - | (858) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 60 | - | - | - | - | - | - | - | - | 60 | - | 60 |
| Other Operating Income/Expenses | (1,128) | 114 | (32) | 110 | 191 | - | (97) | 98 | - | (744) | 98 | (646) |
| Operating Income | 4,144 | - | - | - | - | (85) | - | - | (180) | 3,879 | (122) | 3,757 |
| Non-Operating Income | 70 | - | - | - | - | 85 | - | - | - | 155 | (145) | 10 |
| Income Tax / Social Contribution and Minority Interest | (1,227) | - | - | - | - | - | - | - | 180 | (1,047) | (36) | (1,083) |
| Net Income | 2,987 | - | - | - | - | - | - | - | - | 2,987 | (303) | 2,684 |

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses", 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 reclassification of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
- (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
- (7) Credit Card Operations Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";

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- (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
- (9) For more information see page 08 of this chapter.

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

Statement of Income vs. Managerial Income vs. Adjusted Income

First quarter of 2010

| | R\$ million | | | | | | | | | | | |
|---|--------------|-------------------|-----------|-------------|--------------|-------------|------|--------|------------|---------------|------------|--------------|
| | 1Q10 | Reclassifications | | | | | | Fiscal | Managerial | Non-Recurring | Adjusted | |
| | Statement | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Hedge | Statement | Events | Statement |
| | of Income | | | | | | | | (8) | of Income | (9) | of Income |
| Financial Margin | 8,002 | (105) | 35 | (60) | (240) | - | - | - | 57 | 7,689 | - | 7,689 |
| ALL | (2,159) | - | - | - | 70 | (99) | - | - | - | (2,188) | - | (2,188) |
| Gross Income from Financial Intermediation | 5,843 | (105) | 35 | (60) | (170) | (99) | - | - | 57 | 5,501 | - | 5,501 |
| Savings Bond Operations (*) | 583 | - | - | - | - | - | - | - | - | 583 | - | 583 |
| Fee and Commission Income | 3,080 | - | - | - | - | - | 44 | - | - | 3,124 | - | 3,124 |
| Personnel Expenses | (2,120) | - | - | - | - | - | - | - | - | (2,120) | - | (2,120) |
| Other Administrative Expenses | (2,564) | - | - | - | - | - | - | (83) | - | (2,647) | - | (2,647) |
| Tax Expenses | (736) | - | - | - | (7) | - | - | - | (6) | (749) | - | (749) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 29 | - | - | - | - | - | - | - | - | 29 | - | 29 |
| Other Operating Income/Expenses | (1,329) | 105 | (35) | 60 | 177 | - | (44) | 83 | - | (983) | 433 | (550) |
| Operating Income | 2,786 | - | - | - | - | (99) | - | - | 51 | 2,738 | 433 | 3,171 |
| Non-Operating Income | (95) | - | - | - | - | 99 | - | - | - | 4 | - | 4 |
| Income Tax / Social Contribution and Minority Interest | (588) | - | - | - | - | - | - | - | (51) | (639) | (389) | (1,028) |
| Net Income | 2,103 | - | - | - | - | - | - | - | - | 2,103 | 44 | 2,147 |

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses", 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 reclassification of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
- (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
- (7) Credit Card Operations Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";

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- (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
- (9) For more information see page 08 of this chapter.

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

Economic and Financial
Analysis**Consolidated Balance Sheet and Adjusted Statement of Income****Balance Sheet**

| | Mar11 | Dec10 | Sept10 | Jun10 | Mar10 | Dec09 | Sept09 | Jun09 | R\$ million |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Assets | | | | | | | | | |
| Current and Long-Term Assets | 663,599 | 625,783 | 601,180 | 547,868 | 522,709 | 496,028 | 477,458 | 474,301 | |
| Cash and Cash Equivalents | 6,785 | 15,738 | 9,669 | 6,877 | 8,705 | 6,947 | 8,571 | 9,001 | |
| Interbank Investments | 100,159 | 73,232 | 92,567 | 96,478 | 97,165 | 110,797 | 97,487 | 89,636 | |
| Securities and Derivative Financial Instruments | 217,482 | 213,518 | 196,081 | 156,755 | 157,309 | 146,619 | 147,724 | 146,110 | |
| Interbank and Interdepartmental Accounts | 67,292 | 66,326 | 50,781 | 50,427 | 36,674 | 18,723 | 17,718 | 16,620 | |
| Loan and Leasing Operations | 222,404 | 213,532 | 200,092 | 191,248 | 181,490 | 172,974 | 163,699 | 160,174 | |
| Allow ance for Loan Losses (ALL) | (16,740) | (16,290) | (16,019) | (15,782) | (15,836) | (16,313) | (14,953) | (13,871) | |
| Other Receivables and Assets | 66,217 | 59,727 | 68,009 | 61,864 | 57,202 | 56,281 | 57,212 | 66,631 | |
| Permanent Assets | 11,788 | 11,702 | 10,723 | 10,232 | 9,917 | 10,195 | 8,228 | 8,177 | |
| Investments | 1,675 | 1,577 | 1,616 | 1,553 | 1,537 | 1,549 | 1,392 | 1,359 | |
| Premises and Leased Assets | 3,666 | 3,766 | 3,401 | 3,427 | 3,244 | 3,418 | 3,272 | 3,300 | |
| Intangible Assets | 6,447 | 6,359 | 5,706 | 5,252 | 5,136 | 5,228 | 3,564 | 3,518 | |
| Total | 675,387 | 637,485 | 611,903 | 558,100 | 532,626 | 506,223 | 485,686 | 482,478 | |
| Liabilities | | | | | | | | | |
| Current and Long-Term Liabilities | 623,069 | 588,610 | 564,794 | 512,790 | 488,431 | 463,350 | 446,152 | 444,574 | |
| Deposits | 203,822 | 193,201 | 186,194 | 178,453 | 170,722 | 171,073 | 167,987 | 167,512 | |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 178,989 | 171,497 | 157,009 | 131,134 | 128,172 | 113,273 | 102,604 | 99,710 | |
| Funds from Issuance of Securities | 21,701 | 17,674 | 13,749 | 12,729 | 8,550 | 7,482 | 7,111 | 7,694 | |
| Interbank and Interdepartmental Accounts | 2,647 | 3,790 | 2,451 | 2,777 | 2,063 | 2,950 | 2,257 | 1,904 | |
| Borrow ing and Onlending | 41,501 | 38,196 | 37,998 | 35,033 | 30,208 | 27,328 | 27,025 | 29,081 | |
| Derivative Financial Instruments | 2,358 | 730 | 1,878 | 1,097 | 2,469 | 531 | 1,669 | 2,599 | |
| Provisions for Insurance, Private Pension Plans and Savings Bonds | 89,980 | 87,177 | 82,363 | 79,308 | 77,685 | 75,572 | 71,400 | 68,828 | |
| Other Liabilities | 82,071 | 76,345 | 83,152 | 72,259 | 68,562 | 65,141 | 66,098 | 67,245 | |
| Deferred Income | 447 | 360 | 312 | 337 | 292 | 321 | 297 | 272 | |
| Minority Interest in Subsidiaries | 574 | 472 | 683 | 678 | 816 | 798 | 360 | 355 | |
| Shareholders' Equity | 51,297 | 48,043 | 46,114 | 44,295 | 43,087 | 41,754 | 38,877 | 37,277 | |
| Total | 675,387 | 637,485 | 611,903 | 558,100 | 532,626 | 506,223 | 485,686 | 482,478 | |

Consolidated Balance Sheet and Adjusted Statement of Income**Adjusted Statement of Income**

| | R\$ million | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
| Financial Margin | 9,362 | 9,018 | 8,302 | 8,047 | 7,689 | 7,492 | 7,587 | 7,560 |
| Interest | 8,849 | 8,553 | 7,904 | 7,663 | 7,406 | 7,144 | 6,891 | 6,771 |
| Non-Interest | 513 | 465 | 398 | 384 | 283 | 348 | 696 | 789 |
| ALL | (2,360) | (2,295) | (2,059) | (2,161) | (2,188) | (2,695) | (2,908) | (3,118) |
| Gross Income from Financial Intermediation | 7,002 | 6,723 | 6,243 | 5,886 | 5,501 | 4,797 | 4,679 | 4,442 |
| Income from Insurance, Private Pension Plan and Savings Bond Operations ^(*) | 785 | 700 | 703 | 786 | 583 | 484 | 433 | 529 |
| Fee and Commission Income | 3,510 | 3,568 | 3,427 | 3,253 | 3,124 | 3,125 | 2,857 | 2,911 |
| Personnel Expenses | (2,436) | (2,533) | (2,411) | (2,238) | (2,120) | (2,081) | (2,126) | (1,908) |
| Other Administrative Expenses | (3,140) | (3,257) | (2,890) | (2,738) | (2,647) | (2,746) | (2,359) | (2,233) |
| Tax Expenses | (880) | (858) | (779) | (734) | (749) | (694) | (639) | (615) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 34 | 60 | 19 | 19 | 29 | 82 | 39 | 13 |
| Other Operating Revenues and Expenses | (922) | (646) | (598) | (588) | (550) | (539) | (539) | (459) |
| - Other Operating Revenues | 370 | 410 | 318 | 294 | 265 | 279 | 209 | 311 |
| - Other Operating Expenses | (1,292) | (1,056) | (916) | (882) | (815) | (818) | (748) | (770) |
| Operating Income | 3,953 | 3,757 | 3,714 | 3,646 | 3,171 | 2,428 | 2,345 | 2,680 |
| Non-Operating Income | (4) | 10 | (10) | (12) | 4 | (62) | 63 | 37 |
| Income Tax and Social Contribution | (1,138) | (1,059) | (1,123) | (1,161) | (1,010) | (519) | (607) | (717) |
| Minority Interest | (73) | (24) | (63) | (18) | (18) | (8) | (6) | (4) |
| Adjusted Net Income | 2,738 | 2,684 | 2,518 | 2,455 | 2,147 | 1,839 | 1,795 | 1,996 |

(*) Results from Insurance, Private Pension Plan and Savings Bonds Operations = Retained Insurance, Private Pension Plan and Savings Bonds Premiums - Variation in Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance, Private Pension Plans and Savings Bonds.

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

Economic and Financial
Analysis

Financial Margin – Interest and Non-Interest

Average Financial Margin Rate

| | Financial Margin | | | | R\$ million | |
|-----------------------------------|------------------|--------------|--------------|----------------------|-------------|--------------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Interest - due to volume | | | | | 436 | 1,547 |
| Interest - due to spread | | | | | (140) | (104) |
| - Financial Margin - Interest | 8,849 | 8,553 | 7,406 | 296 | | 1,443 |
| - Financial Margin - Non-Interest | 513 | 465 | 283 | 48 | | 230 |
| Financial Margin | 9,362 | 9,018 | 7,689 | 344 | | 1,673 |
| Average Margin Rate (*) | 8.2% | 8.3% | 8.1% | | | |

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

Financial margin in the first quarter of 2011 was R\$9,362 million. Compared with the previous quarter there was a R\$344 million, or 3.8% increase mainly from the interest financial margin, which was positively impacted by: (i) the increase in the volume of operations; contributing with R\$436 million; and mitigated by (ii) the decrease in the average spread of R\$140 million.

Financial margin grew by 21.8% or R\$1,673 million in the first quarter of 2011, compared to the same period in the previous year. This growth is due to (i) the R\$1,443 million increase in interest margin, of which: (a) R\$1,547 million corresponds to the increase in volume of operations; being partially mitigated by: (b) decrease in the average spread in the amount of R\$104 million; and (ii) the increase in “non-interest” financial margin, in the amount of R\$230 million, from more treasury/securities gains.

Financial Margin – Interest

Interest Financial Margin - Breakdown

| | Interest Financial Margin Breakdown | | | | R\$ million | |
|-------------------------|-------------------------------------|--------------|--------------|----------------------|-------------|--------------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Loans | 6,180 | 6,143 | 5,630 | 37 | | 550 |
| Funding | 1,009 | 916 | 593 | 93 | | 416 |
| Insurance | 999 | 907 | 744 | 92 | | 255 |
| Securities/Other | 661 | 587 | 439 | 74 | | 222 |
| Financial Margin | 8,849 | 8,553 | 7,406 | 296 | | 1,443 |

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The interest financial margin reached R\$8,849 million in the first quarter of 2011 versus the R\$8,553 million posted in the fourth quarter of 2010, a positive impact of R\$296 million. The business lines that contributed the most to results in the quarter were (i) "Funding," which is explained in further detail in "Funding Financial Margin" – "Interest" and (ii) "Insurance", which is explained in further detail in "Insurance Financial Margin" – "Interest."

Year on year, interest financial margin posted growth of 19.5%, or R\$1,443 million. The business lines that most contributed to this growth were: (i) "Loan," details of which can be found in "Loan Financial Margin" – "Interest;" and (ii) "Funding," details of which can be found in "Funding Financial Margin" – "Interest."

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

The annualized ratio of "interest" financial margin to total average assets stood at 7.8% in the first quarter of 2011, stable in comparison with the previous quarter and the first quarter of 2010.

Interest Financial Margin – Annualized Average Rates

| | R\$ million | | | | | |
|-------------------------|------------------|--------------------|--------------|------------------|--------------------|--------------|
| | 1Q11 Interest | Average Balance | Average Rate | 4Q10 Interest | Average Balance | Average Rate |
| Loans | 6,180 | 239,266 | 10.74% | 6,143 | 227,368 | 11.25% |
| Funding | 1,009 | 276,157 | 1.47% | 916 | 255,634 | 1.44% |
| Insurance | 999 | 88,818 | 4.58% | 907 | 85,096 | 4.33% |
| Securities/Other | 661 | 206,006 | 1.29% | 587 | 202,244 | 1.17% |
| Financial Margin | 8,849 - | | - | 8,553 - | | - |

| | 1Q11 Interest | Average Balance | Average Rate | 1Q10 Interest | Average Balance | Average Rate |
|-------------------------|------------------|--------------------|--------------|------------------|--------------------|--------------|
| Loans | 6,180 | 239,266 | 10.74% | 5,630 | 194,704 | 12.08% |
| Funding | 1,009 | 276,157 | 1.47% | 593 | 221,851 | 1.07% |
| Insurance | 999 | 88,818 | 4.58% | 744 | 76,591 | 3.94% |
| Securities/Other | 661 | 206,006 | 1.29% | 439 | 187,381 | 0.94% |
| Financial Margin | 8,849 - | | - | 7,406 - | | - |

Economic and Financial
Analysis

Loan Financial Margin - Interest

Loan Financial Margin – Breakdown

| | Financial Margin - Loan | | | | R\$ million | |
|---------------------------|-------------------------|---------|---------|----------------------|-------------|---------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Interest - due to volume | | | | | 307 | 1,151 |
| Interest - due to spread | | | | | (270) | (601) |
| Interest Financial Margin | 6,180 | 6,143 | 5,630 | 5,630 | 37 | 550 |
| Revenues | 11,056 | 10,554 | 9,210 | 9,210 | 502 | 1,846 |
| Expenses | (4,876) | (4,411) | (3,580) | (3,580) | (465) | (1,296) |

In the first quarter of 2011, the financial margin with loan operations reached R\$6,180 million, up 0.6% or R\$37 million, over the previous quarter. The variation was mainly the result of: (i) growth in average business volume of R\$307 million; offset by: (ii) a R\$270 million decrease in the average spread.

In the first quarter of 2011, financial margin was up 9.8% or R\$550 million from the same period last year. This variation was the result of: (i) the positive contribution of R\$1,151 million from the increase in the volume of operations; and, partially offset by: (ii) a decrease in average spread by R\$601 million.

It is important to highlight Bradesco's strategic positioning, which allows it to take advantage of the best opportunities from the upturn in the Brazilian economy, highlighting operations aimed at family consumption and production financing.

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), which has gone up due to the increase in volume of operations.

The ALL curve shows delinquency costs, which are represented by Allowance for Loan Losses (ALL) expenses, discounts granted in negotiations and 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 first quarter of 2011 recorded a decrease from the previous quarter of 0.7%, due to the 2.8% increase in ALL expenses. Year on year, net margin increased by 11.0%, or R\$378 million.

Economic and Financial
Analysis**Loan Financial Margin - Interest****Total Loan Portfolio**

Loan operations (including sureties, guarantees, advances of credit card receivables and assignments of receivables-backed investment funds and mortgage-backed receivables) ended the first quarter of 2011 at R\$284.7 billion, an increase of 3.8% in the quarter and 21.0% in the last twelve months.

The expanded loan portfolio⁽¹⁾, which also includes the other credit risk operations – commercial portfolio (debentures and promissory notes), amounted to R\$304.4 billion in March 2011 (R\$293.6 billion in December 2010 and R\$248.3 billion in March 2010), recording growth of 3.7% in the quarter and 22.6% in the last twelve months.

(1) For more information, see page 36 of this chapter.

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

A breakdown of loan products for Individuals is presented below:

| Individuals Mar11 | R\$ million | | | Variation % | |
|--|----------------|---------------|---------------|-------------|-------------|
| | Dec10 | Mar10 | Quarter | 12M | |
| Vehicles - CDC | 25,811 | 24,867 | 20,609 | 3.8 | 25.2 |
| Credit Card | 16,493 | 17,184 | 14,195 | (4.0) | 16.2 |
| Payroll-Deductible Loan ⁽¹⁾ | 16,123 | 15,008 | 11,491 | 7.4 | 40.3 |
| Personal Loan | 12,075 | 11,493 | 9,342 | 5.1 | 29.3 |
| Leasing | 6,916 | 7,954 | 11,329 | (13.1) | (39.0) |
| Rural Loan | 5,946 | 5,798 | 4,785 | 2.5 | 24.3 |
| Real Estate Financing ⁽²⁾ | 4,879 | 4,370 | 3,189 | 11.6 | 53.0 |
| BNDES/Finame Onlending | 4,704 | 4,394 | 3,439 | 7.1 | 36.8 |
| Overdraft Facilities | 2,940 | 2,481 | 2,635 | 18.5 | 11.6 |
| Sureties and Guarantees | 667 | 535 | 551 | 24.7 | 20.9 |
| Other ⁽³⁾ | 3,525 | 4,037 | 4,448 | (12.7) | (20.7) |
| Total | 100,079 | 98,122 | 86,012 | 2.0 | 16.4 |

Including:

(1) Credit assignment (FIDC): R\$401 million in March 2011, R\$408 million in December 2010 and R\$360 million in March 2010;

(2) Credit assignment (CRI): R\$268 million in March 2011, R\$287 million in December 2010, R\$354 million in March 2010; and

(3) Credit assignment (FIDC) for the acquisition of assets: R\$5 million in March 2011, R\$8 million in December 2010 and R\$18 million in March 2010.

Operations with Individuals, which recorded growth of 16.4% in the last twelve months, was led by: (i) real estate financing; (ii) the payroll-deductible loans portfolio; and (iii) BNDES/Finame onlending. In the first quarter of 2011, these operations grew by 2.0%

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when compared to the previous quarter, and the products that most contributed to growth were: (i) real estate financing; (ii) payroll-deductible loans; and (iii) BNDES/Finame onlending.

36 Report on Economic and Financial Analysis – March 2011

Loan Financial Margin - Interest

A breakdown of loan products for the Corporate segment is presented below:

| Corporate Mar11 | R\$ million | | | Variation % | |
|---|----------------|----------------|----------------|-------------|-------------|
| | Dec10 | Mar10 | Quarter | 12M | |
| Working Capital | 36,161 | 34,729 | 29,526 | 4.1 | 22.5 |
| BNDES/Finame Onlending | 26,389 | 25,160 | 16,762 | 4.9 | 57.4 |
| Operations Abroad | 19,099 | 17,927 | 14,017 | 6.5 | 36.3 |
| Credit Card | 11,353 | 11,073 | 7,738 | 2.5 | 46.7 |
| Overdraft Account | 9,450 | 8,387 | 8,226 | 12.7 | 14.9 |
| Export Financing | 8,500 | 7,133 | 8,016 | 19.2 | 6.0 |
| Leasing | 8,091 | 8,411 | 8,642 | (3.8) | (6.4) |
| Real Estate Financing - Corporate Plan ⁽¹⁾ | 6,990 | 6,484 | 5,119 | 7.8 | 36.6 |
| Rural Loan | 4,380 | 4,241 | 4,144 | 3.3 | 5.7 |
| Vehicles - CDC | 4,191 | 3,936 | 3,062 | 6.5 | 36.9 |
| Sureties and Guarantees ⁽²⁾ | 41,800 | 40,231 | 34,162 | 3.9 | 22.4 |
| Other | 8,212 | 8,393 | 9,812 | (2.2) | (16.3) |
| Subtotal | 184,616 | 176,105 | 149,226 | 4.8 | 23.7 |
| Operations with Credit Risk - Commercial Portfolio ⁽³⁾ | 19,678 | 19,328 | 13,044 | 1.8 | 50.9 |
| Total | 204,295 | 195,433 | 162,270 | 4.5 | 25.9 |

(1) Mortgage-backed receivables (CRI): Includes R\$307 million in March 2011, R\$312 million in December 2010 and R\$388 million in March 2010;

(2) 91.6% of surety and guarantees from corporate customers were contracted by corporations; and

(3) Includes operations with debentures and promissory notes.

The corporate segment grew by 25.9% in the last twelve months and 4.5% in the quarter. The main highlights in the last twelve months were: (i) operations bearing credit risk - commercial portfolio; (ii) BNDES/Finame onlending; (iii) credit card; and (iv) vehicle financing – CDC. In the quarter, the highlights were: (i) export financings; (ii) overdraft accounts; and (iii) real estate financing – corporate plans.

Loan Portfolio – Consumer Financing

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

Consumer financing totaled R\$78.2 billion, which corresponded to a 0.8% increase in the quarter and 14.6% in the last twelve months. Growth was led by: (i) vehicle financing (CDC/Leasing); and (ii) payroll-deductible loans, which together totaled R\$48.9 billion, accounting for 62.5% of the total consumer financing balance. Given their guarantees and characteristics, they provide operations with an adequate level of credit risk.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Breakdown of Vehicle Portfolio

| | R\$ million | | | Variation % | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| CDC Portfolio | 30,002 | 28,803 | 23,671 | 4.2 | 26.7 |
| Individuals | 25,811 | 24,867 | 20,609 | 3.8 | 25.2 |
| Corporate | 4,191 | 3,936 | 3,062 | 6.5 | 36.9 |
| Leasing Portfolio | 11,769 | 13,151 | 17,291 | (10.5) | (31.9) |
| Individuals | 6,916 | 7,954 | 11,329 | (13.1) | (39.0) |
| Corporate | 4,853 | 5,197 | 5,962 | (6.6) | (18.6) |
| Finame Portfolio | 8,766 | 8,125 | 3,590 | 7.9 | 144.2 |
| Individuals | 1,002 | 887 | 108 | 13.0 | 827.8 |
| Corporate | 7,764 | 7,238 | 3,482 | 7.3 | 123.0 |
| Total | 50,537 | 50,079 | 44,552 | 0.9 | 13.4 |
| Individuals | 33,729 | 33,708 | 32,046 | 0.1 | 5.3 |
| Corporate | 16,808 | 16,371 | 12,506 | 2.7 | 34.4 |

Vehicle financing operations (individuals and corporate customers) totaled R\$50.5 billion in March 2011, for an increase of 0.9% on the quarter and 13.4% on the same period last year. Of the total vehicle portfolio, 59.4% corresponds to CDC, 23.3% to Leasing and 17.3% to Finame. Individuals represented 66.7% of the portfolio, while Corporate Customers accounted for the remaining 33.3%.

Loan Portfolio – By Type

The table below presents all operations with credit risk (including sureties and guarantees, advances on credit card receivables, loan assignments and other operations with some type of credit risk), which increased by 4.1% in the quarter and 23.4% in the last twelve months.

| | R\$ million | | | Variation % | |
|--|----------------|----------------|----------------|-------------|-------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Loans and Discounted Securities | 116,264 | 110,316 | 92,366 | 5.4 | 25.9 |
| Financing | 76,869 | 73,046 | 56,537 | 5.2 | 36.0 |
| Rural and Agribusiness Financing | 14,262 | 13,804 | 12,338 | 3.3 | 15.6 |
| Leasing Operations | 15,008 | 16,366 | 20,249 | (8.3) | (25.9) |
| Advances on Exchange Contracts | 5,728 | 4,189 | 5,126 | 36.7 | 11.7 |
| Other Loans | 11,781 | 12,893 | 11,491 | (8.6) | 2.5 |
| Total Loan Operations ⁽¹⁾ | 239,912 | 230,614 | 198,107 | 4.0 | 21.1 |
| Sureties and Guarantees Granted (Memorandum Accounts) | 42,466 | 40,766 | 34,714 | 4.2 | 22.3 |
| Other ⁽²⁾ | 1,336 | 1,833 | 1,298 | (27.1) | 2.9 |
| Total Exposures - Loan Operations | 283,714 | 273,213 | 234,119 | 3.8 | 21.2 |

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| | | | | | |
|---|----------------|----------------|----------------|------------|-------------|
| Loan Assignments (FIDC / CRI) | 981 | 1,014 | 1,119 | (3.3) | (12.3) |
| Total Operations including Loan Assignment | 284,695 | 274,227 | 235,238 | 3.8 | 21.0 |
| Operations with Credit Risk - Commercial Portfolio ⁽³⁾ | 19,678 | 19,328 | 13,044 | 1.8 | 50.9 |
| Total Operations with Credit Risk - Expanded Portfolio | 304,374 | 293,555 | 248,282 | 3.7 | 22.6 |
| Other Operations with Credit Risk ⁽⁴⁾ | 14,085 | 12,267 | 9,784 | 14.8 | 44.0 |
| Total Operations with Credit Risk | 318,459 | 305,822 | 258,066 | 4.1 | 23.4 |

(1) Concept determined by the Brazilian Central Bank;

(2) Refers to advances of credit card receivables;

(3) Includes operations with debentures and promissory notes; and

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

Loan Financial Margin - Interest**Credit Portfolio Concentration* – by Sector**

The loan portfolio by sector of economic activity presented slight changes in the segments it comprises, specifically an increase in participation of commerce and services in the last twelve months.

| Activity Sector | R\$ million | | | | | | |
|---|--------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| Mar11 | % | Dec10 | % | Mar10 | % | | |
| Public Sector | | 1,008 | 0.4 | 973 | 0.4 | 1,546 | 0.8 |
| Private Sector | | 238,904 | 99.6 | 229,641 | 99.6 | 196,561 | 99.2 |
| Corporate | | 140,166 | 58.4 | 132,757 | 57.6 | 111,832 | 56.4 |
| Industry | | 46,562 | 19.4 | 45,268 | 19.6 | 39,351 | 19.9 |
| Commerce | | 37,809 | 15.8 | 34,519 | 15.0 | 27,004 | 13.6 |
| Financial Intermediaries | | 716 | 0.3 | 566 | 0.2 | 788 | 0.4 |
| Services | | 51,772 | 21.6 | 49,496 | 21.5 | 42,104 | 21.2 |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | | 3,307 | 1.4 | 2,908 | 1.3 | 2,585 | 1.3 |
| Individuals | | 98,738 | 41.2 | 96,884 | 42.0 | 84,729 | 42.8 |
| Total | | 239,912 | 100.0 | 230,614 | 100.0 | 198,107 | 100.0 |

(*) Concept defined by the Brazilian Central Bank.

Changes in the Loan Portfolio*

Out of the R\$41.8 billion in growth in the loan portfolio over the last twelve months, new borrowers were responsible for R\$24.7 billion, or 59.0% of the growth. New borrowers represented 10.3% of the portfolio on March 31, 2011.

* Concept defined by the Brazilian Central Bank.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Changes in the Loan Portfolio - By Rating

In the chart below, we show that both new borrowers and remaining debtors from March 2010 presented a good level of credit quality (AA-C rating), demonstrating the adequacy and consistency of credit policy and processes, as well as required guarantees and credit ranking instruments used by Bradesco.

| Breakdown of Portfolio by Rating between March 2010 and 2011 | | | | | | | |
|--|---------------------------|--------------|---|--------------|-------------------------------------|--------------|--|
| Rating | Total Loans in March 2011 | | New Customers from April 2010 to March 2011 | | Remaining Customers from March 2010 | | |
| | R\$ million | % | R\$ million | % | R\$ million | % | |
| AA - C | 221,670 | 92.4 | 23,449 | 95.0 | 198,221 | 92.1 | |
| D | 4,751 | 1.9 | 406 | 1.7 | 4,345 | 2.0 | |
| E - H | 13,491 | 5.7 | 816 | 3.3 | 12,675 | 5.9 | |
| Total | 239,912 | 100.0 | 24,671 | 100.0 | 215,241 | 100.0 | |

(*) Concept defined by the Brazilian Central Bank.

Loan Portfolio* – By Customer Profile

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

| Type of Customer | R\$ million | | | Variation % | |
|------------------------------|----------------|----------------|----------------|-------------|-------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Corporate | 58,334 | 55,235 | 50,343 | 5.6 | 15.9 |
| SMEs | 82,840 | 78,495 | 63,034 | 5.5 | 31.4 |
| Individuals | 98,738 | 96,884 | 84,729 | 1.9 | 16.5 |
| Total Loan Operations | 239,912 | 230,614 | 198,107 | 4.0 | 21.1 |

(*) Concept defined by the Brazilian Central Bank.

It is worth noting that growth in the Corporate portfolio was impacted by: (i) the appreciation of the Brazilian Real against the US Dollar; as well as by (ii) funds raised on the capital markets, whose balance of operations with credit risk – commercial portfolio, which include debentures and promissory notes, grew by R\$6.6 billion in the last twelve months, representing an increase of 50.9% in the period, resulting in lower growth of traditional loan operations for this type of customer.

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

Regarding the last 12 months, the increase in the share of loans rated “AA – C,” reflects improved economic performance during the period, the ongoing improvement of loan analysis tools and processes and the quality growth of Bradesco’s loan portfolio.

By Rating
Type of Customer

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| | Mar11 | | | Dec10 | | | Mar10 | | | |
|--------------|-------|-------------|------------|------------|-------------|------------|------------|-------------|------------|------------|
| | AA-C | D | E-H | AA-C | D | E-H | AA-C | D | E-H | |
| Corporate | | 97.3 | 1.6 | 1.1 | 97.3 | 1.6 | 1.1 | 97.1 | 1.2 | 1.6 |
| SMEs | | 92.2 | 2.3 | 5.5 | 92.3 | 2.2 | 5.5 | 90.8 | 2.5 | 6.7 |
| Individuals | | 89.6 | 1.9 | 8.5 | 89.8 | 1.8 | 8.4 | 88.3 | 2.1 | 9.6 |
| Total | | 92.4 | 1.9 | 5.7 | 92.4 | 1.9 | 5.7 | 91.4 | 2.0 | 6.6 |

(*) Concept defined by the Brazilian Central Bank.

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

The table below shows growth by business segment in Bradesco's loan portfolio, especially the growth in the assets of the Retail, Prime and Corporate in the quarter. In the year, Prime, Retail and Middle Market were the segments that posted the greatest growth.

| Business Segments | R\$ million | | | | Variation % | | | |
|---------------------------------|----------------|--------------|----------------|--------------|----------------|--------------|------------|-------------|
| | Mar11 | % | Dec10 | % | Mar10 | % | Quarter | 12M |
| Retail | 83,622 | 34.9 | 78,699 | 34.1 | 63,594 | 32.1 | 6.3 | 31.5 |
| Corporate (1) | 69,842 | 29.1 | 66,464 | 28.8 | 59,566 | 30.1 | 5.1 | 17.3 |
| Middle Market | 31,777 | 13.2 | 31,049 | 13.5 | 24,664 | 12.4 | 2.3 | 28.8 |
| Prime | 9,410 | 3.9 | 8,896 | 3.9 | 6,416 | 3.2 | 5.8 | 46.7 |
| Other / Non-account holders (2) | 45,261 | 18.9 | 45,506 | 19.7 | 43,866 | 22.2 | (0.5) | 3.2 |
| Total | 239,912 | 100.0 | 230,614 | 100.0 | 198,107 | 100.0 | 4.0 | 21.1 |

(*) Concept defined by the Brazilian Central Bank.

(1) Considers credits acquired with recourse. In the table on page 38, Loan Portfolio – by Customer Profile, these amounts are allocated to Individuals; and

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

Loan Portfolio - By Currency

The balance of dollar-indexed and/or denominated loans and onlending operations (excluding ACCs – Advances on Foreign Exchange Contracts) totaled US\$12.7 billion, representing strong growth of 8.1% in the quarter and 43.6% in the last twelve months, in terms of U.S. dollars (in terms of Brazilian reais, an increase of 5.7% and 31.3%, respectively). In terms of Brazilian reais, these same foreign currency operations totaled R\$20.7 billion (R\$19.6 billion in December 2010 and R\$15.7 billion in March 2010).

In March 2011, total loan operations, in Reais, stood at R\$219.2 billion (R\$211.1 billion in December 2010 and R\$182.4 billion in March 2010), up 3.9% from the previous quarter and 20.2% over the last twelve months.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Loan Portfolio* - By Debtor

The credit exposure levels of the largest debtors reduced its concentration in comparison with both the same period in the previous year and the previous quarter. The quality of the portfolio of the one hundred largest debtors, when evaluated using AA and A ratings, improved in the last twelve months but slightly deteriorated in the quarter.

42 Report on Economic and Financial Analysis – March 2011

Loan Financial Margin - Interest

Loan Portfolio* - By Flow of Maturities

In March 2011, performing loan operations presented a longer debt maturity profile as a result of the focus on BNDES/Finame onlending and real-estate lending. It is worth noting that onlending and real estate lo-

an operations present reduced risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

(*) Concept defined by the Brazilian Central Bank.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Loan Portfolio* – Delinquency over 90 days

After five consecutive quarters in decline, in March 2011, the total delinquency rate for loans overdue for over 90 days remained stable when compared with the previous quarter.

The graph below details the decrease in delinquency for operations overdue from 61 to 90 days in comparison with the same period in the previous year and stability in the quarter.

(*) Concept defined by the Brazilian Central Bank.

Loan Financial Margin - Interest

Analysis of delinquency by type of customer in the quarter shows that operations overdue from 61 to 90 days presented a slight increase for Individuals, as expected for in period of the year.

For Corporate customers, delinquency of operations overdue from 61 to 90 days remained stable in the quarter.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Allowance for Loan Losses (ALL) vs. Delinquency vs. Losses

The volume of Allowance for Loan Losses (ALL) amounted to R\$16.7 billion, representing 7.0% of the total portfolio, and is composed of generic provisions (customer and/or operation rating), specific provisions (non-performing operations) and excess provisions (internal criteria).

It is important to highlight the adequacy of adopted provisioning criteria, which can be proven by: (i) analyzing the historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in March 2010, for an existing provision of 8.0% of the portfolio, the loss in the subsequent twelve months was 4.3%, which means the existing provision covered the loss by an 86% margin, as shown in the graph below.

Loan Financial Margin - Interest

Analysis in terms of loss net of recovery shows a significant increase in the coverage margin. In March 2010, for an existing provision of 8.0% of the portfolio, the net loss in the subsequent twelve months was 2.9%, meaning that the existing provision covered the loss by a 176% margin.

Economic and Financial
Analysis

Loan Financial Margin - Interest

Allowance for Loan Losses

Bradesco holds allowances nearly R\$3.0 billion in excess of requirements. The current provisioning levels reflect the cautious approach to supporting potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

The Non-Performing Loan ratio (operations overdue for over 60 days) posted a slight increase in the period, from 4.3% in December 2010 to 4.4% in March 2011. Coverage ratios for the allowance for loans overdue for over 60 and 90 days posted a slight reduction in the quarter, still providing the Bank with a certain measure of comfort.

Loan Financial Margin - Interest**Loan Portfolio – Portfolio Indicators**

To facilitate 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 %) | | |
|--|------------------------|---------|---------|
| | Mar11 | Dec10 | Mar10 |
| Total Loan Operations | 239,912 | 230,614 | 198,107 |
| - Individuals | 98,738 | 96,884 | 84,729 |
| - Corporate | 141,174 | 133,730 | 113,378 |
| Existing Provision | 16,740 | 16,290 | 15,836 |
| - Specific | 8,298 | 7,898 | 8,230 |
| - Generic | 5,439 | 5,390 | 4,601 |
| - Excess | 3,003 | 3,002 | 3,005 |
| Specific Provision / Existing Provision (%) | 49.6 | 48.5 | 52.0 |
| Existing Provision / Loan Operations (%) | 7.0 | 7.1 | 8.0 |
| AA - C Rated Loan Operations / Loan Operations (%) | 92.4 | 92.4 | 91.4 |
| D Rated Operations under Risk Management / Loan Operations (%) | 1.9 | 1.9 | 2.0 |
| E - H Rated Loan Operations / Loan Operations (%) | 5.7 | 5.7 | 6.6 |
| D Rated Loan Operations | 4,751 | 4,285 | 3,961 |
| Existing Provision for D Rated Loan Operations | 1,258 | 1,121 | 1,046 |
| D Rated Provision / Loan Operations (%) | 26.5 | 26.2 | 26.4 |
| D - H Rated Non-Performing Loans | 11,858 | 11,172 | 11,651 |
| Existing Provision/D - H Rated Non-Performing Loans (%) | 141.2 | 145.8 | 135.9 |
| E - H Rated Loan Operations | 13,491 | 13,100 | 13,161 |
| Existing Provision for E - H Rated Loan Operations | 11,899 | 11,579 | 11,622 |
| E - H Rated Provision / Loan Operations (%) | 88.2 | 88.4 | 88.3 |
| E - H Rated Non-Performing Loans | 9,881 | 9,403 | 9,742 |
| Existing Provision/E - H Rated Non-Performing Loan (%) | 169.4 | 173.2 | 162.6 |
| Non-Performing Loans (*) | 10,520 | 9,973 | 10,465 |
| Non-Performing Loans (*) / Loan Operations (%) | 4.4 | 4.3 | 5.3 |
| Existing Provision / Non-Performing Loans (*) (%) | 159.1 | 163.3 | 151.3 |
| Loan Operations Overdue for over 90 days | 8,648 | 8,243 | 8,760 |
| Existing Provision / Operations Overdue for Over 90 days (%) | 193.6 | 197.6 | 180.8 |

(*) Loan operations overdue for over 60 days and do not generate revenue appropriation under the accrual accounting method.

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The table above shows the continuing quality of the loan portfolio, represented by (i) the 92.4% share of loans classified as "AA-C" in March 2011; (ii) the adequate delinquency levels; and (iii) the excellent coverage of operations overdue for over 60 and 90 days.

Bradesco

49

Economic and Financial
Analysis**Funding Financial Margin - Interest****Funding Financial Margin - Breakdown**

| | Financial Margin - Funding | | | | R\$ million | |
|----------------------------------|----------------------------|------------|------------|----------------------|-------------|------------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Interest - due to volume | | | | | 75 | 198 |
| Interest - due to spread | | | | | 18 | 218 |
| Interest Financial Margin | 1,009 | 916 | 593 | | 93 | 416 |

Comparing the first quarter of 2011 with the previous one, there was an increase of 10.2% or R\$93 million in the interest funding financial margin. This growth was due to: (i) increased operation volume, which contributed to a R\$75 million increase; and (ii) average spread gains of R\$18 million.

In the first quarter of 2011, the interest funding financial margin reached R\$1,009 million, versus R\$593 million in the same period last year, for growth of 70.2% or R\$416 million.

The increase was mainly the result of: (i) greater average spread gains of R\$218 million, due to the increase in interest rate (Selic) in the period and the drop in funding costs; and (ii) an increase in average business volume, contributing R\$198 million, from the establishing of funding strategies, which led to an increase in the average volume of time and savings deposits, as well as the issuance of financial letters.

Funding Financial Margin - Interest**Loans vs. 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 the Brazilian Central Bank; and (ii) the amount of available funds held at units in the customer service network; and to add (iii) the funds from domestic and offshore lines that provide funding to meet loan and financing needs.

Bradesco presents low reliance on interbank deposits and foreign credit lines, 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.

Despite reduced liquidity from the increase in compulsory deposit rates (in December 2010), we observe that use of funds still showed a comfortable margin in March 2011, practically returning to the same levels seen in March 2010 as a result of increased funding, which proves that Bradesco was capable of meeting demand for resources in loan operations, mainly by raising funds with customers.

| Funding vs . Investments | R\$ million | | | Variation % | |
|--|----------------|----------------|----------------|-------------------|-------------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Demand Deposits | 32,891 | 37,332 | 32,585 | (11.9) | 0.9 |
| Sundry Floating | 5,041 | 1,870 | 3,715 | 169.6 | 35.7 |
| Savings Deposits | 54,625 | 53,436 | 45,195 | 2.2 | 20.9 |
| Time Deposits + Debentures ⁽¹⁾ | 165,169 | 148,941 | 134,122 | 10.9 | 23.1 |
| Other | 28,583 | 23,230 | 10,851 | 23.0 | 163.4 |
| Customer Funds | 286,310 | 264,809 | 226,468 | 8.1 | 26.4 |
| (-) Compulsory Deposits / Funds Available ⁽²⁾ | (66,716) | (74,329) | (43,462) | (10.2) | 53.5 |
| Customer Funds Net of Compulsory Deposits | 219,594 | 190,480 | 183,006 | 15.3 | 20.0 |
| Onlending | 31,411 | 29,819 | 20,646 | 5.3 | 52.1 |
| Foreign Credit Lines | 13,392 | 10,126 | 14,272 | 32.3 | (6.2) |
| Funding Abroad | 30,506 | 21,785 | 15,383 | 40.0 | 98.3 |
| Total Funding (A) | 294,903 | 252,210 | 233,307 | 16.9 | 26.4 |
| Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) ⁽³⁾ | 245,781 | 233,181 | 199,449 | 5.4 | 23.2 |
| B/A (%) | 83.3 | 92.5 | 85.5 | (9.2) p.p. | (2.1) p.p. |

(1) Debentures mainly used to back purchase and sale commitments;

(2) Excludes government bonds tied to savings accounts; and

(3) Comprises amounts relative to card operations (cash and installment purchases from merchants) and amounts related to interbank deposit certificates (CDI) to debate from the compulsory amount.

Economic and Financial
Analysis

Funding Financial Margin - Interest

Main Funding Sources

The following table presents changes in main funding sources:

| | R\$ million | | | Variation % | |
|-----------------------------------|----------------|----------------|----------------|-------------|-------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Demand Deposits | 32,891 | 37,332 | 32,585 | (11.9) | 0.9 |
| Savings Deposits | 54,625 | 53,436 | 45,195 | 2.2 | 20.9 |
| Time Deposits | 116,055 | 102,158 | 92,577 | 13.6 | 25.4 |
| Debentures (*) | 48,351 | 46,040 | 40,790 | 5.0 | 18.5 |
| Borrowing and Lending | 41,501 | 38,197 | 30,208 | 8.6 | 37.4 |
| Funds from Issuance of Securities | 21,701 | 17,674 | 8,550 | 22.8 | 153.8 |
| Subordinated Debts | 24,408 | 26,315 | 23,541 | (7.2) | 3.7 |
| Total | 339,532 | 321,152 | 273,446 | 5.7 | 24.2 |

(*) Considers only debentures used to back purchase and sale commitments.

Demand Deposits

The R\$4,441 million decrease in the first quarter of 2011, when compared to the previous quarter, is mainly due to: (i) the use of funds by customers to pay non-recurring, end-of-year expenses (i.e. IPVA and Property Tax - IPTU); and (ii) the seasonality of the fourth quarter, generating a greater volume of funds from the payment of the thirteenth salary.

The balance of these funds remained stable year on year.

Savings Deposits

Savings deposits were up by 2.2% in the first quarter versus previous quarter and by 20.9% over the last 12 months, mainly as a result of an increase in the amount of funds raised that exceeded redemptions in the period. The remuneration of balances (TR + 0.5% p.m.) reached 1.7% in the quarter and 7.1% accrued over the last 12 months.

Bradesco is always increasing its savings accounts base and has seen growth of 8.8% in savings accounts over the last twelve months.

At the end of the first quarter of 2011, the balance of Bradesco's savings accounts represented 17.9% of the Brazilian Savings and Loan System (SBPE).

Funding Financial Margin - Interest

Time Deposits

In the first quarter of 2011, time deposits grew by 13.6% (or R\$13,897 million) over the previous quarter, mainly as a result of an increase in funding volume from institutional investors and the branch network due to improved remuneration rates.

In the first quarter of 2011 versus the same quarter in the previous year, the 25.4% gain was mainly due to increased funding volume from institutional investors and the branch network.

Debentures

On March 31, 2011, the balance of Bradesco's debentures was R\$48,351 million, up by 5.0% quarter on quarter and 18.5% over the last twelve months.

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

Borrowings and Onlending

The 8.6%, or R\$3,304 million increase in the quarter is mainly due to: (i) a R\$1,594 million increase in the volume of funds from borrowings and onlending in the country, mainly through Finame operations; and (ii) new funding in the first quarter of 2011, which impacted borrowing and onlending obligations denominated in and/or indexed to foreign currency, which increased from R\$7,996 million in December 2010 to R\$9,705 million in March 2011.

The year-on-year increase of 37.4%, or R\$11,293 million was mainly due to the R\$10,664 million increase in the volume of funds from borrowings and onlending in the country, basically through BNDES and Finame operations.

Economic and Financial
Analysis

Funding Financial Margin - Interest

Funds from Security Issuances

The 22.8%, or R\$4,027 million increase in the quarter is mainly due to the following: (i) the R\$3,701 million increase in the volume of Financial Letters; (ii) the growth of Mortgage Bonds, in the amount of R\$420 million; (iii) the higher volume of operations with Letters of Credit for Agribusiness, amounting to R\$116 million, and partially offset by: (iv) the negative variation in the foreign exchange rate of 2.3%, which impacted securities issued abroad.

- (1) Issued as of the second quarter of 2010; and
- (2) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, MTN Program Issues and the cost of issues over funding.

In the comparison of the first quarter of 2011 with the same period last year, the 153.8% growth, or R\$13,151 million, is mainly the result of: (i) new issuances of Financial Letters in the market, beginning in the second quarter of 2010, the balance of which amounted to R\$11,521 million in March 2011; (ii) the increase in Mortgage Bonds, in the amount of R\$1,196 million; (iii) the increased volume of Letters of Credit for Agribusiness, of R\$353 million; (iv) the higher volume of Collateral Mortgage Notes, in the amount of R\$298 million; and partially offset by: (v) a negative exchange variation affecting all securities issued abroad.

Subordinated Debt

Subordinated Debt totaled R\$24,408 million in March 2011 (R\$5,798 million abroad and R\$18,610 million in Brazil).

In the last 12 months, Bradesco issued R\$4,686 million in Subordinated Debt (R\$2,080 million in Brazil and R\$2,606 million abroad), R\$2.606 million of which under Tier II of the Capital Adequacy Ratio (Basel II) and maturing in 2021. The issue of subordinated notes stands out with a total of US\$1.6

billion in August 2010 and January 2011.

Note that only R\$8,469 million of total subordinated debt is used for calculating the Capital Adequacy Ratio (Basel II), given the maturity of each subordinated debt operation.

Economic and Financial
Analysis

Securities/Other Financial Margin - Interest

Securities/Other Financial Margin - Breakdown

| | Financial Margin - Securities / Other | | | | R\$ million | |
|---------------------------|---------------------------------------|---------|---------|----------------------|-------------|---------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Interest - due to volume | | | | | 12 | 60 |
| Interest - due to spread | | | | | 62 | 162 |
| Interest Financial Margin | 661 | 587 | 439 | | 74 | 222 |
| Revenues | 5,990 | 5,913 | 3,750 | | 77 | 2,240 |
| Expenses | (5,329) | (5,326) | (3,311) | | (3) | (2,018) |

In the comparison between the first quarter of 2011 and the previous quarter, the interest financial margin with Securities/Other posted growth of R\$74 million. This performance was due to: (i) average spread gains totaling R\$62 million; and (ii) the increase in the operation volume, contributing a total of R\$12 million.

In the first quarter of 2011, the interest financial margin with Securities/Other stood at R\$661 million, versus R\$439 million recorded in the same period in 2010, up 50.6% or R\$222 million. This is the result of: (i) greater average spread gains, totaling R\$162 million; and (ii) an increase in the volume of operations, which affected the result in R\$60 million.

Insurance Financial Margin - Interest

Insurance Financial Margin - Breakdown

| | Financial Margin - Insurances | | | | R\$ million | |
|---------------------------|-------------------------------|---------|---------|----------------------|-------------|-------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Interest - due to volume | | | | | 42 | 138 |
| Interest - due to spread | | | | | 50 | 117 |
| Interest Financial Margin | 999 | 907 | 744 | | 92 | 255 |
| Revenues | 2,744 | 2,689 | 2,276 | | 55 | 468 |
| Expenses | (1,745) | (1,782) | (1,532) | | 37 | (213) |

In the first quarter of 2011, interest financial margin from insurance operations posted growth of R\$92 million, or 10.1% on the previous quarter, resulting from: (i) greater gains with the average spread, totaling R\$50 million; and (ii) a R\$42 million increase in

average business volume.

In the comparison of the first quarter of 2011 with the same period in 2010, interest financial margin from insurance operations was up by 34.3%, or R\$255 million, mainly due to: (i) the increase in operation volume, amounting to R\$138 million; and (ii) average spread gains totaling R\$117 million.

Economic and Financial
Analysis

Financial Margin – Non-Interest

Non-Interest Financial Margin - Breakdown

| | Non-Interest Financial Margin | | | | R\$ million | |
|------------------|-------------------------------|------------|------------|----------------------|-------------|------------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Funding | | (72) | (68) | (63) | (4) | (9) |
| Insurance | | 56 | 136 | 69 | (80) | (13) |
| Securities/Other | | 529 | 397 | 277 | 132 | 252 |
| Total | | 513 | 465 | 283 | 48 | 230 |

The “non-interest” financial margin in the first quarter of 2011 stood at R\$513 million, versus R\$465 million in the fourth quarter of 2010. Year on year, the margin posted growth of R\$230 million, or 81.3%. Variations in the “non-interest” financial margin are mainly due to:

- “Funding,” represented by expenses with the Credit Guarantee Fund (*Fundo Garantidor de Crédito –FGC*) due to increased funding volume;
- “Insurance,” the variation of R\$80 million in the first quarter of 2011, compared to the previous quarter, basically refers to lower gains from the sale of equity investments; and
- “Securities/Other,” growth, both quarter-on-quarter and year-on-year, is due to increased treasury/securities gains.

Economic and Financial Analysis

Insurance, Private Pension Plans and Savings Bonds

Analysis of the balance sheets and income statements of Grupo Bradesco de Seguros, Previdência e Capitalização:

Consolidated Balance Sheet

| | Mar11 | Dec10 | Mar10 | R\$ million |
|---|----------------|----------------|-------|---------------|
| Assets | | | | |
| Current and Long-Term Assets | 106,227 | 102,707 | | 92,552 |
| Securities | 99,594 | 96,548 | | 86,928 |
| Insurance Premiums Receivable | 1,555 | 1,375 | | 1,337 |
| Other Loans | 5,078 | 4,784 | | 4,287 |
| Permanent Assets | 2,477 | 2,302 | | 2,116 |
| Total | 108,704 | 105,009 | | 94,668 |
| Liabilities | | | | |
| Current and Long-Term Liabilities | 96,050 | 92,600 | | 83,494 |
| Tax, Civil and Labor Contingencies | 1,798 | 1,737 | | 1,590 |
| Payables on Insurance, Private Pension Plan and Savings Bond Operations | 303 | 281 | | 296 |
| Other Liabilities | 3,969 | 3,405 | | 3,923 |
| Insurance Technical Provisions | 7,542 | 7,170 | | 6,972 |
| Technical Provisions for Life and Private Pension Plans | 78,547 | 76,283 | | 67,572 |
| Technical Provisions for Savings Bonds | 3,891 | 3,724 | | 3,141 |
| Minority Interest | 601 | 496 | | 613 |
| Shareholders' Equity | 12,053 | 11,913 | | 10,561 |
| Total | 108,704 | 105,009 | | 94,668 |

Consolidated Statement of Income

| | 1Q11 | 4Q10 | 1Q10 | R\$ million |
|---|------|-------|-------|-------------|
| Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*) | | 7,850 | 9,022 | 7,196 |
| Premiums Earned from Insurance, Private Pension Plan Contribution and Savings Bonds | | 4,464 | 4,293 | 3,672 |
| Interest Income of the Operation | | 927 | 994 | 791 |

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| | | | |
|---|--------------|--------------|--------------|
| Sundry Operating Revenues | 165 | 174 | 261 |
| Retained Claims | (2,705) | (2,514) | (2,267) |
| Savings Bonds Draw ing and Redemptions | (549) | (643) | (451) |
| Selling Expenses | (424) | (438) | (372) |
| General and Administrative Expenses | (492) | (526) | (402) |
| Other (Operating Income/Expenses) | (108) | (72) | (17) |
| Tax Expenses | (111) | (103) | (85) |
| Operating Income | 1,167 | 1,165 | 1,130 |
| Equity Result | 63 | 96 | 55 |
| Non-Operating Income | (9) | (12) | (7) |
| Income Before Taxes and Interest | 1,221 | 1,249 | 1,178 |
| Income Tax and Contributions | (368) | (436) | (433) |
| Profit Sharing | (17) | (14) | (27) |
| Minority Interest | (75) | (19) | (15) |
| Net Income | 761 | 779 | 703 |

(*) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

Economic and Financial
Analysis

Insurance, Private Pension Plans and Savings Bonds

Income Distribution of Grupo Bradesco de Seguros e Previdência

| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | R\$ million |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Life and Private Pension Plans | 442 | 485 | 450 | 443 | 409 | 394 | 347 | 366 | |
| Health | 201 | 177 | 131 | 122 | 148 | 129 | 89 | 107 | |
| Savings Bonds | 86 | 63 | 50 | 57 | 65 | 44 | 65 | 58 | |
| Basic Lines and Other | 32 | 54 | 90 | 79 | 81 | 35 | 106 | 107 | |
| Total | 761 | 779 | 721 | 701 | 703 | 602 | 607 | 638 | |

Performance Ratios

| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | % |
|--|------|------|------|------|------|------|------|------|---|
| Claims Ratio ⁽¹⁾ | 72.0 | 71.1 | 72.4 | 71.8 | 73.3 | 74.3 | 77.2 | 73.3 | |
| Selling Ratio ⁽²⁾ | 10.0 | 10.8 | 10.7 | 10.2 | 10.6 | 9.6 | 9.9 | 9.9 | |
| Administrative Expenses Ratio ⁽³⁾ | 6.1 | 5.8 | 6.3 | 6.1 | 5.6 | 4.6 | 5.4 | 5.4 | |
| Combined Ratio ^{(*) (4)} | 86.1 | 85.1 | 85.3 | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | |

(*) Excludes additional provisions.

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Premiums Written; and

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

Premiums Written, Pension Plan Contributions and Savings Bond Income (*)

(*) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

In the first quarter of 2011, premiums written, pension plan contributions and savings bond income increased by 9.1% on the same quarter of the previous year.

According to Susep and ANS, in the insurance, private pension plan and savings bonds segment, Bradesco Seguros e Previdência had collected R\$2.6 billion up to January 2011, maintaining its position as leader of the ranking with a market share of 22.4%. In the same period, R\$11.6 billion were collected by the insurance industry.

Economic and Financial
Analysis

Insurance, Private Pension Plans and Savings Bonds

Premiums Written, Pension Plan Contributions and Savings Bond Income (*)

(*) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

Bradesco

59

Economic and Financial
Analysis

Insurance, Private Pension Plans and Savings Bonds

Retained Claims by Insurance Line

Note: for comparison purposes, we have excluded Technical Provision complements on benefits to be granted – Remission, from the calculation of claims ratio (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

60 Report on Economic and Financial Analysis – March 2011

Economic and Financial
Analysis

Insurance, Private Pension Plans and Savings Bonds

Insurance Selling Expenses by Insurance Line

Note: for comparison purposes, we have excluded Technical Provision complements on benefits to be granted – Remission, from the selling ratio calculation (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

Bradesco

61

Economic and Financial
Analysis

Insurance, Private Pension Plans and Savings Bonds

Efficiency Ratio

General and Administrative Expenses / Revenue

The efficiency ratio increase of 0.3 p.p. in the first quarter of 2011 over the previous quarter is basically due to seasonality of revenue in the last quarter of each year and the collective bargaining agreement executed in January 2011.

Year on year, the 0.5 p.p. increase of efficiency ratio in the first quarter of 2011 mainly refers to the collective bargaining agreement executed in January 2011.

62 Report on Economic and Financial Analysis – March 2011

Insurance, Private Pension Plans and Savings Bonds

Insurance Technical Provisions

The Insurance Group's technical provisions represented 30.4% of the insurance industry in January 2011, according to Susep and the National Supplementary Health Agency (ANS).

Note: 1: According to RN 206/09 (ANS), as of January 2010, provisions for unearned premiums (PPNG) were excluded.

Economic and Financial
Analysis**Bradesco Vida e Previdência**

| | R\$ million (except when indicated otherwise) | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
| Net Income | 442 | 485 | 450 | 443 | 409 | 394 | 347 | 366 |
| Income from Premiums and Contribution Revenue* | 4,059 | 5,385 | 4,096 | 3,690 | 3,910 | 4,933 | 3,697 | 3,304 |
| - Income from Private Pension Plans and VGBL | 3,317 | 4,617 | 3,403 | 3,052 | 3,291 | 4,295 | 3,100 | 2,758 |
| - Income from Life/Personal Accidents Insurance | | | | | | | | |
| Premiums | 742 | 768 | 693 | 638 | 619 | 638 | 597 | 546 |
| Technical Provisions | 78,547 | 76,283 | 71,775 | 68,975 | 67,572 | 65,692 | 61,918 | 59,533 |
| Investment Portfolio | 82,916 | 80,147 | 75,974 | 72,507 | 70,920 | 68,780 | 64,646 | 61,736 |
| Claims Ratio | 43.6 | 44.1 | 49.8 | 44.7 | 45.1 | 50.9 | 48.1 | 43.9 |
| Selling Ratio | 19.2 | 19.5 | 19.8 | 17.5 | 18.8 | 14.4 | 16.5 | 17.1 |
| Combined Ratio | 71.9 | 74.7 | 79.9 | 71.5 | 73.9 | 70.6 | 74.4 | 69.4 |
| Participants / Policyholders (in thousands) | 22,698 | 22,186 | 21,346 | 21,109 | 21,326 | 21,389 | 21,206 | 20,231 |
| Premiums and Contributions Revenue Market Share (%)** | 28.9 | 31.2 | 31.5 | 32.0 | 32.7 | 31.1 | 31.1 | 30.4 |
| Life/AP Market Share - Insurance Premiums (%)** | 15.2 | 17.3 | 17.0 | 16.8 | 16.8 | 16.8 | 16.3 | 16.0 |

* Life/VGBL/Traditional

**In 1Q11, considers data for January 2011.

Due to its solid structure, a policy of product innovation and consumer reliance, Bradesco Vida e Previdência maintained its leadership, holding a market share of 28.9% in terms of income from private pension plans and VGBL.

Revenue in this segment is generally concentrated at the end of the year and was down by 24.6% from the fourth quarter of 2010. This drop impacted the direct revenue from operations. Administrative and personnel expenses posted a decrease from the previous quarter, even considering the collective bargaining agreement in

January 2011. In the period, claims dropped by 0.5 p.p. and selling costs by 0.3 p.p.

Net income for the first quarter of 2011 was up 8.1% from that of the same period last year, mainly resulting from: (i) the improved financial result; (ii) a 1.5 p.p. decline in claims; and partially offset by: (iii) the increase in administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical provisions stood at R\$78.5 billion in March 2011, made up of R\$76.1 billion from the private pension plan segment and VGBL and R\$2.4 billion from life, personal accidents and other lines, up 16.2% over March 2010.

The Private Pension Plan and VGBL Portfolio totaled R\$78.5 billion in January 2011, equal to 34.8% of all market funds (source: Fenaprevi).

Evolution of Participants and Life and Personal Accident Policyholders

In March 2011, the number of Bradesco Vida e Previdência customers grew by 6.4% compared to March 2010, surpassing a total of 2 million private pension plan and VGBL plan participants and of 20.6 million personal accident and life insurance policyholders.

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

Economic and Financial
Analysis**Bradesco Saúde – Consolidated**

| | R\$ million (except when indicated otherwise) | | | | | | | |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
| Net Income | 201 | 177 | 131 | 122 | 148 | 129 | 89 | 107 |
| Net Premiums Issued* | 2,136 | 2,002 | 1,925 | 1,845 | 1,705 | 1,622 | 1,573 | 1,484 |
| Technical Provisions | 3,737 | 3,512 | 3,471 | 3,453 | 3,405 | 3,555 | 3,479 | 3,447 |
| Claims Ratio | 83.3 | 80.1 | 80.7 | 80.6 | 83.0 | 85.7 | 89.2 | 86.0 |
| Selling Ratio | 4.7 | 4.6 | 4.8 | 4.6 | 4.5 | 4.1 | 3.9 | 4.0 |
| Combined Ratio | 98.1 | 97.9 | 96.1 | 96.2 | 96.8 | 96.8 | 99.4 | 98.2 |
| Policyholders (in thousands) | 8,190 | 8,019 | 7,468 | 7,236 | 7,075 | 4,310 | 4,193 | 4,063 |
| Written Premiums Market Share (%)** | 50.0 | 51.7 | 51.1 | 50.4 | 49.4 | 48.7 | 48.1 | 47.4 |

* Not considering the effect of RN 206/09 (ANS) in the total of R\$5 million (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

**1Q11 considers data for January 2011.

Note: for comparison purposes, we have excluded build in Technical provisions for benefits to be granted – Remission, from the first quarter of 2010 ratios, amounting to R\$149 million.

Net income for the first quarter of 2011 was 13.6% greater than that of the previous quarter, mainly due to: (i) a 6.7% increase in revenue; partially offset by: (ii) the 3.2 p.p. increase in claims; and (iii) increased administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

Income for the first quarter of 2011 posted growth of 35.8% in relation to the same period last year, mainly due to: (i) a 25.3% increase in revenue; (ii) steady level of the claims ratio; (iii) the continuation of the selling ratio at the levels seen in the first quarter of 2010; (iv) the improved financial result; and, partially offset by: (v) an increase in administrative and personnel expenses due to the collective bargaining agreement in January 2011.

In March 2011, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 33.7 thousand companies in Brazil have Bradesco Saúde Insurance and Mediservice plans. Of the 100 largest companies in Brazil, in terms of revenue, 42 are Bradesco Saúde and Mediservice customers (source: Exame Magazine "Melhores e Maiores" ranking, July 2010.)

Number of Policyholders of Bradesco Saúde – Consolidated

Bradesco Saúde – Consolidated has nearly 8.2 million customers. The high share of corporate policies in the overall

portfolio (93.8% in March 2011) shows the Company's high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

Bradesco Capitalização

| | R\$ million (except when indicated otherwise) | | | | | | | |
|--|---|-------|-------|-------|-------|-------|-------|-------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
| Net Income | 86 | 63 | 50 | 57 | 65 | 44 | 65 | 58 |
| Income from Savings Bonds | 649 | 706 | 658 | 594 | 526 | 575 | 520 | 483 |
| Technical Provisions | 3,891 | 3,724 | 3,483 | 3,317 | 3,141 | 3,024 | 2,865 | 2,785 |
| Customers (in thousands) | 2,794 | 2,691 | 2,610 | 2,583 | 2,553 | 2,531 | 2,507 | 2,525 |
| Market Share from Premiums and Contributions Revenues (%)* | 20.3 | 21.1 | 20.4 | 19.7 | 20.9 | 19.7 | 19.4 | 19.0 |

*1Q11 considers data for January 2011.

Net income for the first quarter of 2011 posted a 36.5% increase on the previous quarter, mainly a result of: (i) improved financial revenue; (ii) a drop in the redemption of savings bonds and drawing expenses, which are typically greater in the last quarter of the year; partially offset by: (iii) an increase in administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

The impressive 23.4% increase in income from savings bonds and growth in financial result, which were partially offset by higher administrative and personnel expenses due to the collective bargaining agreement in January 2011, contributed to the 32.3% increase in income for the first quarter of 2011, when compared with net income in the same period last year.

Bradesco Capitalização

Bradesco Capitalização ended the first quarter of 2011 as a leader of the savings bond industry, due to its policy of transparency and of adjusting its products based on potential consumer demand.

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

Among these, we can point out the performance of our social and environmental products, from which a part of the profit is allocated to social responsibility 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, which contributes to the development of reforestation projects; (ii) Instituto Ayrton Senna, which is set apart by transferring a percentage of the amount collected to social projects; (iii) the Brazilian Cancer Control Institute, which contributes to the development of projects for the prevention, early diagnosis and treatment of cancer in Brazil, and, finally, (iv) Fundação Amazonas Sustentável, through which a part of the amount collected is allocated to environmental conservation and sustainable development programs and projects.

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

Bradesco Auto/RE

| | R\$ million (except when indicated otherwise) | | | | | | | |
|--|---|-------|-------|-------|-------|-------|-------|-------|
| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 |
| Net Income | 39 | 58 | 28 | 27 | 22 | 43 | 33 | 40 |
| Net Premiums Issued | 871 | 865 | 941 | 952 | 935 | 855 | 812 | 754 |
| Technical Provisions | 3,688 | 3,554 | 3,525 | 3,455 | 3,402 | 3,162 | 2,998 | 2,940 |
| Claims Ratio | 68.1 | 69.3 | 69.7 | 69.9 | 70.7 | 70.2 | 72.3 | 65.3 |
| Selling Ratio | 17.2 | 17.6 | 17.3 | 17.6 | 17.7 | 16.6 | 17.5 | 16.9 |
| Combined Ratio | 108.7 | 106.9 | 105.2 | 105.3 | 104.3 | 107.8 | 106.4 | 99.9 |
| Policyholders (in thousands) | 3,330 | 3,337 | 3,208 | 2,980 | 2,814 | 2,592 | 2,433 | 2,359 |
| Market Share from Premiums and Contributions Revenues (%)* | 8.1 | 10.6 | 11.2 | 11.7 | 12.1 | 10.4 | 10.2 | 10.1 |

* 1Q11 data considers January 2011.

Net income in the first quarter of 2011 was down by R\$19 million from the previous quarter, due to: (i) increased administrative and personnel expenses resulting from the collective bargaining agreement in January 2011; (ii) a decrease in equity income; and, was partially offset by: (iii) a 1.2 p.p. drop in claims.

Net income in the first quarter of 2011 posted impressive growth of 77.3% compared to the same period last year, mainly due to: (i) a 2.6 p.p. decrease in claims; (ii) improved financial result and equity income; and, partially offset by: (iii) an increase in administrative and personnel expenses, mainly resulting from the collective bargaining agreement dated January 2011.

Grupo Bradesco de Seguros e Previdência maintained its leadership position among major insurers of Brazil's Auto/RFC and Basic Lines Insurance market, holding a market share of 8.1% in January 2011.

In the Corporate Proprietary Insurance segment, Bradesco Auto/RE has maintained its share in major insurance programs through partnerships

with brokers that specialize in the segment and a close relationship with Bradesco Corporate and Bradesco Empresas (Middle Market). The excellent performance of the Oil industry and recovery of the Civil Construction industry have also contributed to Bradesco Auto/RE's growth in the 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/RFC line, the insurer has increased its customer base. The continuous improvement of pricing and creation of online calculation applications has contributed to an increase in the portfolio.

Economic and Financial
Analysis

Bradesco Auto/RE

Number of Policyholders in Auto/RE

In the mass insurance segment of Basic Lines, where products target individuals, self-employed professionals and SMEs, the launch of new products and the continuous improvement of methods and systems have contributed to growth in the customer base, which increased by 18.3% in the last twelve months to a total of 3.3 million customers. This increase can be observed mainly in residential insurance due to the creation of specific products for customers of Banco Bradesco, such as *Residencial Preferencial*, in addition to the option of joint hiring of Auto and Residential insurance. *Bradesco Bilhete Residencial* also presented excellent performance in the period.

Fee and Commission Income

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

| Fee and Commission Income | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | R\$ million | |
|--|--------------|--------------|--------------|----------------------|-------------|------------|
| | | | | | | 12M |
| Card Income | 1,155 | 1,157 | 972 | (2) | | 183 |
| Checking Account | 649 | 646 | 542 | 3 | | 107 |
| Fund Management | 471 | 467 | 429 | 4 | | 42 |
| Loan Operations | 455 | 465 | 390 | (10) | | 65 |
| Collection | 277 | 286 | 257 | (9) | | 20 |
| Consortium Management | 121 | 119 | 97 | 2 | | 24 |
| Custody and Brokerage Services | 108 | 108 | 114 | - | | (6) |
| Payment | 77 | 74 | 69 | 3 | | 8 |
| Underwriting / Financial Advising Services | 48 | 91 | 75 | (43) | | (27) |
| Other | 149 | 155 | 179 | (6) | | (30) |
| Total | 3,510 | 3,568 | 3,124 | (58) | | 386 |

Explanations of the main items that influenced the variation in fee and commission income between periods can be found below.

Economic and Financial
Analysis

Fee and Commission Income

Card Income

In the first quarter of 2011, fee and commission income from cards stood at R\$1,155 million, practically stable in comparison with the previous quarter, mainly due to the steady volume of transactions in the period.

In the first quarter of 2011, the same figure posted year-on-year growth of 18.8%, or R\$183 million, mainly due to an increase in revenue from purchases and services, resulting from expansion in the card base by 8.8%, from 135.6 million in March 2010 to 147.5 million in March 2011. The expansion in the card base led to a 21.4% increase in revenue from credit cards in the period, for a total of R\$20,241 million in the quarter, as well as a 20.2% increase in the number of transactions, from 215.7 million in March 2010 to 259.3 million in March 2011.

It is important to note the impact of the increase in shareholding interest in Visavale, from 34.33% to 50.01%, and Cielo, from 26.56% to 28.65%, in the last twelve months.

(*) Includes prepaid cards, Private Label and Banco IBI as of the fourth quarter of 2009 and Ibi Mexico as of the fourth quarter of 2010

72 Report on Economic and Financial Analysis – March 2011

Economic and Financial
Analysis

Fee and Commission Income

Checking Account

In the first quarter of 2011, income from checking accounts remained practically stable, mainly due to: (i) a net increase of 416 thousand new checking accounts (403 thousand individual accounts and 13 thousand corporate accounts); (ii) the expansion of the service portfolio provided to the Bank's customers; (iii) banking fee adjustment; and partially offset by: (iv) the lower volume of services in the quarter when compared to volume at the end of the previous year.

In the first quarter of 2011 versus the same quarter of the previous year, revenue increased by 19.7% or R\$107 million resulting mainly from the expansion of the checking account base, which posted a net increase of 2,312 thousand new accounts (2,214 thousand new individual accounts and 98 thousand new corporate accounts).

Loan Operations

In the first quarter of 2011, income from loan operations amounted to R\$455 million, down 2.2% in comparison with the previous quarter, mainly due to: (i) a decrease in the volume of contracted operations, mainly the result of seasonality of the fourth quarter of 2010; partially offset by: (ii) a 4.5% increase in revenue from guarantees provided, from the 4.2% growth in the volume of operations with Sureties and Guarantees.

The 16.7% growth in the first quarter of 2011 when compared with the same period in the previous year is mainly due to: (i) an increase in income from guarantees, which grew by 25.2%, mainly resulting from the 22.3% increase in the volume of Sureties and Guarantees operations; and (ii) the increased volume of other contracted operations in 2011.

Economic and Financial
Analysis**Fee and Commission Income****Asset Management**

In the first quarter of 2011, revenue from funds under management was up by R\$4 million on the previous quarter, mainly the result of 2.6% growth in total funds raised and under management, partially offset by the lower number of business days in the quarter.

In the first quarter of 2011 versus the same quarter of the previous year, the R\$42 million or 9.8% increase was mainly due to the performance of funds raised, which grew by 17.3%. The highlight was income from fixed-income funds, which grew by 20.6% in the period, followed by growth in equity-investments of 4.0%.

| Shareholders' Equity | R\$ million | | | Variation % | |
|-------------------------|----------------|----------------|----------------|-------------|-------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Investment Funds | 276,593 | 269,978 | 232,854 | 2.5 | 18.8 |
| Managed Portfolios | 19,701 | 18,930 | 17,960 | 4.1 | 9.7 |
| Third-Party Fund Quotas | 7,025 | 6,800 | 7,749 | 3.3 | (9.3) |
| Total | 303,319 | 295,708 | 258,563 | 2.6 | 17.3 |

| Asset Distribution | R\$ million | | | Variation % | |
|--------------------------------------|----------------|----------------|----------------|-------------|-------------|
| | Mar11 | Dec10 | Mar10 | Quarter | 12M |
| Investment Funds – Fixed Income | 249,777 | 242,751 | 207,081 | 2.9 | 20.6 |
| Investment Funds – Variable Income | 26,816 | 27,227 | 25,773 | (1.5) | 4.0 |
| Investment Funds – Third-Party Funds | 5,879 | 5,629 | 6,433 | 4.4 | (8.6) |
| Total - Investment Funds | 282,472 | 275,607 | 239,287 | 2.5 | 18.0 |

| | | | | | |
|--|---------------|---------------|---------------|------------|------------|
| Managed Portfolios - Fixed Income | 10,918 | 10,460 | 9,102 | 4.4 | 20.0 |
| Managed Portfolios – Variable Income | 8,783 | 8,470 | 8,858 | 3.7 | (0.8) |
| Managed Portfolios - Third-Party Funds | 1,146 | 1,171 | 1,316 | (2.1) | (12.9) |
| Total - Managed Funds | 20,847 | 20,101 | 19,276 | 3.7 | 8.2 |

| | | | | | |
|-------------------------|----------------|----------------|----------------|------------|-------------|
| Total Fixed Income | 260,695 | 253,211 | 216,183 | 3.0 | 20.6 |
| Total Variable Income | 35,599 | 35,697 | 34,631 | (0.3) | 2.8 |
| Total Third-Party Funds | 7,025 | 6,800 | 7,749 | 3.3 | (9.3) |
| Overall Total | 303,319 | 295,708 | 258,563 | 2.6 | 17.3 |

Fee and Commission Income

Cash Management Solutions (Payments and Collections)

In the first quarter of 2011, revenue from Payment and Collections decreased by 1.7% from the previous quarter, mainly due to a decrease in the volume of documents received and paid, partially offset by the greater volume of taxes collected in the quarter.

In the first quarter of 2011 versus the same quarter of the previous year, Payment and Collection income grew by 8.6%, or R\$28 million, mainly due to an increase in the number of processed documents, which grew from 345 million on March 31, 2010 to R\$412 million on March 31, 2011.

Consortium Management

The 3.4% increase in the sale of active quotas in the first quarter of 2011 compared to the fourth quarter of 2010 led Bradesco Consórcios to sell 16,857 net quotas (471,620 active quotas on December 31, 2010), resulting in 1.7% growth in revenue, ensuring Bradesco's leading position in all segments (real estate, auto, trucks/tractors).

In the first quarter of 2011 versus the same quarter of the previous year, there was a 24.7% increase in revenue, resulting from: (i) growth in the volume of bids; and (ii) the increased sale of new quotas, from 412,507 active quotas sold as of March 31, 2010 to 488,477 as of March 31, 2011, an increase of 75,970 net quotas.

Economic and Financial
Analysis

Fee and Commission Income

Custody and Brokerage Services

In the first quarter of 2011, total revenue from custody and brokerage services remained stable in relation to the previous quarter.

In the first quarter of 2011 versus the same quarter of the previous year, the 5.3% revenue decrease is mainly related to (i) the volumes traded on the BM&FBovespa, which impacted brokerage revenues; and partially offset: (ii) by the R\$168 billion growth in assets under custody.

Underwriting / Financial Advising

The R\$43 million decrease in the quarter-on-quarter comparison mainly refers to increased gains with capital market operations in the fourth quarter, highlighting the financial advising operations.

The R\$27 million decrease between the first quarter of 2011 and the same period last year is the result of a lower business volume in the quarter.

Administrative and Personnel Expenses

| Administrative and Personnel Expenses | R\$ million | | | | | |
|--|-------------|--------------|--------------|----------------------|--------------|------------|
| | 1Q11 | 4Q10 | 1Q10 | Variation Quarter | 12M | |
| Administrative Expenses | | | | | | |
| Third-Party Services | | 839 | 885 | 724 | (46) | 115 |
| Communication | | 377 | 382 | 334 | (5) | 43 |
| Depreciation and Amortization | | 271 | 258 | 221 | 13 | 50 |
| Data Processing | | 226 | 261 | 191 | (35) | 35 |
| Advertising and Marketing | | 201 | 285 | 152 | (84) | 49 |
| Transportation | | 179 | 177 | 142 | 2 | 37 |
| Rental | | 157 | 148 | 144 | 9 | 13 |
| Asset Maintenance | | 123 | 132 | 108 | (9) | 15 |
| Financial System Services | | 109 | 101 | 86 | 8 | 23 |
| Leased Assets | | 89 | 92 | 98 | (3) | (9) |
| Materials | | 81 | 92 | 63 | (11) | 18 |
| Security and Surveillance | | 76 | 71 | 66 | 5 | 10 |
| Water, Electricity and Gas | | 59 | 54 | 55 | 5 | 4 |
| Trips | | 35 | 35 | 21 | - | 14 |
| Other | | 317 | 284 | 242 | 33 | 75 |
| Total | | 3,140 | 3,257 | 2,647 | (117) | 493 |
| Personnel Expenses | | | | | | |
| Structural | | 1,996 | 2,006 | 1,735 | (10) | 261 |
| Social Charges | | 1,508 | 1,531 | 1,317 | (23) | 191 |
| Benefits | | 488 | 475 | 418 | 13 | 70 |
| Non-Structural | | 440 | 527 | 385 | (87) | 55 |
| Management and Employee Profit Sharing (PLR) | | 267 | 298 | 234 | (31) | 33 |
| Provision for Labor Claims | | 118 | 165 | 109 | (47) | 9 |
| Training | | 19 | 39 | 11 | (20) | 8 |
| Termination Costs | | 36 | 25 | 31 | 11 | 5 |
| Total | | 2,436 | 2,533 | 2,120 | (97) | 316 |
| Total Administrative and Personnel Expenses | | 5,576 | 5,790 | 4,767 | (214) | 809 |

In the first quarter of 2011, Administrative and Personnel Expenses totaled R\$5,576 million, a decrease of 3.7% in relation to the previous quarter.

Personnel Expenses

In the first quarter of 2011, personnel expenses totaled R\$2,436 million, down 3.8% or R\$97 million from the previous quarter.

In the “non-structural” portion, the R\$87 million decrease is basically due to lower expenses with management and

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Within the "structural" portion, lower expenses in the amount of R\$10 million is mainly the result of employee profit sharing (PLR), amounting to R\$31 million.

(i) the concentration of vacation in the first quarter of 2011, amounting to R\$62 million; and offset by:

(ii) increased expenses with payroll, social charges and benefits, in the amount of R\$52 million, due to: (a) the collective bargaining agreement of the insurance industry in January 2011; and (b) the expansion of Service Points and the improvement of business segmentation, leading to a net gain of 1,501 employees in the period.

Bradesco

77

Economic and Financial
Analysis

Administrative and Personnel Expenses

Personnel Expenses

In the first quarter of 2011 versus the same quarter of the previous year, the R\$316 million growth reflects: (i) the "structural" portion of R\$261 million, mainly related to: (a) the increase in expenses with payroll, charges and benefits, from wage increases; and (b) the net increase in staff by 8,669 employees in the period, arising from investments in the expansion of service points and improvements in the business segmentation; and (ii) the increase in the "nonstructural" portion of R\$55 million, mainly resulting from greater expenses with management and employee profit sharing (PLR), amounting to R\$33 million.

Administrative and Personnel Expenses

Administrative Expenses

In the first quarter of 2011, administrative expenses totaled R\$3,140 million, down by 3.6%, or R\$117 million from the previous quarter. This drop is mainly due to a decrease in expenses with: (i) marketing and advertising, in the amount of R\$84 million; (ii) outsourced services, in the amount of R\$46 million, mainly regarding legal and corporate consulting services; (iii) data processing, in the amount of R\$35 million; and, partially offset by greater expenses with: (iv) the increase by 2,301 Service Points, of which 23 were branches, 76 PAB/PAE/PAA, 1,545 Bradesco Expresso units and 657 other service points.

The year-on-year growth of R\$493 million, or 18.6%, in the first quarter of 2011 is mainly due to greater expenses with: (i) outsourced services, in the amount of R\$115 million, related to: (a) the perfection and expansion of customer service structure and the partial outsourcing of credit card processing (Fidelity); and (b) variable expenses tied to revenues (non-bank correspondents); (ii) depreciation and amortization, amounting to R\$50 million; (iii) marketing and advertising, in the amount of R\$49 million; (iv) an increase in business and service volume; and (v) organic growth and the consequent increase in Service Points (from 46,570 on March 31, 2010 to 57,185 on March 31, 2011).

Economic and Financial
Analysis

Operating Coverage Ratio (*)

In the quarter, the coverage ratio accrued over the last twelve months decreased by 0.6 p.p., basically due to: (i) increased personnel and administrative fees, partially resulting from: (a) the impact of the collective bargaining agreement; and (b) greater business volumes from the expansion of the service points, partially offset by: (ii) the growth in fee and commission income.

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

Tax Expenses

The R\$22 million growth in tax expenses in the first quarter of 2011, in comparison with the fourth quarter of 2010 is mainly due to: (i) increased expenses with Cofins from higher taxable income in the period, especially financial margin; and (ii) higher property tax (IPTU) expenses.

In the first quarter of 2011 versus the same quarter of the previous year, tax expenses grew by R\$131 million, mainly due to the increase in expenses with ISS/PIS/Cofins taxes reflecting higher taxable income, especially financial margin and fee and commission income.

Equities in the Earnings of Affiliated Companies

In the first quarter of 2011, equity in the earnings of affiliated companies stood at R\$34 million, down R\$26 million from the previous quarter as a result of reduced income from affiliates IRB and Integritas Participações.

Year-on-year, the R\$5 million increase was due to growth in the result from IRB.

Operating Income

Operating result in the first quarter of 2011 was R\$3,953 million, up 5.2% from the fourth quarter of 2010, mainly impacted by: (i) the R\$344 million growth in financial margin; (ii) a R\$214 million decrease in personnel and administrative expenses; (iii) an R\$85 million increase in the operating income from Insurance, Private Pension Plans and Savings Bonds, partially offset by: (iv) growth in other operating expenses (net of other revenue) in the amount of R\$276 million; (v) a R\$65 million increase in allowance for loan losses expenses; and (vi) a R\$58 million drop in fee and commission income.

Year on year, the R\$782 million, or 24.7% increase in operating income is the result of: (i) R\$1,673 million growth in financial margin; (ii) a R\$386 million increase in fee and commission income; (iii) a R\$202 million increase in operating income from Insurance, Private Pension Plans and Savings Bonds; partially offset by: (iv) an

R\$809 million growth in personnel and administrative expenses; (v) an increase in other operating expenses (net of other revenue), in the amount of R\$372 million; (vi) a greater allowance for loan losses expenses, in the amount of R\$172 million; and (vii) a R\$131 million increase in tax expenses.

Economic and Financial
Analysis

Non-Operating Income

The R\$14 million variation between the first quarter of 2011 and the previous quarter is mainly due to the reversal of non-operating provisions in the fourth quarter of 2010.

Year on year, the variation is mainly the result of greater gains from the sale of assets in the first quarter of 2010.

Return to Shareholders

Sustainability

On March 10, 2011 Bradesco released its 2010 Sustainability Report, which, for the fifth consecutive year, adopts Global Reporting Initiative (GRI) guidelines. Among the themes presented in the report are banking inclusion, the Bank's presence in all Brazilian cities, the inauguration of branches in underprivileged regions of the country and the creation of special products for low-income customers. The Report is available for download at the Bank of the Planet Portal (www.bancodoplaneta.com.br).

Bradesco, a signatory of the Equator Principles since 2004, has actively participated in discussions on the revision of IFC Performance Standards – a process that seeks to improve the policies of the Equator Principles to manage the social and environmental risks in project financing. The 3rd Stage of the Open House Consultation occurred in Lima, Peru, on January 25, 2011, and was attended by Bradesco and other national and international stakeholders.

The Sport Development Center, headquarters of the Bradesco Sports and Education Program in Osasco (São Paulo), received the Leadership in Energy and Environmental Design (LEED® NC GOLD) certification, also known as the Sustainable Building Seal, from the U.S. Green Building Council.

Investor Relations Area – IR

Bradesco began its schedule of events for the first quarter of 2011 with the 2nd Bradesco Open Day in Cidade de Deus, an event broadcast live over the internet on the Bank's Investor Relations website.

All told, Bradesco participated in a total of 104 events in the first quarter of 2011. In Brazil, we began the 2011 Apimec Meeting Cycle in the city of Campinas and the Annual São Paulo INI

Bradesco was one of the sponsors of the Global Forum on Sustainability, held in the city of Manaus (Amazonas) between March 24 and 26. A number of major businessmen, executives, political leaders and environmental organizations participated in the event that sought to discuss successful practices and methods for sustainable development in the Amazon and the Planet. As co-founder of *Fundação Amazonas Sustentável* and the first bank to offer riverside communities in Alto Solimões River a floating branch, Bradesco is committed to the sustainable development of the Amazon region.

Bradesco also released its Promotional Balance Sheet in the quarter, an advertisement aimed at providing customers, investors and shareholders with a plethora of information on the Bank. The information published in the advertisement, in line with our Vision and Mission, laid out a direct connection between Sustainability and the Organization's business and corporate management.

For Bradesco, Sustainability is a profoundly important part of the manner in which it conducts business, proven by the promotion of financial education and the insertion of the population in the banking system.

Meeting, attended by investors, shareholders and those interested in capital markets. Internationally, the Bank was a part of five conferences (Miami, Cancun, London, New York and Hong Kong) and four Road Shows (Europe, United States, Middle East and Southeast Asia). Moreover, the Investor Relations Department held discussions with shareholders, investors and analysts by phone, email and at the Company's headquarters.

Corporate Governance

In September 2010, Bradesco received the Gamma-7 (Governance, Accountability, Management Metrics and Analysis) score, assigned on a scale of 1 to 10 by Standard & Poor's Governance Services, which ratifies the Bank's sound corporate governance processes and general practices. Bradesco was the first Brazilian company to disclose this rating to the market. It is important to point out that, worldwide, the highest Governance score ever disclosed by Standard and Poor's is 7+. Bradesco was also rated AA (Excellent Corporate Governance Practices) by Austin Rating.

Regarding Corporate Governance structure, Bradesco's Board of Directors is supported by five statutory committees (Ethical Conduct, Audit, Internal Controls and Compliance, Compensation and Integrated Risk Management and Capital

Allocation), in addition to 42 Executive Committees that assist the Board of Executive Officers in performing their duties.

Shareholders are entitled to 100% tag-along rights for common shares, 80% for preferred shares and to a minimum mandatory dividend of 30% of adjusted net income, which is above the 25% minimum established by the Brazilian Corporation Law. Preferred shares are entitled to dividends 10% greater than those attributed to common shares.

On March 10, 2011, all matters submitted to the Shareholders' Meetings were approved. For more information, see the corporate governance section of the investor relations website at <http://www.bradesco.com.br/ir>.

Bradesco Shares

Number of Shares – Common (ON) and Preferred (PN) (*)

| | Mar11 | Dec10 | Dec09 | Dec08 | Dec07 | Dec06 | In thousands |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| Common Shares | 1,909,911 | 1,880,830 | 1,710,205 | 1,534,806 | 1,009,337 | 500,071 | |
| Preferred Shares | 1,912,397 | 1,881,225 | 1,710,346 | 1,534,900 | 1,009,337 | 500,812 | |
| Subtotal – Outstanding | 3,822,308 | 3,762,055 | 3,420,551 | 3,069,706 | 2,018,674 | 1,000,883 | |
| Treasury Shares | 2,487 | 395 | 6,535 | 163 | 2,246 | 758 | |
| Total | 3,824,795 | 3,762,450 | 3,427,086 | 3,069,869 | 2,020,920 | 1,001,641 | |

(*) Stock bonuses and splits during the period were not included.

On March 31, 2011, Bradesco's total capital stock was R\$30.1 billion, composed of 3,824,795 thousand shares (all book-entry shares with no par value), of which 1,912,398 thousand were common shares and 1,912,397 thousand were preferred shares. The largest shareholder is the holding company Cidade

Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and a holding company, Nova Cidade de Deus Participações, which is in turn controlled by Fundação Bradesco and BBD Participações, a majority of the shareholders of which are members of Bradesco's Board of

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de Deus Participações, which directly holds 48.4% of voting capital and 24.2% of total capital. Directors, Statutory Board of Executive Officers and skilled employees.

Bradesco

85

Return to Shareholders

Number of Shareholders – Domiciled in Brazil and Abroad

| | Mar11 | % | Ownership of Capital (%) | Mar10 | % | Ownership of Capital (%) |
|--|----------------|--------------|--------------------------|----------------|--------------|--------------------------|
| Individuals | 341,662 | 89.95 | 24.20 | 346,048 | 89.81 | 25.18 |
| Corporate | 37,295 | 9.82 | 43.88 | 37,537 | 9.74 | 44.39 |
| Subtotal Domiciled in the Country | 378,957 | 99.77 | 68.08 | 383,585 | 99.56 | 69.57 |
| Domiciled Abroad | 874 | 0.23 | 31.92 | 1,705 | 0.44 | 30.43 |
| Total | 379,831 | 100 | 100 | 385,290 | 100 | 100 |

On March 31, 2011, there were 378,957 shareholders domiciled in Brazil, accounting for 99.77% of total shareholders and holding 68.08%

of all shares, while a total of 874 shareholders resided abroad, accounting for 0.23% of shareholders and holding 31.92% of shares.

Share Performance (*)

| | 1Q11 | 4Q10 | Variation % | In R\$ (except when indicated otherwise) | | |
|--|---------|---------|-------------|--|---------|-------------|
| | | | | 1Q11 | 1Q10 | Variation % |
| Net Income per Share | 0.72 | 0.71 | 1.4 | 0.72 | 0.57 | 26.3 |
| Dividends/Interest on Shareholders' Equity | | | | | | |
| – Common Share (after Income Tax - IR) | 0.202 | 0.225 | (10.2) | 0.202 | 0.166 | 21.7 |
| Dividends/Interest on Shareholders' Equity | | | | | | |
| – Preferred Share (after Income Tax - IR) | 0.222 | 0.247 | (10.1) | 0.222 | 0.182 | 22.0 |
| Book Value per Share (Common and Preferred) | 13.42 | 12.77 | 5.1 | 13.42 | 11.45 | 17.2 |
| Last Business Day Price – Common Shares | 27.88 | 25.70 | 8.5 | 27.88 | 23.79 | 17.2 |
| Last Business Day Price – Preferred Shares | 33.35 | 32.65 | 2.1 | 33.35 | 29.70 | 12.3 |
| Market Capitalization (R\$ million) ⁽¹⁾ | 117,027 | 109,759 | 6.6 | 117,027 | 100,885 | 16.0 |
| Market Capitalization (R\$ million) - Most Liquid Share ⁽²⁾ | 127,474 | 122,831 | 3.8 | 127,474 | 112,189 | 13.6 |

(*) Adjusted for corporate events in the period.

(1) Number of shares (less treasury shares) x closing price for common and preferred shares on last day in period; and

(2) Number of shares (less treasury shares) x closing price for preferred shares on last day of the period.

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In the first quarter of 2011, Bradesco preferred and common shares appreciated by 2.1% and 8.5% respectively, while Ibovespa dropped by 1.0% in the same period.

On March 25, 2011, Bradesco requested authorization by the Brazilian Central Bank to create an ADR (American Depositary Receipt) program backed by common shares on the American market, which included an increase in the limit on foreign interest that will not change its corporate structure or control.

Main Indicators

Market Value: considers the closing price of common and preferred shares multiplied by the respective number of shares (excluding treasury shares).

Market Value/Shareholders' Equity: indicates the multiple by which Bradesco's market value exceeds its book shareholders' equity.

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

Formula used: amount received by shareholders as dividends and/or interest on shareholders' equity in the last twelve months divided by the closing price of preferred shares on the last trading day in the period.

Return to Shareholders

Weighting in Main Stock Market Indexes

Bradesco shares are components of Brazil's mainstock indexes, including the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG) and the Special Corporate Governance Stock Index (IGC). In March 2011, Bradesco had the largest participation in the Financial Index (IFNC), which comprises banks, insurers and financial companies.

Bradesco also participated in the Carbon Efficient Index (ICO2), composed by companies committed to disclosing their annual greenhouse gas (GHG) emissions report.

| % | Mar11 |
|--|-------|
| Ibovespa | 3.0 |
| IB rX - 50 | 6.8 |
| IB rX - 100 | 7.4 |
| Ifinanceiro (IFNC) | 21.1 |
| ISE | 4.7 |
| Special Corporate Governance Stock Index (IGC) | 6.5 |
| Special Tag-Along Stock Index (ITAG) | 12.5 |
| ICO2 | 10.3 |

Dividends/Interest on Shareholders' Equity

In the first quarter of 2011, R\$924 million were paid to shareholders as dividends and interest on shareholders' equity, equivalent to 31.5% of book net income for the quarter and 31.2% considering the amount accrued over the last 12 months.

The amounts allocated in recent years have surpassed the limits mandated by the Brazilian Corporation Law and by the Company's Bylaws.

(*) Accrued over the last 12 months

Additional Information

Market Share of Products and Services

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

| | Mar11 | Dec10 | Mar10 | Dec09 |
|--|-----------|-------|-------|-------|
| Banks – Source: Brazilian Central Bank (Bacen) | | | | |
| Time Deposits | N/A | 13.0 | 13.1 | 13.3 |
| Savings Deposits | N/A | 14.3 | 14.1 | 14.1 |
| Demand Deposits | N/A | 18.4 | 18.6 | 20.3 |
| Loan Operations ⁽¹⁾ | 12.5(**) | 12.4 | 12.7 | 12.6 |
| Loan Operations - Vehicles Individuals (CDC + Leasing) ⁽¹⁾ | 17.4(**) | 17.7 | 19.7 | 19.7 |
| Payroll-Deductible Loans ⁽¹⁾ | 11.1(**) | 10.8 | 9.9 | 8.8 |
| Online Collection (Balance) | N/A | 26.7 | 29.0 | 28.8 |
| Number of Branches | 18.7 | 18.7 | 17.5 | 17.2 |
| Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro) | | | | |
| Federal Revenue Collection Document (DARF) | N/A | 21.9 | 22.5 | 21.2 |
| Brazilian Unified Tax Collection System Document (DAS) | N/A | 17.3 | 16.8 | 16.9 |
| Banks – Source: Social Security National Institute (INSS)/Dataprev | | | | |
| Social Pension Plan Voucher (GPS) | N/A | 14.8 | 14.5 | 14.4 |
| Benefit Payment to Retirees and Pensioners | N/A | 22.0 | 20.0 | 19.6 |
| Banks – Source: Anbima | | | | |
| Investment Funds + Portfolios | 16.5 | 17.0 | 16.5 | 16.6 |
| Insurance, Private Pension Plans and Savings Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS) | | | | |
| Insurance, Private Pension Plan and Savings Bond Premiums | 22.4(*) | 24.7 | 25.2 | 24.4 |
| Insurance Premiums (including Long-Term Life Insurance - VGBL) | 22.3(*) | 24.9 | 25.7 | 24.8 |
| Life Insurance and Personal Accident Premiums | 15.2(*) | 17.3 | 16.8 | 16.8 |
| Auto/Basic Lines (RE) Insurance Premiums | 8.1(*) | 10.6 | 12.1 | 10.4 |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums | 11.4(*) | 14.1 | 16.1 | 13.6 |
| Health Insurance Premiums | 50,0 (*) | 51.7 | 49.4 | 48.7 |
| Revenues from Private Pension Plan Contributions (excluding VGBL) | 25.7(*) | 27.2 | 25.1 | 25.5 |
| Income from Savings Bonds | 20.3(*) | 21.1 | 20.9 | 19.7 |
| Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 30.4(*) | 30.6 | 31.7 | 32.0 |
| Insurance and Private Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi) | | | | |
| Income on VGBL Premiums | 30.1(*) | 32.2 | 34.7 | 34.0 |
| Revenues from Unrestricted Benefits Generating Plans (PGBL) Contributions | 20.3(*) | 23.3 | 21.5 | 20.4 |
| Private Pension Plan Investment Portfolios (including VGBL) | 34.8(*) | 34.8 | 35.9 | 35.1 |
| Credit Card – Source: Abecs | | | | |
| Credit Card Revenue | 21.6(***) | 21.6 | 21.4 | 19.6 |
| Leasing – Source: Brazilian Association of Leasing Companies (ABEL) | | | | |

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| | | | | |
|--|----------|------|------|------|
| Lending Operations | 18.9(**) | 19.0 | 16.7 | 19.5 |
| Consortia – Source: Bacen | | | | |
| Real Estate | 27.0(**) | 29.4 | 27.2 | 27.3 |
| Auto | 24.3(**) | 25.4 | 23.2 | 23.4 |
| Trucks, Tractors and Agricultural Implements | 16.9(**) | 17.1 | 14.7 | 14.6 |
| International Area – Source: Bacen | | | | |
| Export Market | 23.2 | 24.8 | 26.6 | 25.0 |
| Import Market | 19.1 | 19.5 | 21.2 | 18.4 |

(1) Bacen data for February 2011 and December 2010 are preliminary.

(*) Reference date: January 2011.

(**) Reference date: February 2011.

(***) Projected Market.

N/A – Not Available.

Market Share of Products and Services

Bradesco customers enjoy a wide range of options for consulting and carrying out their financial transactions; in addition to the ability to acquire products and services through high-tech means, such as ATMs, telephone (*Bradesco Fone Fácil*), the Internet and mobile phones (*Bradesco Celular*).

As part of our commitment to social responsibility, people with special needs can rely on a number of special services provided by the Bradesco *Dia&Noite* Customer Service Channels, such as:

- Accessibility to the ATM Network for the visually-impaired and wheelchair users;
- Internet Banking utility for the visually impaired;
- Visual Mouse for people with motor impairments; and
- Personalized assistance for the hearing impaired, by means of digital language in *Fone Fácil*.

Branch Network

| Region | Mar11 | | Market Share | Mar10 | | Market Share |
|--------------|--------------|---------------|--------------|--------------|---------------|--------------|
| | Bradesco | Market | | Bradesco | Market | |
| North | 180 | 827 | 21.8% | 166 | 793 | 20.9% |
| Northeast | 549 | 2,809 | 19.5% | 528 | 2,757 | 19.2% |
| Midw est | 303 | 1,493 | 20.3% | 289 | 1,468 | 19.7% |
| Southeast | 2,059 | 10,655 | 19.3% | 1,948 | 10,897 | 17.9% |
| South | 560 | 3,757 | 14.9% | 524 | 3,783 | 13.9% |
| Total | 3,651 | 19,541 | 18.7% | 3,455 | 19,698 | 17.5% |

Compulsory Deposits/Liabilities

| % | Mar11 | Dec10 | Sept10 | Jun10 | Mar10 | Dec09 | Sept09 | Jun09 |
|----------------------------|-------|-------|--------|-------|-------|-------|--------|-------|
| Demand Deposits | | | | | | | | |
| Rate ⁽¹⁾ (5) | 43 | 43 | 43 | 42 | 42 | 42 | 42 | 42 |
| Additional ⁽²⁾ | 12 | 12 | 8 | 8 | 8 | 5 | 5 | 5 |
| Liabilities* | 29 | 29 | 29 | 30 | 30 | 30 | 30 | 30 |
| Liabilities (Microfinance) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Free | 14 | 14 | 18 | 18 | 18 | 21 | 21 | 21 |
| Savings Deposits | | | | | | | | |

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| | | | | | | | | |
|---------------------------|----|----|----|----|----|------|------|----|
| Rate ⁽³⁾ | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Additional ⁽²⁾ | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Liabilities | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Free | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Time Deposits | | | | | | | | |
| Rate ⁽²⁾⁽⁴⁾ | 20 | 20 | 15 | 15 | 15 | 13.5 | 13.5 | 15 |
| Additional ⁽²⁾ | 12 | 12 | 8 | 8 | 8 | 4 | 4 | 4 |
| Free | 68 | 68 | 77 | 77 | 77 | 82.5 | 82.5 | 81 |

* At Banco Bradesco, liabilities are applied to Rural Loans.

(1) Collected in cash and not remunerated.

(2) Collected in cash with the Special Clearance and Custody System (Selic) rate.

(3) Collected in cash with the Reference Interest rate (TR) + interest of 6.17% p.a.

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

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

Bradesco

91

Additional Information

Investments in Infrastructure, Information Technology and Telecommunications

The Bradesco Organization is built on a solid foundation supported by strategic pillars, one of which is Information Technology, enabling it to offer customers with high quality services characterized by speed and security in carrying out operations at all of its service points.

The Internet Banking and NetEmpresa channels allow thousands of transactions to be made in real time, maximizing comfort for individual and corporate customers. For this very reason Bradesco is constantly investing in this type of technology, in order to ensure that we are always on the cutting-edge of the market and provide innovative solutions.

In recognition of its commitment to the quality of services, in January 2011 Bradesco became the first Brazilian bank to obtain the ISO 2000 Certification for its IT Management Services. This standard establishes a global benchmark for quality and is compatible with the Government of England's IT Infrastructure Library (ITIL).

Guided by best practices and protected against contingencies, Bradesco's IT infrastructure has central computers with capacity to process over 235,000 Mips (million instructions per second). Every day, an average of 220 million transactions are processed, with availability remaining at 99.76%. This environment is managed in order to transform the complex into the simple and manageable, while maintaining low operating risk and the scalability needed to support the Bank's growth.

As a prerequisite for its continuous expansion, in the first quarter of 2011, Bradesco invested R\$865 million in Infrastructure and IT in order to update its IT environment, drawing on best practices and existing technologies.

The total amount invested in recent years, including infrastructure (facilities, furniture and fixtures), can be found below:

| | 1Q11 | 2010 | 2009 | 2008 | 2007 | R\$ million |
|--|------|------------|--------------|--------------|--------------|--------------|
| Infrastructure | | 140 | 716 | 630 | 667 | 478 |
| Information Technology and Telecommunication | | 725 | 3,204 | 2,827 | 2,003 | 1,621 |
| Total | | 865 | 3,920 | 3,457 | 2,670 | 2,099 |

Risk Management

Risk management is a highly strategic activity due to the increasing complexity of products and services offered and the globalization of the Organization's business. Therefore, Bradesco is constantly enhancing its process.

The Organization's decisions are based on factors that combine return on previously identified, measured and assessed risks, providing conditions required to meet strategic goals while working to strengthen the Organization.

The Organization deals with risk management in an integrated manner, providing unique policies,

processes, criteria and methodology for risk control by means of a statutory body, the Integrated Risk Management and Capital Allocation Committee, which is supported by specific committees and risk management policies approved by the Board of Directors

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

Capital Adequacy Ratio

In March 2011, Bradesco's Reference Shareholders' Equity totaled R\$59,923 million, versus a Required Reference Shareholders' Equity of R\$43,829 million, with capital margin of R\$16,094 million. A majority of the requirement was the result of the credit risk installment, representing 93% of risk-weighted assets, mainly due to the expansion of loan operations.

The Capital Adequacy Ratio increased by 0.3 p.p. from 14.7% in December 2010 to 15.0% in March 2011, mainly impacted by: (i) a capital increase from subscription of shares in the amount of R\$1,511 million, under Tier I capital; and (ii) new issue of subordinated debt abroad on January 2011, in the amount of US\$500 million and maturing in 2021, offset by the reduced volume of subordinated debt considered under Tier II capital.

| Calculation Basis | R\$ million | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Mar11 | Dec 10 | Sept 10 | Jun 10 | Mar 10 | Dec 09 | Sept 09 | Jun 09 |
| Reference Shareholders' Equity (PR) | 59,923 | 56,147 | 55,920 | 52,906 | 56,062 | 55,928 | 53,500 | 50,138 |
| Level I | 53,240 | 49,897 | 48,081 | 46,284 | 47,821 | 46,529 | 43,305 | 42,185 |
| Shareholders' Equity | 51,297 | 48,043 | 46,114 | 44,295 | 43,087 | 41,754 | 38,877 | 37,277 |
| Mark-to-Market Adjustments | 1,660 | 1,678 | 1,590 | 1,752 | 1,347 | 1,328 | 1,480 | 1,975 |
| Additional Provision | - | - | - | - | 3,005 | 3,003 | 2,991 | 2,992 |
| Reduction of Deferred Assets | (291) | (296) | (306) | (441) | (434) | (354) | (260) | (270) |
| Reduction of Tax credits | - | - | - | - | - | - | (143) | (143) |
| Minority/ other | 574 | 472 | 683 | 678 | 816 | 798 | 360 | 354 |
| Level II | 6,809 | 6,373 | 8,079 | 6,856 | 8,469 | 9,623 | 10,524 | 8,274 |
| Mark-to-Market Adjustments | (1,660) | (1,678) | (1,590) | (1,752) | (1,347) | (1,328) | (1,480) | (1,975) |
| Subordinated Debt | 8,469 | 8,051 | 9,669 | 8,608 | 9,816 | 10,951 | 12,004 | 10,249 |
| Deduction of Funding Instruments | (126) | (123) | (240) | (234) | (228) | (224) | (329) | (321) |

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| | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Risk-weighted assets | 398,443 | 380,844 | 356,103 | 332,430 | 334,107 | 313,719 | 301,773 | 294,864 |
| Required Reference Shareholders' | | | | | | | | |
| Equity | 43,829 | 41,892 | 39,171 | 36,567 | 36,752 | 34,509 | 33,195 | 32,435 |
| Credit Risk | 40,775 | 38,938 | 36,426 | 34,754 | 34,872 | 33,046 | 31,634 | 30,828 |
| Operating Risk | 2,690 | 2,574 | 2,574 | 1,678 | 1,678 | 1,133 | 1,133 | 570 |
| Market Risk | 364 | 380 | 171 | 135 | 202 | 330 | 428 | 1,037 |
| Margin (excess/ PR insufficiency) | 16,094 | 14,255 | 16,749 | 16,339 | 19,310 | 21,419 | 20,305 | 17,703 |
| Leverage Margin | 146,309 | 129,591 | 152,264 | 148,536 | 175,545 | 194,718 | 184,591 | 160,936 |
| Capital Adequacy Ratio | 15.0% | 14.7% | 15.7% | 15.9% | 16.8% | 17.8% | 17.7% | 17.0% |

Bradesco

93

Independent Auditors'
Report

Limited assurance report from independent auditors on the supplementary accounting information

To The Board of Directors of
Banco Bradesco S.A.
Osasco - SP

Introduction

We were contracted to apply limited assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. ("Bradesco") for the quarter ended on March 31, 2011, prepared under the Bradesco Management responsibility. Our responsibility is to issue a Limited Assurance Report on such supplementary accounting information.

Scope, procedures applied and limitations

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

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

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

Criteria for preparation of the supplementary accounting information

The additional accounting information disclosed in the Economic and Financial Analysis Report for the quarter ended March 31, 2011 was prepared by management of Bradesco, based on the consolidated financial information contained in the interim financial information and the criteria described in the Economic and Financial Analysis Report, in order to provide additional analysis, but without being part of the interim financial information disclosed in this date.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the supplementary accounting information in the Economic and Financial Analysis Report for the quarter ended as of March 31, 2011 is inconsistent, in all material respects, with regard to interim accounting information referred in the criteria for preparation of additional accounting information paragraph.

Other Information

The additional accounting information relating to periods prior to March 31, 2011 were reviewed by other independent auditors that issued their report on the date of January 28, 2011 which did not contain any qualification.

São Paulo, April 26, 2011

Original report signed in Portuguese by
KPMG Auditores Independentes
CRC 2SP 014428/O-6
Cláudio Rogélio Sertório
Accountant CRC 1SP 212059/O-0

Management Report

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the period ended March 31, 2011, pursuant to the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The current scenario of high international liquidity and moderate growth of global GDP will most likely be maintained in the coming months, despite current evaluations of inflationary pressure in a number of countries. This global scenario is still quite favorable for Brazil, which has benefited from the tendency for high commodity prices and has received a number of excellent evaluations from investors and risk rating agencies. The country's growth in 2011 is set to be more moderate than that seen last year, though long-term outlook is quite promising, with investments and household consumption driving expansion. Bradesco continues to bet on social mobility and gains in economic efficiency, resulting in higher GDP growth.

Bradesco's Net Income in the quarter was R\$2.702 billion, corresponding to earnings per share of R\$0.71 and an annualized return on average Shareholders' Equity^(*) of 23.82%. The annualized return on average Total Assets stood at 1.66%, compared to 1.63% in the same period in the previous year.

From January and March 2011, a total of R\$923.633 million were allocated to shareholders as dividends and interest on shareholders' equity, of which R\$104.430 million were related to the monthly payments and R\$819.203 million provisioned.

Taxes and contributions, including social security, paid or provisioned, totaled R\$4.973 billion in the first quarter of 2011, of which R\$1.745 billion corresponded to taxes withheld and collected from third parties and R\$3.228 billion corresponded to taxes levied on the activities of Bradesco Organization, equivalent to 119.47% of Net Income.

At the end of the quarter, Paid-in Capital Stock came to R\$30.100 billion, which included the capital increase in the amount of R\$1.511 billion. Together with Equity Reserves of

Bradesco's Market Capitalization, calculated based on the price of its shares, came to R\$117.027 billion on March 31, equivalent to 2.28 times the net book value, up 16.00% from the R\$100.885 billion in the same period in 2010.

It is worth highlighting that Managed Shareholders' Equity stood at 7.68% of consolidated Assets, which amounted to R\$675.387 billion, for 26.80% growth over March 2010. Thus, the Capital Adequacy Ratio stood at 15.33% in the consolidated financial result and 15.04% in the consolidated economic and financial result, considerably higher than the 11% minimum established by National Monetary Council Resolution 2,099/94, in accordance with the Basel Committee. At the end of the quarter, in relation to Consolidated Reference Shareholders' Equity, the fixed asset ratio stood at 47.74% in the consolidated financial result and 17.41% in the consolidated economic and financial result, thus, in compliance with the 50% limit.

In compliance with Article 8 of Circular Letter 3,068/01 by Brazilian Central Bank, Bradesco declares that it has both the financial capacity and intent to hold until maturity those securities classified under "held-to-maturity securities".

Assets under management totaled R\$919.007 billion as of March 31, up 24.21% over the same period last year, broken down as follows:

- R\$382.811 billion in Demand Deposits, Time Deposits, Interbank Deposits, Other Deposits, Open Market and Savings Accounts, 28.08% up on March 2010;
- R\$303.319 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, 17.31% up on March 2010;
- R\$131.990 billion in the exchange portfolio, Borrowings and Onlendings, Working Capital, Tax Payment and Collection and Related Taxes, Funds From Issuance of Securities, Subordinated Debt in the Country, and Other Funding, 38.12% up on March 2010;
- R\$89.980 billion in technical provisions for Insurance, Supplementary Private Pension Plans and Savings Bonds, a 15.83% improvement over the same period of previous year;

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R\$21.197 billion, made up Shareholders' Equity of R\$51.297 and billion, up 19.05% from the same period last year and corresponded to a book value per share of R\$13.42.

· R\$10.907 billion in foreign funding, through public and private issues, Subordinated Debt

Management Report

and Securitization of Future Financial Flows, equivalent to US\$6.697 billion.

Consolidated loan operations stood at R\$284.695 billion at the end of the period, up 21.02% from March 2010, broken down as follows:

- R\$5.728 billion in Advances on Exchange Contracts, for a total portfolio of US\$14.205 billion in Export Financing;
- US\$3.624 billion in Import Financing in Foreign Currency;
- R\$15.008 billion in Leasing;
- R\$14.262 billion in Rural Area business;
- R\$78.191 billion in Consumer Financing, which includes R\$9.636 billion in Credit Card receivables;
- R\$42.466 billion in Sureties and Guarantees; and
- R\$27.651 billion in onlending of foreign and domestic funds, originating mainly from the Brazilian Bank of Economic and Social Development (BNDES), one of the main onlending agents.

With regard to Real Estate financing, the Organization allocated R\$3.696 billion in the quarter for the construction and acquisition of own homes, corresponding to a total of 20,804 properties.

Banco Bradesco BBI, Bradesco Organization's Investment Bank, advises customers in initial and secondary offers of shares, mergers and acquisitions and structuring and distribution of debt instruments, including debentures, promisory notes, CRIs, mortgage-backed investment funds, FIDCs and bonds in Brazil and abroad, in addition to structured financing operations for companies and Project Finance. In the quarter, Bradesco BBI announced transactions totaling more than R\$11 billion.

and savings bond revenues, totaled R\$7.845 billion, up 14.51% from the same period in the previous year.

Bradesco Organization's service network is present, direct and indirectly, in 100% of the Brazilian cities and several locations abroad and is structured to offer its clients and users highly efficient, quality products, services and solutions. On March 31, it consisted of 46,006 points, together with 32,514 machines in the Bradesco *Dia & Noite* Network, 32,001 of which also function on weekends and holidays, in addition to 11,749 machines in the Banco24Horas network and terminals shared by Bradesco, Banco do Brasil and Banco Santander, available to Bradesco Customers for withdrawals, transfers, account statements, checking of balances and applying for loans. In the payroll-deductible loans segment, it had 853 Bradesco Promotora correspondent branches, and in the vehicles segment, 24,323 Bradesco Financiamento points of sale:

6,619 Branches, PABs (Banking Service Branch) and PAAs (Advanced Service Branch) in Brazil (Branches: Bradesco 3,627, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; PABs: 1,308; and PAAs: 1,660);

3 Branches Overseas, with 1 in New York, and 2 in Grand Cayman;

8 Subsidiaries Overseas (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Europa S.A. in Luxembourg, Bradesco Securities, Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Services Co. Ltd. in Tokyo, Bradesco Trade Services Limited in Hong Kong, Cidade Capital Markets Ltd., in grand Cayman, Ibi Services, Sociedad de Responsabilidad Limitada in Mexico);

6,218 Banco Postal Branches;

27,649 Bradesco Expresso service points;

1,588 PAEs – Electronic Service Branches in Companies; and

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Grupo Bradesco de Seguros e Previdência, the largest insurance group in Brazil, stands out in the Insurance, Open Private Pension Plans and Savings Bonds segments. On March 31, it posted Net Income of R\$761.166 million, with Shareholders' Equity of R\$12.053 billion. Written premiums, net of insurance, pension contributions 3,921 External Terminals of the Bradesco Dia & Noite ATM network and 10,326 Banco24Horas ATM network, and shared information among Bradesco, Banco do

Bradesco

97

Management Report

Brasil and Banco Santander, with 2,024 common points shared by the networks.

In accordance with CVM Rule 381/03, Bradesco Organization, in this quarter, neither contracted nor was provided services by KPMG Auditores Independentes that were not related to external audit, in an amount exceeding 5% of the total cost of this audit. The policy adopted is in line with the principles of preserving the auditor's independence, which are based on generally accepted international criteria, i.e., the auditor should not audit its own work, perform managerial duties at his client or promote the interests thereof.

Through a Human Resources Policy that places emphasis on training and professional development, Bradesco makes good on its belief in the potential of its staff by investing in training programs focused on improving results, as well as the quality and efficiency of the services provided. During the quarter, 894 courses were conducted in which 447,093 employees participated. Assistance benefits, which ensure the well-being of employees, improve the quality of life and safety of employees and their dependents, covered 196,539 lives.

Fundação Bradesco, the Organization's pioneer initiative in social investments, has a comprehensive socio-educational program, which includes its 40 own schools installed in socially and economically underprivileged regions, in all the states of Brazil and the Federal District. With a budget of R\$307.994 million this year, Fundação Bradesco will provide quality educational services at no charge to 526 thousand people in the various segments in which it operates, of whom 111,639 will be students enrolled in its schools at Basic Education (Kindergarten to High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training, and other 415 thousand educational events in other on-site and distance courses through the Virtual School - its e-learning portal, the Digital Inclusion Centers (CIDs) and programs made in strategic collaboration, such as *Educa+Ação*. Meals, medical and dental assistance, uniform and school supplies are provided free to approximately 50 thousand Basic Education students.

Fundação Bradesco schools, schools in the city's public school system, private schools and sports centers in the city. Every year, around 2,000 girls aged from 8 to 18 participate in the program, reinforcing the commitment to represent a country that is increasingly open to valuing talent, effort and full exercise of citizenship.

Bradesco has received a series of ratings in the period, the most important of which being:

- An AAA+ Rating for Sustainability of Management and Excellence– M&E, covering 592 points in strategic areas. The Bank has maintained the maximum score since it received its first rating in 2006, when it was the first Brazilian bank to be evaluated in areas concerning sustainability; and
- Fitch Ratings increased the Long-Term Foreign Currency Rating, from "BBB" to "BBB+", the Domestic Currency Long-Term Rating, from "BBB+" to "A-", the Domestic Short-Term Rating, from "F2" to "F1". Bradesco Seguros's rating of Insurer Financial Strength was also increased from "BBB+" to "A-."

Bradesco has also been honored on several occasions:

- The 6th most valuable brand in the global banking industry, according to a survey entitled "Brand Finance Global Banking 500 – 2011" conducted by the consulting firm Brand Finance and published in *The Banker* magazine. This is the first time that a bank from an emerging economy reaches the position;
- The most valuable brand in Brazil, a position Bradesco has held since 2007, according to Brand Finance. In the global ranking of 500 companies, the Bank came 28th ;
- Considered one of the 100 most sustainable companies in the world, according to the 7th edition of the Global 100 ranking, prepared by *Corporate Knights* magazine;
- Winner of the 10th edition of the IT Executive of the Year Award, in the IT Governance, and Performance Drivers, Information Security and Adoption of Emerging Technologies

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Bradesco Organization sponsors the Bradesco Sports and Education Program, which, in the city of Osasco in São Paulo, has 23 training and specialist centers to teach volleyball and basketball, at the Sports Development center of ADC Bradesco Sports and Education, in

categories, organized by *Information Week* magazine; and

· BRAM – Bradesco Asset Management won the *Prêmio Top Gestão* Award from

Management Report

ValorInveste magazine of Valor Econômico newspaper in recognition of the best fund management in the country, according to a survey prepared by Standard & Poors, the largest risk rating agency in the world. Bradesco also stood out in the Star Ranking issued in the same edition of the magazine, which points out the best investments funds of the market in the equities, stock and mixed allocation categories.

Cidade de Deus, April 26, 2011

Board of Directors
and Board of Executive Officers

The results achieved underline the Bradesco Organization's commitment to surpassing expectations and always offering efficient and quality products and services. For the success we accomplished, we would like to thank our shareholders and customers for their support and confidence, and our staff and other employees for their dedicated work.

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

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

Consolidated Balance Sheet – R\$ thousand

| Assets | 2011 | 2010 | |
|---|--------------------|--------------------|--------------------|
| | March | December | March |
| Current assets | 499,118,778 | 448,412,103 | 390,746,673 |
| Cash and cash equivalents (Note 6) | 6,785,081 | 15,737,880 | 8,704,665 |
| Interbank investments (Notes 3d and 7) | 98,516,216 | 71,941,920 | 96,260,856 |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 92,471,087 | 66,178,702 | 89,920,738 |
| Interbank deposits | 6,050,876 | 5,764,604 | 6,340,361 |
| Allowance for losses | (5,747) | (1,386) | (243) |
| Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b) | 174,158,785 | 152,314,736 | 123,602,778 |
| Own portfolio | 116,931,942 | 108,767,706 | 93,883,610 |
| Subject to repurchase agreements | 52,195,585 | 39,687,170 | 19,019,954 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 3,155,559 | 1,543,924 | 2,335,357 |
| Compulsory deposits - Brazilian Central Bank | - | - | 3,413,929 |
| Underlying guarantee provided | 1,817,919 | 2,259,646 | 4,908,201 |
| Securities subject to repurchase agreements but not restricted | 57,780 | 56,290 | 41,727 |
| Interbank accounts | 66,150,022 | 65,260,837 | 35,966,020 |
| Unsettled payments and receipts | 435,934 | 52,653 | 479,187 |
| Mandatory reserve (Note 9): | | | |
| - Compulsory deposits - Brazilian Central Bank | 65,677,216 | 65,197,019 | 35,424,718 |
| - National treasury - rural loans | 578 | 578 | 578 |
| - National Housing System (SFH) | 4,326 | 6,094 | 13,808 |
| Correspondent banks | 31,968 | 4,493 | 47,729 |
| Interdepartmental accounts | 634,441 | 563,840 | 229,728 |
| Internal transfer of funds | 634,441 | 563,840 | 229,728 |
| Loan operations (Notes 3g, 10 and 32b) | 101,997,037 | 97,358,996 | 82,534,333 |
| Loan operations: | | | |
| - Public sector | 676,917 | 640,088 | 1,061,316 |
| - Private sector | 110,955,075 | 105,968,093 | 90,653,338 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (9,634,955) | (9,249,185) | (9,180,321) |
| Leasing operations (Notes 2, 3g, 10 and 32b) | 6,664,022 | 7,049,715 | 7,859,584 |
| Leasing receivables: | | | |
| - Public sector | 8,779 | 9,553 | 24,321 |
| - Private sector | 12,573,437 | 13,274,780 | 14,525,660 |
| Unearned income from leasing | (5,224,481) | (5,516,071) | (5,901,202) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (693,713) | (718,547) | (789,195) |
| Other receivables | 42,819,434 | 36,799,702 | 34,044,327 |
| Receivables on sureties and guarantees honored (Note 10a-3) | 2,853 | 5,759 | 21,409 |
| Foreign exchange portfolio (Note 11a) | 16,208,394 | 9,445,491 | 9,953,229 |
| Receivables | 582,535 | 480,980 | 474,547 |

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| | | | |
|--|--------------------|--------------------|--------------------|
| Securities trading | 464,014 | 540,998 | 1,072,850 |
| Specific loans | 1,988 | 1,747 | 2,105 |
| Insurance premiums receivable | 2,178,518 | 1,917,062 | 1,972,355 |
| Sundry (Note 11b) | 23,994,071 | 25,052,823 | 21,277,120 |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (612,939) | (645,158) | (729,288) |
| Other assets (Note 12) | 1,393,740 | 1,384,477 | 1,544,382 |
| Other assets | 658,533 | 681,242 | 775,021 |
| Provision for losses | (230,062) | (247,053) | (256,351) |
| Prepaid expenses (Notes 3i and 12b) | 965,269 | 950,288 | 1,025,712 |
| Long-term receivables | 164,480,176 | 177,370,555 | 131,962,864 |
| Interbank investments (Notes 3d and 7) | 1,643,153 | 1,290,114 | 903,656 |
| Interbank investments | 1,643,153 | 1,290,114 | 903,656 |

100 Report on Economic and Financial Analysis – March 2011

Consolidated Balance Sheet – R\$ thousand

| Assets | 2011 | 2010 | |
|--|-------------------|-------------------|-------------------|
| | March | December | March |
| Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b) | 43,322,816 | 61,203,254 | 33,705,811 |
| Own portfolio | 22,050,815 | 26,423,150 | 27,320,923 |
| Subject to repurchase agreements | 20,787,807 | 34,332,159 | 743,709 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 100,609 | 66,461 | 716,163 |
| Compulsory deposits - Brazilian Central Bank | - | - | 3,576,475 |
| Privatization currencies | 85,456 | 87,658 | 92,156 |
| Underlying guarantees provided | 298,129 | 293,826 | 1,256,385 |
| Interbank accounts | 507,003 | 501,610 | 478,243 |
| Restricted credits (Note 9): | | | |
| - SFH – National Housing System | 507,003 | 501,610 | 478,243 |
| Loan operations (Notes 3g, 10 and 32b) | 90,625,045 | 85,604,960 | 65,293,407 |
| Loan operations: | | | |
| - Public sector | 319,920 | 319,862 | 450,290 |
| - Private sector | 95,442,924 | 90,237,928 | 69,075,677 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (5,137,799) | (4,952,830) | (4,232,560) |
| Leasing operations (Notes 2, 3g, 10 and 32b) | 6,992,384 | 7,876,326 | 10,708,767 |
| Leasing receivables: | | | |
| - Public sector | 2,442 | 3,991 | 9,909 |
| - Private sector | 14,174,313 | 15,669,034 | 20,305,144 |
| Unearned income from leasing | (6,526,413) | (7,075,344) | (8,714,484) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (657,958) | (721,355) | (891,802) |
| Other receivables | 20,956,251 | 20,570,618 | 20,489,553 |
| Receivables | 7,050 | 14,006 | 15,755 |
| Securities trading | 309,779 | 324,547 | 317,927 |
| Sundry (Note 11b) | 20,642,116 | 20,234,661 | 20,168,512 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (2,694) | (2,596) | (12,641) |
| Other assets (Note 12) | 433,524 | 323,673 | 383,427 |
| Other assets | 565 | 565 | 553 |
| Prepaid expenses (Notes 3i and 12b) | 432,959 | 323,108 | 382,874 |
| Permanent assets | 11,787,658 | 11,702,072 | 9,916,523 |
| Investments (Notes 3j, 4, 13 and 32b) | 1,674,688 | 1,576,790 | 1,536,687 |
| Interest in unconsolidated companies: | | | |
| - Local | 1,151,300 | 1,153,337 | 1,055,564 |
| Other investments | 786,514 | 686,579 | 762,134 |
| Allowance for losses | (263,126) | (263,126) | (281,011) |
| Premises and equipment (Notes 3k and 14) | 3,662,771 | 3,762,070 | 3,235,933 |
| Premises | 1,113,543 | 1,111,812 | 1,022,909 |
| Other assets | 7,834,226 | 7,744,067 | 6,916,190 |

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| | | | |
|--|--------------------|--------------------|--------------------|
| Accumulated depreciation | (5,284,998) | (5,093,809) | (4,703,166) |
| Leased assets (Note 14) | 2,999 | 4,061 | 8,334 |
| Leased assets | 13,231 | 13,944 | 20,972 |
| Accumulated depreciation | (10,232) | (9,883) | (12,638) |
| Intangible assets (Notes 3I and 15) | 6,447,200 | 6,359,151 | 5,135,569 |
| Intangible assets | 11,173,081 | 10,771,479 | 8,674,765 |
| Accumulated amortization | (4,725,881) | (4,412,328) | (3,539,196) |
| Total | 675,386,612 | 637,484,730 | 532,626,060 |

The Notes are an integral part of the Financial Statements.

Bradesco

101

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

Consolidated Balance Sheet – R\$ thousand

| Liabilities | 2011 | 2010 | |
|--|--------------------|--------------------|--------------------|
| | March | December | March |
| Current liabilities | 413,616,722 | 397,234,106 | 321,166,083 |
| Deposits (Notes 3n and 16a) | 127,800,565 | 125,595,059 | 103,857,996 |
| Demand deposits | 31,777,641 | 36,224,557 | 31,590,287 |
| Savings deposits | 54,624,988 | 53,435,652 | 45,194,691 |
| Interbank deposits | 227,200 | 256,284 | 329,218 |
| Time deposits (Notes 16a and 32b) | 40,057,687 | 34,571,351 | 25,749,548 |
| Other deposits | 1,113,049 | 1,107,215 | 994,252 |
| Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b) | 142,564,054 | 136,886,423 | 98,260,955 |
| Own portfolio | 84,365,553 | 84,891,447 | 30,582,625 |
| Third-party portfolio | 50,793,391 | 44,084,563 | 66,823,881 |
| Unrestricted portfolio | 7,405,110 | 7,910,413 | 854,449 |
| Funds from issuance of securities (Notes 16c and 32b) | 5,314,142 | 4,930,632 | 3,060,285 |
| Mortgage and real estate notes, letters of credit and others | 4,266,550 | 3,646,915 | 2,420,734 |
| Debentures (Note 16c-1) | 763,323 | 742,906 | 25,852 |
| Securities issued abroad | 284,269 | 540,811 | 613,699 |
| Interbank accounts | 225,823 | 40,069 | 203,613 |
| Correspondent banks | 225,823 | 40,069 | 203,613 |
| Interdepartmental accounts | 2,421,312 | 3,749,535 | 1,859,048 |
| Third-party funds in transit | 2,421,312 | 3,749,535 | 1,859,048 |
| Borrowing (Notes 17a and 32b) | 8,815,700 | 7,229,447 | 7,823,288 |
| Borrowing abroad | 8,815,700 | 7,229,447 | 7,823,288 |
| Local onlending - official institutions (Notes 17b and 32b) | 9,746,539 | 9,328,600 | 6,772,140 |
| National treasury | 35,016 | 36,660 | 62,143 |
| National Bank for Economic and Social Development (BNDES) | 3,729,634 | 3,642,975 | 2,221,555 |
| Caixa Econômica Federal – Federal savings bank (CEF) | 20,456 | 46,248 | 17,341 |
| Fund for financing the acquisition of industrial machinery and equipment (Finame) | 5,961,433 | 5,602,717 | 4,471,101 |
| Foreign onlending (Notes 17b and 32b) | 13,551 | 5,663 | 482,959 |
| Foreign onlending | 13,551 | 5,663 | 482,959 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 2,189,042 | 596,106 | 2,361,013 |
| Derivative financial instruments | 2,189,042 | 596,106 | 2,361,013 |
| Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21) | 69,289,919 | 67,102,574 | 59,014,470 |
| Other liabilities | 45,236,075 | 41,769,998 | 37,470,316 |
| Collection of taxes and other contributions | 4,145,036 | 300,296 | 3,015,045 |
| Foreign exchange portfolio (Note 11a) | 11,059,748 | 5,632,311 | 5,452,357 |
| Social and statutory | 933,728 | 2,158,225 | 918,024 |
| Tax and social security (Note 20a) | 3,702,277 | 4,607,222 | 2,455,976 |

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| | | | |
|--|--------------------|--------------------|--------------------|
| Securities trading | 1,005,756 | 1,033,920 | 1,566,917 |
| Financial and development funds | 208 | 270 | 221 |
| Subordinated debts (Notes 19 and 32b) | 4,889,404 | 8,000,110 | 4,772,011 |
| Sundry (Note 20b) | 19,499,918 | 20,037,644 | 19,289,765 |
| Long-term liabilities | 209,451,827 | 191,375,883 | 167,263,667 |
| Deposits (Notes 3n and 16a) | 76,021,874 | 67,605,540 | 66,863,677 |
| Interbank deposits | 25,049 | 19,160 | 36,540 |
| Time deposits (Notes 16a and 32b) | 75,996,825 | 67,586,380 | 66,827,137 |
| Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b) | 36,424,727 | 34,610,737 | 29,911,020 |
| Own portfolio | 36,409,145 | 34,595,548 | 29,911,020 |
| Unrestricted Portfolio | 15,582 | 15,189 | - |

Consolidated Balance Sheet – R\$ thousand

| Liabilities | 2011 | 2010 | |
|--|--------------------|--------------------|--------------------|
| | March | December | March |
| Funds from issuance of securities (Notes 16c and 32b) | 16,386,857 | 12,743,319 | 5,490,228 |
| Mortgage and real estate notes, letters of credit and others | 11,561,631 | 7,926,919 | 39,108 |
| Debentures (Note 16c-1) | 224 | 221 | 730,163 |
| Securities issued abroad | 4,825,002 | 4,816,179 | 4,720,957 |
| Borrowing (Notes 17a and 32b) | 876,005 | 760,460 | 770,265 |
| Borrowing abroad | 876,005 | 760,460 | 770,265 |
| Local onlending - official institutions (Notes 17b and 32b) | 22,048,843 | 20,872,055 | 14,358,227 |
| BNDES | 8,247,719 | 8,116,358 | 6,114,515 |
| CEF | 66,421 | 40,096 | 71,581 |
| FINAME | 13,734,079 | 12,714,980 | 8,171,480 |
| Other institutions | 624 | 621 | 651 |
| Foreign onlending (Notes 17b and 32b) | - | - | 865 |
| Foreign onlending | - | - | 865 |
| Derivative financial instruments (Notes 3f, 8e II and 32b) | 168,655 | 133,594 | 107,726 |
| Derivative financial instruments | 168,655 | 133,594 | 107,726 |
| Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21) | 20,689,616 | 20,074,517 | 18,670,521 |
| Other liabilities | 36,835,250 | 34,575,661 | 31,091,138 |
| Tax and social security (Note 20a) | 13,559,399 | 12,581,493 | 11,146,891 |
| Subordinated debts (Notes 19 and 32b) | 19,518,745 | 18,314,836 | 18,768,718 |
| Sundry (Note 20b) | 3,757,106 | 3,679,332 | 1,175,529 |
| Deferred income | 447,122 | 360,355 | 292,397 |
| Deferred income | 447,122 | 360,355 | 292,397 |
| Minority interest in subsidiaries (Note 22) | 573,978 | 471,536 | 816,547 |
| Shareholders' equity (Note 23) | 51,296,963 | 48,042,850 | 43,087,366 |
| Capital: | | | |
| - Domiciled in Brazil | 29,676,689 | 29,478,012 | 25,703,438 |
| - Domiciled abroad | 423,311 | 521,988 | 796,562 |
| Paid-up Capital | - | (1,500,000) | - |
| Capital reserves | 11,441 | 62,614 | 62,614 |
| Profit reserves | 21,223,006 | 19,481,986 | 16,185,632 |
| Asset valuation adjustments | 25,607 | 8,299 | 339,120 |
| Treasury shares (Notes 23d and 32b) | (63,091) | (10,049) | - |
| Shareholders' equity managed by the Parent Company | 51,870,941 | 48,514,386 | 43,903,913 |
| Total | 675,386,612 | 637,484,730 | 532,626,060 |

The Notes are an integral part of the Financial Statements.

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

Consolidated Statement of Income – R\$ thousand

| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
|---|---------------------------------|---------------------------------|-------------------------|
| Revenues from financial intermediation | 20,919,615 | 20,057,822 | 15,490,486 |
| Loan operations (Note 10j) | 10,501,736 | 10,318,852 | 8,459,551 |
| Leasing operations (Note 10j) | 446,003 | 500,762 | 641,936 |
| Operations with securities (Note 8h) | 5,345,137 | 5,025,415 | 3,823,475 |
| Financial income from insurance, private pension plans and savings bonds (Note 8h) | 2,725,934 | 2,764,781 | 2,272,263 |
| Derivative financial instruments (Note 8h) | 371,989 | 292,209 | (38,762) |
| Foreign exchange operations (Note 11a) | 129,411 | 120,216 | 130,877 |
| Compulsory deposits (Note 9b) | 1,376,232 | 1,005,780 | 184,700 |
| Sale or transfer of financial assets | 23,173 | 29,807 | 16,446 |
| Financial intermediation expenses | 13,323,658 | 12,453,271 | 9,647,594 |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e) | 9,100,827 | 8,195,823 | 5,511,475 |
| Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e) | 1,703,001 | 1,754,206 | 1,493,549 |
| Borrowing and onlending (Note 17c) | (15,360) | 202,891 | 481,459 |
| Leasing operations (Note 10j) | 1,145 | 1,191 | 1,824 |
| Allowance for loan losses (Notes 3g, 10g and 10h) | 2,534,045 | 2,299,160 | 2,159,287 |
| Gross income from financial intermediation | 7,595,957 | 7,604,551 | 5,842,892 |
| Other operating income/expenses | (3,466,955) | (3,459,385) | (3,057,822) |
| Fee and commission income (Note 24) | 3,419,386 | 3,471,436 | 3,080,431 |
| Other fee and commission income | 2,669,093 | 2,714,172 | 2,484,218 |
| Revenues from banking fees | 750,293 | 757,264 | 596,213 |
| Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d) | 7,787,348 | 9,000,340 | 6,790,967 |
| Net premiums written | 7,844,640 | 9,012,295 | 6,851,334 |
| Reinsurance premiums | (57,292) | (11,955) | (60,367) |
| Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o) | (3,323,739) | (4,707,515) | (3,119,227) |
| Retained claims (Note 3o) | (2,705,338) | (2,514,550) | (2,267,327) |
| Savings bonds drawings and redemptions (Note 3o) | (549,274) | (642,311) | (451,350) |
| Insurance, private pension plans and savings bonds selling expenses (Note 3o) | (424,131) | (437,640) | (371,477) |
| Personnel expenses (Note 25) | (2,435,946) | (2,533,092) | (2,120,571) |
| Other administrative expenses (Note 26) | (3,037,311) | (3,158,859) | (2,564,249) |
| Tax expenses (Note 27) | (895,158) | (872,490) | (735,743) |
| Equity in the earnings of unconsolidated companies (Note 13b) | 34,188 | 60,562 | 28,755 |
| Other operating income (Note 28) | 685,956 | 692,757 | 654,186 |
| Other operating expenses (Note 29) | (2,022,936) | (1,818,023) | (1,982,217) |

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| | | | |
|---|--------------------|--------------------|------------------|
| Operating income | 4,129,002 | 4,145,166 | 2,785,070 |
| Non-operating income (Note 30) | (55,522) | 68,901 | (95,374) |
| Income before taxes on income and minority interest | 4,073,480 | 4,214,067 | 2,689,696 |
| Income taxes and social contribution (Notes 34a and 34b) | (1,297,777) | (1,203,584) | (569,318) |
| Minority interest in subsidiaries | (73,664) | (23,738) | (17,672) |
| Net income | 2,702,039 | 2,986,745 | 2,102,706 |

The Notes are an integral part of the Financial Statements.

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

| Events | Paid-up capital | | Capital reserves | | Profit reserves | | Asset valuation adjustments | | Treasury shares | Retained earnings | Total |
|---|-------------------|--------------------|----------------------------------|--------------|------------------|-------------------|-----------------------------|------------------|------------------|-------------------|-------------------|
| | Capital stock | Unrealized capital | Goodwill from share subscription | Other | Legal | Statutory | Bradesco | Subsidiaries | | | |
| Balances on December | | | | | | | | | | | |
| 31, 2009 | 26,500,000 | - | 56,465 | 6,149 | 2,254,302 | 12,768,368 | 7,921 | 349,420 | (188,874) | - | 41,753,771 |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (4,740) | - | (4,740) |
| Cancellation of treasury shares | - | - | - | - | - | (193,614) | - | - | 193,614 | - | - |
| Asset valuation adjustments | - | - | - | - | - | - | 50,408 | (68,629) | - | - | (18,221) |
| Net income | - | - | - | - | - | - | - | - | - | 2,102,706 | 2,102,706 |
| Allocations: - Reserves | - | - | - | - | 105,135 | 1,251,441 | - | - | - | (1,356,576) | - |
| - Interest on shareholders' equity paid | - | - | - | - | - | - | - | - | - | (608,025) | (608,025) |
| - Dividends paid | - | - | - | - | - | - | - | - | - | (138,105) | (138,105) |
| Balance on March 31, 2010 | 26,500,000 | - | 56,465 | 6,149 | 2,359,437 | 13,826,195 | 58,329 | 280,791 | - | - | 43,087,362 |
| Balance on September | | | | | | | | | | | |
| 30, 2010 | 28,500,000 | - | 56,465 | 6,149 | 2,606,048 | 14,849,550 | 80,048 | 15,403 | - | - | 46,113,663 |
| Capital Increase by share subscription | 1,500,000 | (1,500,000) | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (10,049) | - | (10,049) |
| Asset valuation adjustments | - | - | - | - | - | - | 92,246 | (179,398) | - | - | (87,152) |
| Net income | - | - | - | - | - | - | - | - | - | 2,986,745 | 2,986,745 |
| Allocations: - Reserves | - | - | - | - | 149,337 | 1,877,051 | - | - | - | (2,026,388) | - |
| - Interest on shareholders' equity paid | - | - | - | - | - | - | - | - | - | (488,591) | (488,591) |
| - Dividends paid | - | - | - | - | - | - | - | - | - | (471,766) | (471,766) |
| Balances on December | | | | | | | | | | | |
| 31, 2010 | 30,000,000 | (1,500,000) | 56,465 | 6,149 | 2,755,385 | 16,726,601 | 172,294 | (163,995) | (10,049) | - | 48,042,880 |
| Capital Increase with reserves | 100,000 | - | (56,465) | (6,149) | (37,386) | - | - | - | - | - | - |
| Capital increase by share subscription | - | 1,500,000 | - | - | - | - | - | - | - | - | 1,500,000 |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (53,042) | - | (53,042) |

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| | | | | | | | | | | | |
|------------------------------|-------------------|----------|---------------|----------|------------------|-------------------|----------------|------------------|-----------------|-------------|-------------------|
| shares | | | | | | | | | | | |
| Goodwill in share | | | | | | | | | | | |
| subscription | - | - | 11,441 | - | - | - | - | - | - | - | 11,441 |
| Asset valuation | | | | | | | | | | | |
| adjustments | - | - | - | - | - | - | 14,414 | 2,894 | - | - | 17,308 |
| Net income | - | - | - | - | - | - | - | - | - | 2,702,039 | 2,702,039 |
| Allocations: - Reserves | - | - | - | - | 135,102 | 1,643,304 | - | - | - | (1,778,406) | |
| - Interest on | | | | | | | | | | | |
| shareholders' | | | | | | | | | | | |
| equity | | | | | | | | | | | |
| provisioned | - | - | - | - | - | - | - | - | - | (766,998) | (766,998) |
| - Dividends | | | | | | | | | | | |
| paid and/or | | | | | | | | | | | |
| provisioned | - | - | - | - | - | - | - | - | - | (156,635) | (156,635) |
| Balances on March 31, | | | | | | | | | | | |
| 2011 | 30,100,000 | - | 11,441 | - | 2,853,101 | 18,369,905 | 186,708 | (161,101) | (63,091) | - | 51,296,958 |

The Notes are an integral part of the Financial Statements.

Bradesco

105

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

Value Added Statement – R\$ thousand

| Description | 2011 | | 2010 | | 1st quarter | |
|--|---------------------|----------------|---------------------|----------------|--------------------|----------------|
| | 1st quarter | % | 4th quarter | % | 1st quarter | % |
| 1 – Income | 21,419,989 | 283.1 | 21,087,494 | 271.2 | 15,771,693 | 277.0 |
| 1.1) Financial intermediation | 20,919,615 | 276.5 | 20,057,822 | 258.0 | 15,490,486 | 272.0 |
| 1.2) Fee and commission | 3,419,386 | 45.2 | 3,471,435 | 44.6 | 3,080,431 | 54.1 |
| 1.3) Allowance for loan losses | (2,534,045) | (33.5) | (2,299,160) | (29.6) | (2,159,287) | (37.9) |
| 1.4) Other | (384,967) | (5.1) | (142,603) | (1.8) | (639,937) | (11.2) |
| 2 – Financial intermediation expenses | (10,789,613) | (142.6) | (10,154,111) | (130.6) | (7,488,307) | (131.5) |
| 3 – Inputs acquired from third-parties | (2,519,613) | (33.3) | (2,661,660) | (34.2) | (2,101,504) | (37.0) |
| Materials, water, electricity and gas | (139,578) | (1.8) | (145,967) | (1.9) | (117,417) | (2.1) |
| Third-party services | (839,301) | (11.1) | (885,515) | (11.4) | (724,077) | (12.7) |
| Communication | (377,179) | (5.0) | (382,394) | (4.9) | (334,475) | (5.9) |
| Financial system services | (108,630) | (1.4) | (101,155) | (1.3) | (86,059) | (1.5) |
| Advertising and marketing | (202,385) | (2.7) | (281,681) | (3.6) | (152,363) | (2.7) |
| Transportation | (179,026) | (2.4) | (177,316) | (2.3) | (142,311) | (2.5) |
| Data processing | (225,357) | (3.0) | (260,979) | (3.4) | (190,766) | (3.3) |
| Maintenance and repairs | (122,760) | (1.6) | (131,580) | (1.7) | (107,456) | (1.9) |
| Security and surveillance | (76,080) | (1.0) | (71,130) | (0.9) | (66,143) | (1.2) |
| Travel | (35,221) | (0.5) | (34,723) | (0.4) | (21,154) | (0.4) |
| Other | (214,096) | (2.8) | (189,220) | (2.4) | (159,283) | (2.8) |
| 4 – Gross value added (1-2-3) | 8,110,763 | 107.2 | 8,271,723 | 106.4 | 6,181,882 | 108.5 |
| 5 – Depreciation, amortization and depletion | (580,244) | (7.7) | (557,502) | (7.2) | (515,261) | (9.0) |
| 6 – Net value added produced by the Entity (4-5) | 7,530,519 | 99.5 | 7,714,221 | 99.2 | 5,666,621 | 99.5 |
| 7 – Value added received in transfer | 34,188 | 0.5 | 60,562 | 0.8 | 28,755 | 0.5 |
| Equity in earnings (losses) of unconsolidated companies | 34,188 | 0.5 | 60,562 | 0.8 | 28,755 | 0.5 |
| 8 – Value added to distribute (6+7) | 7,564,707 | 100.0 | 7,774,783 | 100.0 | 5,695,376 | 100.0 |
| 9 – Value added distributed | 7,564,707 | 100.0 | 7,774,783 | 100.0 | 5,695,376 | 100.0 |
| 9.1) Personnel | 2,108,212 | 27.9 | 2,193,996 | 28.1 | 1,835,691 | 32.4 |
| Payroll | 1,150,536 | 15.2 | 1,161,554 | 14.9 | 1,000,991 | 17.6 |
| Benefits | 495,444 | 6.5 | 523,953 | 6.7 | 417,442 | 7.3 |
| FGTS (Government Severance Indemnity Fund for Employees) | 106,268 | 1.4 | 101,958 | 1.3 | 91,561 | 1.6 |
| Other | 355,964 | 4.8 | 406,531 | 5.2 | 325,697 | 5.9 |
| 9.2) Taxes, fees and contributions | 2,520,669 | 33.3 | 2,415,170 | 31.1 | 1,589,941 | 27.8 |
| Federal | 2,404,589 | 31.8 | 2,308,631 | 29.7 | 1,483,559 | 26.0 |
| State | 1,115 | - | 205 | - | 1,806 | - |
| Municipal | 114,965 | 1.5 | 106,334 | 1.4 | 104,576 | 1.8 |
| 9.3) Third-party capital compensation | 160,123 | 2.1 | 155,134 | 2.0 | 149,366 | 2.6 |
| Rentals | 157,090 | 2.1 | 147,757 | 1.9 | 143,519 | 2.5 |
| Asset leasing | 3,033 | - | 7,377 | 0.1 | 5,847 | 0.1 |

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| | | | | | | |
|--|------------------|-------------|------------------|-------------|------------------|-------------|
| 9.4) Shareholders' equity remuneration | 2,775,703 | 36.7 | 3,010,483 | 38.8 | 2,120,378 | 37.2 |
| Interest on shareholders' equity | 766,998 | 10.1 | 488,591 | 6.3 | 608,025 | 10.7 |
| Dividends | 156,635 | 2.1 | 471,766 | 6.1 | 138,105 | 2.4 |
| Retained earnings | 1,778,406 | 23.5 | 2,026,388 | 26.1 | 1,356,576 | 23.8 |
| Interest of minority shareholders in retained earnings | 73,664 | 1.0 | 23,738 | 0.3 | 17,672 | 0.3 |

The Notes are an integral part of the Financial Statements.

Consolidated Statement of Cash Flows – R\$ thousand

| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
|---|---------------------------------|---------------------------------|-------------------------|
| Cash flow from operating activities: | | | |
| Net Income before income tax and social contribution | 4,073,480 | 4,214,067 | 2,689,696 |
| Adjustments to net income before taxes | 5,774,461 | 5,731,101 | 5,387,210 |
| Allowance for loan losses | 2,534,045 | 2,299,160 | 2,159,287 |
| Depreciation and amortization | 580,244 | 557,502 | 515,261 |
| Losses from/Provisions for Asset Impairment | 4,590 | 7,422 | (2,445) |
| (Reversal)/expenses with civil, labor and tax provisions | 850,196 | 993,161 | 1,117,271 |
| Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds | 1,703,001 | 1,754,206 | 1,493,549 |
| Equity in the earnings (losses) of unconsolidated companies | (34,188) | (60,562) | (28,755) |
| (Gain)/loss on sale of investments | - | (166,895) | - |
| (Gain)/loss on sale of fixed assets | 966 | 6,888 | (4,240) |
| (Gain)/loss on sale of foreclosed assets | 61,373 | 103,425 | 90,660 |
| Other | 74,234 | 236,794 | 46,622 |
| Adjusted net income before taxes | 9,847,941 | 9,945,168 | 8,076,906 |
| (Increase)/decrease in interbank investments | 2,622,016 | (16,987,225) | 1,059,199 |
| (Increase)/decrease in securities and derivative financial instruments | 2,588,550 | (14,444,072) | (2,902,350) |
| (Increase)/decrease in interbank and interdepartmental accounts | (1,627,451) | 1,891,543 | (1,337,179) |
| (Increase) in loan and leasing operations | (10,963,644) | (15,409,448) | (11,117,654) |
| (Increase)/decrease in insurance premiums receivable | (261,456) | 71,444 | 295,236 |
| Increase in technical provisions for insurance, private pension plans and savings bonds | 1,099,443 | 3,060,105 | 619,521 |
| Increase/(decrease) in deferred income | 86,767 | 48,299 | (28,228) |
| (Increase)/decrease in other receivables and other assets | (5,475,538) | 8,601,631 | (814,302) |
| (Increase) in reserve requirements in the Brazilian Central Bank | (480,197) | (16,098,624) | (17,501,089) |
| Increase/(decrease) in deposits | 10,621,840 | 7,006,341 | (351,411) |
| Increase in federal funds purchased and securities sold under agreements to repurchase | 7,491,621 | 14,488,423 | 14,898,929 |
| Increase in funds from issue of securities | 4,027,048 | 3,924,567 | 1,067,929 |
| Increase in borrowings and onlendings | 3,304,413 | 198,235 | 2,880,008 |
| Increase/(decrease) in other liabilities | 8,132,303 | (9,758,226) | 3,121,873 |
| Income tax and social contribution paid | (2,173,771) | (717,289) | (1,282,026) |
| Net cash provided by/(used in) operating activities | 28,839,885 | (24,179,128) | (3,314,638) |
| Cash flow from investment activities | | | |
| (Increase) in available-for-sale securities | (4,441,564) | (3,384,164) | (4,128,146) |
| (Increase) in held-to-maturity securities | (465,282) | (844,002) | (1,740,034) |
| Proceeds from sale of foreclosed assets | 41,854 | 50,695 | 27,178 |
| Divestments | 1,565 | 104,275 | - |
| Proceeds from the sale of premises and equipment and operating leased assets | 8,398 | 18,919 | 114,989 |

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| | | | |
|---|--------------------|---------------------|---------------------|
| Acquisition of foreclosed assets | (127,308) | (184,877) | (221,585) |
| Acquisition of investments | (119,734) | (5,476) | (701) |
| Acquisition of premises and equipment and operating leased assets | (186,158) | (687,239) | (170,547) |
| Investment in intangible assets | (403,339) | (1,122,554) | (181,309) |
| Dividends and interest on shareholders' equity received | 13,350 | 4,820 | 5,190 |
| Net cash provided by/(used in) investing activities | (5,678,218) | (6,049,603) | (6,294,965) |
| Cash Flow from financing activities: | | | |
| Increase/(decrease) in subordinated debts | (1,906,797) | 617,703 | 436,752 |
| Capital increase in cash and goodwill in share subscription | 1,511,441 | - | - |
| Dividends and interest on shareholders' equity paid | (2,141,134) | (396,666) | (1,639,225) |
| Minority interest | 28,778 | (235,500) | 1,200 |
| Acquisition of own shares | (53,042) | (10,049) | (4,740) |
| Net cash provided by/(used) in financing activities | (2,560,754) | (24,512) | (1,206,013) |
| Net increase/(decrease) in cash and cash equivalents | 20,600,913 | (30,253,243) | (10,815,616) |
| Cash and cash equivalents – At the beginning of the period | 36,240,382 | 66,493,625 | 82,720,913 |
| Cash and cash equivalents – At the end of the period | 56,841,295 | 36,240,382 | 71,905,297 |
| Net increase/(decrease) in cash and cash equivalents | 20,600,913 | (30,253,243) | (10,815,616) |

The Notes are an integral part of the Financial Statements.

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

Notes to the Consolidated Financial Statements

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

| | Page |
|--|-------------|
| 1) OPERATIONS | 109 |
| 2) PRESENTATION OF THE FINANCIAL STATEMENTS | 109 |
| 3) SIGNIFICANT ACCOUNTING POLICIES | 111 |
| 4) INFORMATION FOR COMPARISON PURPOSES | 118 |
| 5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT | 119 |
| 6) CASH AND CASH EQUIVALENTS | 120 |
| 7) INTERBANK INVESTMENTS | 121 |
| 8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS | 122 |
| 9) INTERBANK ACCOUNTS – RESTRICTED DEPOSITS | 136 |
| 10) LOAN OPERATIONS | 137 |
| 11) OTHER RECEIVABLES | 149 |
| 12) OTHER ASSETS | 151 |
| 13) INVESTMENTS | 151 |
| 14) PREMISES AND EQUIPMENT AND LEASED ASSETS | 153 |
| 15) INTANGIBLE ASSETS | 154 |
| 16) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES | 156 |
| 17) BORROWING AND ONLENDING | 161 |
| 18) CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY | 162 |
| 19) SUBORDINATED DEBTS | 166 |
| 20) OTHER LIABILITIES | 167 |
| 21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS | 168 |
| 22) MINORITY INTEREST IN SUBSIDIARIES | 171 |
| 23) SHAREHOLDERS' EQUITY (PARENT COMPANY) | 171 |
| 24) FEE AND COMMISSION INCOME | 174 |
| 25) PERSONNEL EXPENSES | 174 |
| 26) OTHER ADMINISTRATIVE EXPENSES | 175 |
| 27) TAX EXPENSES | 175 |
| 28) OTHER OPERATING INCOME | 175 |
| 29) OTHER OPERATING EXPENSES | 176 |
| 30) NON-OPERATING INCOME | 176 |
| 31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT) | 177 |
| 32) FINANCIAL INSTRUMENTS | 179 |
| 33) EMPLOYEE BENEFITS | 190 |
| 34) INCOME TAX AND SOCIAL CONTRIBUTION | 191 |
| 35) OTHER INFORMATION | 194 |

Notes to the Consolidated Financial Statements

1) OPERATIONS

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

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Bradesco include the financial statements of Banco Bradesco, its foreign branches, direct and indirect subsidiaries and jointly-controlled investments, in Brazil and abroad, including SPEs. They were prepared based on accounting practices determined by Laws 4,595/64 (Brazilian Financial System Law) and 6,404/76 (Brazilian Corporation Law), with the amendments introduced by Laws 11,638/07 and 11,941/09 related to the accounting of operations, as well as the rules and instructions of the Monetary National Council (CMN) and the Brazilian Central Bank (Bacen), Securities and Exchange Commission of Brazil (CVM), when applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS), and consider the financial statements of leasing companies based on the finance lease method, whereby leased fixed assets are reclassified to the leasing operations account, less the residual value paid in advance.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these consolidated financial statements, as well as highlighting the net income and shareholders' equity due to the minority shareholders. In the case of investments which are jointly controlled with other shareholders, asset, liability and income components were included in the consolidated financial statements in proportion to the interest in the capital stock of each investee. Goodwill determined on acquisition of investments in subsidiaries and jointly-controlled companies is presented under investments and intangible assets (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries is presented in the income statement item together with changes in the value of derivative financial instruments, in order to eliminate the effect of these investment hedge instruments.

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

Bradesco's consolidated financial statements were approved by the Board of Directors on April 26, 2011.

Bradesco

109

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

Notes to the Consolidated Financial Statements

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

| | Activity | Total ownership | | |
|--|-------------------------|------------------|---------------------|----------|
| | | 2011 March 31 | 2010 December 31 | March 31 |
| Financial Area - Brazil | | | | |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. | | | | |
| | Banking | 100.00% | 100.00% | 100.00% |
| Banco Alvorada S.A. (1) | Banking | 99.95% | 99.95% | 99.94% |
| Banco Bradesco Financiamentos S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bankpar S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco BBI S.A. | Investment bank | 98.35% | 98.35% | 98.35% |
| Banco Boavista Interatlântico S.A. | Banking | 100.00% | 100.00% | 100.00% |
| Bankpar Arrendamento Mercantil S.A. | Leasing | 100.00% | 100.00% | 100.00% |
| Banco Bradesco Cartões S.A. | Cards | 100.00% | 100.00% | 100.00% |
| Bradesco Administradora de Consórcios Ltda. | Consortium management | 100.00% | 100.00% | 100.00% |
| Bradesco Leasing S.A. Arrendamento Mercantil | Leasing | 100.00% | 100.00% | 100.00% |
| Bradesco S.A. Corretora de Títulos e Valores Mobiliários | | | | |
| | Brokerage | 100.00% | 100.00% | 100.00% |
| BRAM - Bradesco Asset Management S.A. DTVM | Asset management | 100.00% | 100.00% | 100.00% |
| Ágora Corretora de Títulos e Valores Mobiliários S.A. | | | | |
| | Brokerage | 100.00% | 100.00% | 100.00% |
| Banco Ibi S.A. | Cards | 100.00% | 100.00% | 100.00% |
| Cielo S.A. (2) (3) (4) | Services | 28.65% | 28.65% | 26.56% |
| Financial Area – abroad | | | | |
| Banco Bradesco Argentina S.A. | Banking | 99.99% | 99.99% | 99.99% |
| Banco Bradesco Europa S.A. (6) | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco S.A. Grand Cayman Branch (5) | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco New York Branch | Banking | 100.00% | 100.00% | 100.00% |
| Banco Bradesco S.A. Nassau Branch (9) | Banking | - | 100.00% | 100.00% |
| Bradesco Securities, Inc. | Brokerage | 100.00% | 100.00% | 100.00% |
| Bradesco Securities, UK. | Brokerage | 100.00% | 100.00% | 100.00% |
| Insurance, Private Pension Plans and Savings | | | | |
| Bonds Area | | | | |
| Atlântica Capitalização S.A. | Savings bonds | 100.00% | 100.00% | 100.00% |
| Bradesco Argentina de Seguros S.A. | Insurance | 99.90% | 99.90% | 99.90% |
| Bradesco Auto/RE Companhia de Seguros | Insurance | 100.00% | 100.00% | 100.00% |
| Bradesco Capitalização S.A. | Savings bonds | 100.00% | 100.00% | 100.00% |
| Bradesco Saúde S.A. | Insurance/health | 100.00% | 100.00% | 100.00% |
| Bradesco Dental S.A. (7) | Insurance/dental health | - | - | 43.50% |
| Odontoprev S.A. | Insurance/dental health | 43.50% | 43.50% | 43.50% |

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| | | | | |
|--|------------------------|---------|---------|---------|
| Bradesco Seguros S.A. | Insurance | 100.00% | 100.00% | 100.00% |
| | Private pension | | | |
| Bradesco Vida e Previdência S.A. | plans/insurance | 100.00% | 100.00% | 100.00% |
| Atlântica Companhia de Seguros | Insurance | 100.00% | 100.00% | 100.00% |
| Other activities | | | | |
| Andorra Holdings S.A. (8) | Holding | 100.00% | 100.00% | 54.01% |
| Bradseg Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| Bradesco Corretora de Seguros Ltda. | Insurance brokerage | 100.00% | 100.00% | 100.00% |
| Bradesplan Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| Cia. Securitizadora de Créditos Financeiros Rubi | Credit acquisition | 100.00% | 100.00% | 100.00% |
| Columbus Holdings S.A. | Holding | 100.00% | 100.00% | 100.00% |
| Nova Paiol Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |
| Scopus Tecnologia Ltda. | Information technology | 100.00% | 100.00% | 100.00% |
| Tempo Serviços Ltda. | Services | 100.00% | 100.00% | 100.00% |
| União Participações Ltda. | Holding | 100.00% | 100.00% | 100.00% |

Notes to the Consolidated Financial Statements

- (1) Increase in interest by the total subscription of the capital increase in May 2010;
- (2) Company proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (3) Increase in interest by partial acquisition in July 2010;
- (4) The special purpose entity Brazilian Merchant Voucher Receivables Limited is being consolidated. The company takes part in the securitization operation of the future flow of credit card bills receivables of clients domiciled abroad (Note 16d);
- (5) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d);
- (6) Current name of Banco Bradesco Luxembourg S.A.;
- (7) Company merged by Odontoprev in July 2010;
- (8) Increase of interest by share acquisition in December 2010; and
- (9) Activities discontinued in January 2011 and operations were transferred to Banco Bradesco S.A. Grand Cayman Branch.

3) SIGNIFICANT ACCOUNTING POLICIES

a) Functional and Presentation Currencies

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

b) Determination of net income

Net income is determined on the accrual basis of accounting, which establishes that income and expenses should be included in the determination of net income in the period to which they relate, always simultaneously when they are correlated, regardless of receipt or payment.

Transactions with fixed rates are recorded at their redemption value and unearned income and unexpired expenses are recorded as a deduction from the corresponding assets and liabilities. Financial income and expenses are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to foreign transactions which are calculated based on the straight-line method.

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

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

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

Revenue from savings bonds is recorded when effectively received, except for pre-printed bonds of fixed amount and lump-sum payment, which are recorded at the time of issue. The expenses for placement of bonds, classified as "Selling Expenses," are recognized as they are incurred. Brokerage expenses are recorded when the respective savings bond contributions are effectively

received. Redemptions and drawings are recorded simultaneously to the accounting for the corresponding revenues.

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

Notes to the Consolidated Financial Statements

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

c) Cash and cash equivalents

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

d) Interbank investments

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

e) Securities – Classification:

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

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

f) Derivative financial instruments (assets and liabilities)

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

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage overall exposure, as well as to meet customers' requests for the management of their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

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

- Market risk hedge: for financial instruments classified in this category as well as the hedge-related financial assets and liabilities, gains and losses, realized or not, are recorded in the income statement; and

Notes to the Consolidated Financial Statements

• Cash flow hedge: for financial instruments classified in this category, the effective valuation or devaluation portion is recorded, net of tax effects, in a specific account in shareholders' equity. The non-effective portion of the respective hedge is directly recognized in the income statement.

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

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

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

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

The accrual of revenue from operations past due up to 59 days is recorded in income and subsequent to the 60th day, in unearned income, and it will only be recognized in income upon effective receipt.

H-rated past-due operations remain at this level for six months, after which they are written-off against the existing allowance and controlled in memorandum accounts for at least five years.

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

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

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

Income tax and social contribution credits, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in "Other Receivables - Sundry" and the provisions for deferred tax liabilities on tax difference in leasing depreciation

and mark-to-market

Bradesco

113

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

Notes to the Consolidated Financial Statements

adjustments of securities is recorded in "Other Liabilities – Tax and Social Security". Only income tax rate is applied on tax difference in leasing depreciation.

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

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

Tax credits brought forward from previous periods prior to the legislation that increased the social contribution rate to 15% for financial and insurance companies, were recorded up to the limit of the corresponding consolidated tax liabilities (Note 34).

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

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

i) Prepaid expenses

Prepaid expenses are payments for future benefits or services, which are registered in the income according to the accrual method of accounting.

This group is basically represented by: (i) commissions paid to resellers in vehicle financing; (ii) commissions paid to insurance brokers; and (iii) advance payments of advertising and marketing expenses (Note 12b).

j) Investments

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

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

k) Fixed assets

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

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

Notes to the Consolidated Financial Statements

systems – 20% p.a.; and data processing systems – 20% to 50% p.a. and restated by impairment, when applicable.

l) Intangible assets

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

Intangible assets comprise:

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

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

- Software

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

m) Asset impairment

Securities classified as available-for-sale and held-to-maturity, as well as non-financial assets, except other assets and tax credits, are tested, at least annually, for impairment, and if loss is reported, it must be recognized in the income statement for the period when the book value of an asset exceeds its recoverable value (calculated by: (i) the potential sale value or realization value less the respective expenses or (ii) the value in use calculated by the cash-generating unit, whichever the highest).

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

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

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

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

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

- Basic, life and health insurance lines:

- Unearned Premiums Provision (PPNG) comprises retained premiums (except reinsurance assignment, once according to CNSP Resolution 195/08, as of 2009, insurance companies should not deduct the amounts transferred to third parties through reinsurance operations from the calculation of provisions) which are deferred during the term of effectiveness of the insurance

policies, determining the daily prorated value of the unearned premium of the

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

Notes to the Consolidated Financial Statements

unexpired risk period (future risk of policies in effect). According to Resolution 206/09, ANS eliminated PPNG for private healthcare companies and insurance companies, effective as of January 2010. It also established the accounting of "pro-rata temporis" earned premiums against the full reversal of provision;

- The provision for claims incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the amount of claims occurred and not reported by policyholders/beneficiaries.

Pursuant to CNSP Resolution 195/08, as of 2009, insurance companies cannot deduct the amounts transferred to third parties through reinsurance operations from calculation of provisions;

- The provision for unsettled claims is recorded based on indemnity estimates for notices of claims received from policyholders/beneficiaries up to the balance sheet date. The provision is monetarily restated and includes all claims under litigation. In the case of health insurance, according to the technical note approved by ANS, the provision for unsettled claims comprises litigations and complements to IBNR provision;

- The supplementary premium provision (PCP) is recorded on a monthly basis to complement the PPNG and includes estimates for the risks in effect but not issued (RVNE);

- The provision for insufficient premiums is recorded when there is insufficiency of the unearned premium provision to cover incurred claims, considering expected indemnities and related expenses, throughout periods to be incurred related to risks in effect on the reference date of calculation;

- Other technical provisions refer to the provision for future readjustments of premiums and those required for the technical balance of the individual health plan portfolio, adopting a method included in the actuarial technical note approved by ANS. For basic lines, this provision refers to premiums of extended warranty for products whose manufacturer's guarantee has not ended;

- The provision for benefits to be granted, of the individual health plan portfolio, refers to a 5-year coverage for dependents if the policyholder is deceased, adopting a formulation included in the actuarial technical note approved by ANS; and

- The provision for benefits granted of the individual health plan portfolio comprises liabilities arising from payment release contractual clauses referring to health plan coverage, and its accounting complies with Resolution - RN 75/04 of ANS, and premiums for the payment release of Bradesco Saúde policyholders - "Plano GBS".

•Supplementary private pension plans and life insurance covering survival:

- The mathematical provision for benefits to be granted refers to participants whose benefits have yet to begin. In private pension plans known as "traditional", the provision represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations assumed under retirement, disability, pension and regular income plans. The provision is calculated using methodologies and premises set forth in the Actuarial Technical Notes;

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

Notes to the Consolidated Financial Statements

- The mathematical provision for benefits granted refers to participants already using the benefits and corresponds to the present value of future obligations related to the payment of ongoing benefits;
 - The contribution insufficiency provision (PIC) is recorded for an eventual unfavorable fluctuation in technical risks taken in the mathematical provision for benefits to be granted, in the mathematical provision for benefits granted, considering that the participants are likely to have a higher survival rate. In plans covering survival, the provision is calculated on an actuarial basis and takes into consideration the actuarial tables AT-2000 Male (normalized) for males and AT-2000 Female (normalized) for females, with improvement of 1.5% p.a. and actual interest rate of 4% p.a. In disability plans covering survival risks, the provision takes into consideration the biometric AT-49 Male table and real interest rate of 4% p.a. Improvement is a technique that automatically updates the survival table, considering the expected increase in future survival rates;
 - The financial fluctuation provision is recorded up to a limit of 15% of the mathematical provision for benefits to be granted related to private pension plans in the category of variable contribution with guarantee of earnings to cover possible financial fluctuations. The real interest rate of 4% p.a. is used to calculate this provision;
 - The provision for administrative expenses is recorded to cover administrative expenses of defined benefit and variable contribution plans, and it is calculated in conformity with the methodology set forth in the actuarial technical note; and
 - The financial excess provision corresponds to the portion of financial revenue from the investment of provisions that exceeds the minimum returns from private pension plans that have a financial excess participation clause.
- Savings bonds:
- The mathematical provision for redemptions is recorded for each active or suspended savings bond during the estimated term set forth in the general conditions of the plan, and it is calculated according to the methodology set forth in the actuarial technical notes approved by Susep;
 - The provisions for redemptions are established for the expired savings bonds and unexpired plans where early redemption has been required by the customer. The provisions are monetarily restated based on the indexes determined in each plan;
 - The provisions for unrealized and payable drawings are recorded to cover prizes in future drawings (unrealized) and also for prizes in drawings where customers have already been selected (payable);
 - The provision for contingencies is recorded to cover possible insufficiencies related to payments of redemptions required and/or premiums from drawings; and
 - The provision for administrative expenses is recorded to cover the plan's disclosure and selling expenses, brokerage and other expenses. The provision complies with the methodology set forth in an Actuarial Technical Note.

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

Notes to the Consolidated Financial Statements

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

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

•Contingent Assets: are not recognized in the financial statements, except when Management has control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, characterizing the gain as practically certain and confirmed expectations of receipt or compensation with another liability. Contingent assets with probable chances of success are disclosed in the notes to the financial statements (Note 18a);

•Contingent Liabilities: are recorded taking into consideration the opinion of legal advisors, the nature of the lawsuits, similarity with previous processes, complexity and positioning of the courts, whenever the loss is evaluated as probable, which would cause a probable outflow of funds for the settlement of liabilities and when the amounts involved are measurable with sufficient reliability. Contingent liabilities classified as possible losses are not recognized in the financial statements, and they must only be disclosed in the notes, when individually material, and those classified as remote do not require provision nor disclosure (Notes 18b and 18c); and

•Legal Liabilities – Provision for Tax Risks: result from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements (note 18b).

q) Funding expenses

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

r) Other assets and liabilities

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

4) INFORMATION FOR COMPARISON PURPOSES

The balances of March 31, 2010 were reclassified to make easier the comparison with the financial statements of March 31, 2011. Said reclassification refers to R\$37,235 thousand reclassified from other investments to interest in domestic affiliates.

Notes to the Consolidated Financial Statements**5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT****a) Balance sheet**

| | | | | | | | R\$ thousand |
|--|--------------------|-------------------|---------------------|---------------|------------------|---------------------|--------------------|
| | Financial (1) (2) | | Insurance group (2) | | Other | Eliminations | Total |
| | Brazil | Abroad | Brazil | Abroad | (2) | (4) | consolidated |
| Assets | | | | | | | |
| Current and long-term assets | 530,815,375 | 51,784,971 | 106,218,422 | 9,093 | 1,022,600 | (26,251,507) | 663,598,954 |
| Cash and cash equivalents | 5,852,275 | 900,331 | 183,938 | 7,743 | 8,213 | (167,419) | 6,785,081 |
| Interbank investments | 99,128,710 | 1,030,659 | - | - | - | - | 100,159,369 |
| Securities and derivative financial instruments | 111,156,223 | 6,965,951 | 99,401,949 | 35 | 592,288 | (634,845) | 217,481,601 |
| Interbank and interdepartmental accounts | 67,291,466 | - | - | - | - | - | 67,291,466 |
| Loan and leasing operations | 187,132,456 | 42,343,329 | - | - | - | (23,197,297) | 206,278,488 |
| Other receivables and other assets | 60,254,245 | 544,701 | 6,632,535 | 1,315 | 422,099 | (2,251,946) | 65,602,949 |
| Permanent assets | 39,295,630 | 68,403 | 2,477,160 | 148 | 229,369 | (30,283,052) | 11,787,658 |
| Investments | 30,251,144 | 38,362 | 1,519,086 | 128 | 149,020 | (30,283,052) | 1,674,688 |
| Premises and equipment and leased assets | 3,273,486 | 8,936 | 324,600 | 20 | 58,728 | - | 3,665,770 |
| Intangible assets | 5,771,000 | 21,105 | 633,474 | - | 21,621 | - | 6,447,200 |
| Total on March 31, 2011 | 570,111,005 | 51,853,374 | 108,695,582 | 9,241 | 1,251,969 | (56,534,559) | 675,386,612 |
| Total on December 31, 2010 | 536,574,702 | 44,485,862 | 104,998,085 | 9,701 | 1,243,742 | (49,827,362) | 637,484,730 |
| Total on March 31, 2010 | 441,407,170 | 35,131,765 | 94,657,270 | 11,372 | 1,215,850 | (39,797,367) | 532,626,060 |
| Liabilities | | | | | | | |
| Current and long-term liabilities | 518,245,994 | 34,592,590 | 96,067,548 | 1,366 | 412,558 | (26,251,507) | 623,068,549 |
| Deposits | 190,988,239 | 13,003,361 | - | - | - | (169,161) | 203,822,439 |
| Federal funds purchased and securities sold under agreements to repurchase | 174,384,694 | 4,604,087 | - | - | - | - | 178,988,781 |
| Funds from issuance of securities | 17,405,895 | 5,109,271 | - | - | - | (814,167) | 21,700,999 |
| Interbank and interdepartmental accounts | 2,646,614 | 521 | - | - | - | - | 2,647,135 |
| Borrowing and onlending | 58,890,927 | 5,626,971 | - | - | - | (23,017,260) | 41,500,638 |
| Derivative financial instruments | 2,198,901 | 158,796 | - | - | - | - | 2,357,697 |
| Technical provisions from insurance, private pension plans and savings bonds | - | - | 89,978,383 | 1,152 | - | - | 89,979,535 |
| Other liabilities: | | | | | | | |
| - Subordinated debts | 18,610,487 | 5,797,662 | - | - | - | - | 24,408,149 |
| - Other | 53,120,237 | 291,921 | 6,089,165 | 214 | 412,558 | (2,250,919) | 57,663,176 |
| Deferred income | 447,122 | - | - | - | - | - | 447,122 |
| Shareholders' equity/minority interest in subsidiaries | 120,926 | 17,260,784 | 12,628,034 | 7,875 | 839,411 | (30,283,052) | 573,978 |

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| | | | | | | | |
|---------------------------------------|-------------|------------|-------------|--------|-----------|--------------|-------------|
| Shareholders' equity - parent company | 51,296,963 | - | - | - | - | - | 51,296,963 |
| Total on March 31, 2011 | 570,111,005 | 51,853,374 | 108,695,582 | 9,241 | 1,251,969 | (56,534,559) | 675,386,612 |
| Total on December 31, 2010 | 536,574,702 | 44,485,862 | 104,998,085 | 9,701 | 1,243,742 | (49,827,362) | 637,484,730 |
| Total on March 31, 2010 | 441,407,170 | 35,131,765 | 94,657,270 | 11,372 | 1,215,850 | (39,797,367) | 532,626,060 |

Bradesco

119

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

Notes to the Consolidated Financial Statements

b) Statement of income

| | R\$ thousand | | | | | | |
|---|-------------------|-----------------|-------------------------|--------------|----------------------|------------------|--------------------|
| | Financial (1) (2) | | Insurance group (2) (3) | | Other activities (2) | Eliminations (4) | Total consolidated |
| | Brazil | Abroad | Brazil | Abroad | | | |
| Revenues from financial intermediation | 18,085,838 | 136,707 | 2,725,386 | - | 15,414 | (43,730) | 20,919,615 |
| Expenses from financial intermediation | 11,469,489 | 194,954 | 1,703,001 | - | - | (43,786) | 13,323,658 |
| Gross income from financial intermediation | 6,616,349 | (58,247) | 1,022,385 | - | 15,414 | 56 | 7,595,957 |
| Other operating income/expenses | (3,655,052) | (16,705) | 189,115 | (45) | 15,788 | (56) | (3,466,955) |
| Operating income | 2,961,297 | (74,952) | 1,211,500 | (45) | 31,202 | - | 4,129,002 |
| Non-operating income | (47,703) | 1,584 | (9,038) | - | (365) | - | (55,522) |
| Income before taxes and minority interest | 2,913,594 | (73,368) | 1,202,462 | (45) | 30,837 | - | 4,073,480 |
| Income tax and social contribution | (918,617) | (113) | (370,270) | (9) | (8,768) | - | (1,297,777) |
| Minority interest in subsidiaries | (1,726) | (856) | (70,971) | - | (111) | - | (73,664) |
| Net income for 1Q11 | 1,993,251 | (74,337) | 761,221 | (54) | 21,958 | - | 2,702,039 |
| Net income for 4Q10 | 2,108,884 | 9,488 | 793,325 | (129) | 75,177 | - | 2,986,745 |
| Net income for 1Q10 | 1,018,168 | 340,857 | 704,088 | (649) | 40,242 | - | 2,102,706 |

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

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

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

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

6) CASH AND CASH EQUIVALENTS

| | R\$ thousand | | | |
|--|--------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | | |
| | March 31 | December 31 | March 31 | |
| Funds available in domestic currency | | 5,753,099 | 13,915,216 | 5,209,507 |
| Funds available in foreign currency | | 1,031,900 | 1,822,578 | 3,495,086 |
| Investments in gold | | 82 | 86 | 72 |
| Total cash and due from banks | | 6,785,081 | 15,737,880 | 8,704,665 |
| Short-term interbank investments (1) | | 50,056,214 | 20,502,502 | 63,200,632 |
| Total cash and cash equivalents | | 56,841,295 | 36,240,382 | 71,905,297 |

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

120 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements**7) INTERBANK INVESTMENTS****a) Breakdown and maturities**

| | R\$ thousand | | | | | | |
|--|-------------------------|-------------------|--------------------|-----------------------|--------------------|------------------------|-------------------|
| | 2011 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | 2010 December 31 | March 31 |
| Investments in the open market: | | | | | | | |
| Own portfolio position | 1,073,338 | 33,060,407 | - | - | 34,133,745 | 14,147,497 | 22,412,057 |
| •Financial treasury bills | 964,161 | - | - | - | 964,161 | 649,198 | 1,708,637 |
| •National treasury notes | - | 21,082,900 | - | - | 21,082,900 | 8,846,357 | 14,994,979 |
| •National treasury bills | - | 11,977,507 | - | - | 11,977,507 | 4,496,381 | 5,629,507 |
| •Other | 109,177 | - | - | - | 109,177 | 155,561 | 78,934 |
| Funded position | 47,608,079 | 3,377,065 | - | - | 50,985,144 | 44,168,250 | 66,702,272 |
| •Financial treasury bills | 25,982,423 | - | - | - | 25,982,423 | 17,585,733 | 27,144,804 |
| •National treasury notes | 3,494,078 | 3,363,868 | - | - | 6,857,946 | 20,171,071 | 28,858,137 |
| •National treasury bills | 18,131,578 | 13,197 | - | - | 18,144,775 | 6,411,446 | 10,699,331 |
| Short position | - | 7,352,198 | - | - | 7,352,198 | 7,862,955 | 806,409 |
| •National treasury bills | - | 7,352,198 | - | - | 7,352,198 | 7,862,955 | 806,409 |
| Subtotal | 48,681,417 | 43,789,670 | - | - | 92,471,087 | 66,178,702 | 89,920,738 |
| Deposits in other banks: | | | | | | | |
| •Deposits in other banks | 3,318,354 | 1,254,253 | 1,478,269 | 1,643,153 | 7,694,029 | 7,054,718 | 7,244,017 |
| •Provisions for losses | (677) | (129) | (4,941) | - | (5,747) | (1,386) | (243) |
| Subtotal | 3,317,677 | 1,254,124 | 1,473,328 | 1,643,153 | 7,688,282 | 7,053,332 | 7,243,774 |
| Total on March 31, 2011 | 51,999,094 | 45,043,794 | 1,473,328 | 1,643,153 | 100,159,369 | | |

| | | | | | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|-------------------|
| % | 51.9 | 45.0 | 1.5 | 1.6 | 100.0 |
| Total on December 31, 2010 | 27,575,524 | 43,290,926 | 1,075,470 | 1,290,114 | 73,232,034 |
| % | 37.6 | 59.1 | 1.5 | 1.8 | 100.0 |
| Total March 31, 2010 | 69,866,286 | 25,192,495 | 1,202,075 | 903,656 | 97,164,512 |
| % | 72.0 | 25.9 | 1.2 | 0.9 | 100.0 |

b) Income from interbank investments

Classified in the statement of income as income on securities transactions

| | 2011 1 st Quarter | 2010 4 th Quarter | R\$ thousand 1 st Quarter |
|--|---------------------------------|---------------------------------|---|
| Income from investments in purchase and sale commitments: | | | |
| Own portfolio position | 705,497 | 804,575 | 592,398 |
| Funded position | 1,255,602 | 1,139,800 | 1,442,604 |
| Short position | 274,876 | 206,148 | 58,768 |
| Subtotal | 2,235,975 | 2,150,523 | 2,093,770 |
| Income from interest-earning deposits in other banks | 143,937 | 136,802 | 167,388 |
| Total (Note 8h) | 2,379,912 | 2,287,325 | 2,261,158 |

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

Notes to the Consolidated Financial Statements**8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Information on securities and derivative financial instruments is as follows:

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

| | 2011 | | | | | 2010 | | | | |
|--|--------------------|--------------------------------|-----------------------------|---------------------|--------------------|--------------|--------------------|--------------|--------------|--|
| | Financial | Insurance/ Savings bonds | Private pension plans | Other activities | March 31 | % | December 31 | % | March | |
| Trading securities | 68,530,426 | 2,485,574 | 25,371,060 | 337,311 | 96,724,371 | 54.8 | 107,796,082 | 59.0 | 77,3 | |
| - Government securities | 41,614,897 | 847,420 | 283,938 | 295,266 | 43,041,521 | 24.4 | 48,208,884 | 26.4 | 24,7 | |
| - Corporate bonds | 23,659,361 | 1,638,154 | 612,060 | 42,045 | 25,951,620 | 14.7 | 26,237,150 | 14.3 | 19,3 | |
| - Derivative financial instruments (1) | 3,256,168 | - | - | - | 3,256,168 | 1.8 | 1,610,385 | 0.9 | 3,0 | |
| - PGBL / VGBL restricted bonds | - | - | 24,475,062 | - | 24,475,062 | 13.9 | 31,739,663 | 17.4 | 30,2 | |
| Available-for-sale securities | 46,174,910 | 1,647,740 | 1,835,439 | 179,968 | 49,838,057 | 28.2 | 45,379,185 | 24.8 | 26,1 | |
| - Government securities | 35,000,294 | 18,435 | 75,168 | 1,805 | 35,095,702 | 19.8 | 33,552,639 | 18.3 | 16,5 | |
| - Corporate bonds | 11,174,616 | 1,629,305 | 1,760,271 | 178,163 | 14,742,355 | 8.4 | 11,826,546 | 6.5 | 9,6 | |
| Held-to-maturity securities (4) | 784,486 | 7,754,184 | 21,418,608 | - | 29,957,278 | 17.0 | 29,491,996 | 16.2 | 27,6 | |
| - Government securities | 784,486 | 7,725,923 | 20,954,755 | - | 29,465,164 | 16.7 | 29,021,428 | 15.9 | 26,9 | |
| - Corporate bonds | - | 28,261 | 463,853 | - | 492,114 | 0.3 | 470,568 | 0.3 | 7 | |
| Subtotal | 115,489,822 | 11,887,498 | 48,625,107 | 517,279 | 176,519,706 | 100.0 | 182,667,263 | 100.0 | 131,2 | |
| Purchase and sale commitments (2) | 1,996,744 | 4,653,451 | 34,235,927 | 75,773 | 40,961,895 | | 30,850,727 | | 26,0 | |
| Overall total | 117,486,566 | 16,540,949 | 82,861,034 | 593,052 | 217,481,601 | | 213,517,990 | | 157,3 | |
| - Government securities | 77,399,677 | 8,591,778 | 21,313,861 | 297,071 | 107,602,387 | 60.9 | 110,782,951 | 60.6 | 68,2 | |
| - Corporate bonds | 38,090,145 | 3,295,720 | 2,836,184 | 220,208 | 44,442,257 | 25.2 | 40,144,649 | 22.0 | 32,7 | |
| - PGBL / VGBL restricted bonds | - | - | 24,475,062 | - | 24,475,062 | 13.9 | 31,739,663 | 17.4 | 30,2 | |

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| | | | | | | | | | |
|-----------------------------------|--------------------|-------------------|-------------------|----------------|--------------------|--------------|--------------------|--------------|--------------|
| Subtotal | 115,489,822 | 11,887,498 | 48,625,107 | 517,279 | 176,519,706 | 100.0 | 182,667,263 | 100.0 | 131,2 |
| Purchase and sale commitments (2) | 1,996,744 | 4,653,451 | 34,235,927 | 75,773 | 40,961,895 | | 30,850,727 | | 26,0 |
| Overall total | 117,486,566 | 16,540,949 | 82,861,034 | 593,052 | 217,481,601 | | 213,517,990 | | 157,3 |

122 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements**b) Breakdown of consolidated portfolio by issuer**

| Securities (3) | 2011 March 31 | | | | Market/ book value (5) (6) (7) | Restated cost | Mark-to- market | 2010 December 31 | |
|-------------------------------|-------------------|-------------------|--------------------|-----------------------|--------------------------------------|--------------------|--------------------|------------------------------|------------------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | | | | Market/ book value (5) | Market/ book value (6) |
| Government securities | 712,149 | 4,827,632 | 21,082,132 | 80,980,474 | 107,602,387 | 107,968,105 | (365,718) | 110,782,951 | |
| Financial treasury bills | 61,145 | 1,079,066 | 809,133 | 6,016,681 | 7,966,025 | 8,000,821 | (34,796) | 8,687,908 | |
| National treasury bills | 64,424 | 1,277,758 | 851 | 32,107,677 | 33,450,710 | 33,656,752 | (206,042) | 34,924,429 | |
| National treasury notes | 361,861 | 2,450,569 | 19,771,031 | 41,788,677 | 64,372,138 | 64,572,188 | (200,050) | 65,432,103 | |
| Brazilian foreign debt notes | 29,599 | 403 | 498,730 | 974,364 | 1,503,096 | 1,441,875 | 61,221 | 1,564,616 | |
| Privatization currencies | - | - | - | 85,456 | 85,456 | 71,688 | 13,768 | 87,658 | |
| Foreign government securities | 195,120 | 14,154 | - | 47 | 209,321 | 209,327 | (6) | 71,004 | |
| Other | - | 5,682 | 2,387 | 7,572 | 15,641 | 15,454 | 187 | 15,233 | |
| Corporate bonds | 12,514,477 | 2,815,056 | 3,585,619 | 25,527,105 | 44,442,257 | 44,634,351 | (192,094) | 40,144,649 | |
| Bank deposit certificates | 130,506 | 376,989 | 36,949 | 1,152,043 | 1,696,487 | 1,696,487 | - | 1,724,058 | |
| Shares | 4,131,190 | - | - | - | 4,131,190 | 4,518,238 | (387,048) | 4,097,694 | |
| Debentures | 2,303 | 113,912 | 2,321,051 | 15,731,037 | 18,168,303 | 18,147,434 | 20,869 | 16,869,721 | |
| Promissory notes | 28,670 | 1,881,954 | - | - | 1,910,624 | 1,913,247 | (2,623) | 2,863,436 | |
| Foreign corporate bonds | 60,625 | - | 1,674 | 3,695,424 | 3,757,723 | 3,660,167 | 97,556 | 2,928,013 | |
| Derivative financial | 1,873,780 | 236,163 | 1,045,616 | 100,609 | 3,256,168 | 3,193,481 | 62,687 | 1,610,385 | |

instruments

(1)

| | | | | | | | | |
|-------|-----------|---------|---------|-----------|------------|------------|--------|------------|
| Other | 6,287,403 | 206,038 | 180,329 | 4,847,992 | 11,521,762 | 11,505,297 | 16,465 | 10,051,342 |
|-------|-----------|---------|---------|-----------|------------|------------|--------|------------|

PGBL /**VGBL****restricted**

| | | | | | | | | |
|--------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|----------|-------------------|
| bonds | 3,385,166 | 2,903,738 | 2,097,633 | 16,088,525 | 24,475,062 | 24,475,062 | - | 31,739,663 |
|--------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|----------|-------------------|

| | | | | | | | | |
|-----------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Subtotal | 16,611,792 | 10,546,426 | 26,765,384 | 122,596,104 | 176,519,706 | 177,077,518 | (557,812) | 182,667,263 |
|-----------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|

Purchase and

sale

commitments

| | | | | | | | | |
|-----|------------|-----------|--------|-------|------------|------------|---|------------|
| (2) | 39,562,714 | 1,322,542 | 75,244 | 1,395 | 40,961,895 | 40,961,895 | - | 30,850,727 |
|-----|------------|-----------|--------|-------|------------|------------|---|------------|

Hedge – cash

flow (Note

| | | | | | | | | |
|-----|---|---|---|---|---|---|---|---------|
| 8g) | - | - | - | - | - | - | - | 453,835 |
|-----|---|---|---|---|---|---|---|---------|

| | | | | | | | | |
|----------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Overall total | 56,174,506 | 11,868,968 | 26,840,628 | 122,597,499 | 217,481,601 | 218,039,413 | (103,977) | 213,517,990 |
|----------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|

Bradesco

123

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

Notes to the Consolidated Financial Statements**c) Consolidated classification by category, maturity and business segment****l) Trading securities**

| Securities (3) | 2011 March 31 | | | | Market/ book value (5) (6) (7) | Restated cost | Mark-to- market | 20 De Ma va (6) |
|--|------------------|-------------------|--------------------|--------------------------|--------------------------------------|-------------------|------------------|-----------------------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | | | | |
| - Financial | 6,801,509 | 6,380,213 | 6,993,258 | 48,355,448 | 68,530,428 | 68,681,685 | (151,257) | 72 |
| National treasury bills | 22,865 | 1,274,276 | 845 | 21,365,854 | 22,663,840 | 22,788,154 | (124,314) | 24 |
| Financial treasury bills | 61,145 | 490,243 | 653,096 | 5,113,657 | 6,318,141 | 6,350,778 | (32,637) | 7 |
| Bank deposit certificates | 112,818 | 105,526 | 1,218 | 5,087 | 224,649 | 224,649 | - | - |
| Derivative financial instruments (1) | 1,873,780 | 236,163 | 1,045,616 | 100,609 | 3,256,168 | 3,193,481 | 62,687 | 1 |
| Debentures | 2,257 | 75,196 | 2,320,894 | 14,241,731 | 16,640,078 | 16,622,624 | 17,454 | 15 |
| Promissory notes | 58 | 1,881,954 | - | - | 1,882,012 | 1,884,635 | (2,623) | 2 |
| Brazilian foreign debt notes | 713 | - | - | 17,591 | 18,304 | 16,883 | 1,421 | - |
| National treasury notes | - | 2,294,026 | 2,968,851 | 7,129,308 | 12,392,185 | 12,466,457 | (74,272) | 14 |
| Foreign corporate securities | 587 | - | 1,615 | 44,099 | 46,301 | 45,246 | 1,055 | - |
| Foreign government securities | 195,120 | 14,154 | - | 47 | 209,321 | 209,327 | (6) | - |
| Shares | 80,660 | - | - | - | 80,660 | 80,483 | 177 | - |
| Other | 4,451,506 | 8,675 | 1,123 | 337,465 | 4,798,769 | 4,798,968 | (199) | 5 |
| - Insurance companies and savings bonds | 1,031,596 | 668,753 | 93,613 | 691,614 | 2,485,576 | 2,485,576 | - | 2 |
| Financial treasury bills | - | 320,288 | 93,613 | 310,531 | 724,432 | 724,432 | - | - |

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| | | | | | | | |
|---------------------------|-----------|---------|---|---------|-----------|-----------|---|
| National treasury bills | - | 673 | - | 15,709 | 16,382 | 16,382 | - |
| Bank deposit certificates | - | 268,757 | - | 183,532 | 452,289 | 452,289 | - |
| National treasury notes | - | 940 | - | 105,666 | 106,606 | 106,606 | - |
| Shares | 4,182 | - | - | - | 4,182 | 4,182 | - |
| Debentures | - | - | - | 9,053 | 9,053 | 9,053 | - |
| Foreign private bonds | 5,214 | - | - | - | 5,214 | 5,214 | - |
| Other | 1,022,200 | 78,095 | - | 67,123 | 1,167,418 | 1,167,418 | - |

Notes to the Consolidated Financial Statements

| Securities (3) | 2011 March 31 | | | | Market/book value (5) (6) (7) | Restated cost | Mark-to-mar |
|---|--------------------|-------------------|--------------------|-----------------------|-------------------------------------|--------------------|------------------|
| | 1 to 30 days | 31 to 180days | 181 to 360 days | More than 360 days | | | |
| - Private pension plans | 3,923,672 | 3,109,188 | 2,103,007 | 16,235,192 | 25,371,059 | 25,370,972 | |
| Financial treasury bills | - | 205,450 | 5,374 | 152 | 210,976 | 210,976 | |
| National treasury notes | - | - | - | 59,283 | 59,283 | 59,196 | |
| National treasury bills | - | - | - | 13,678 | 13,678 | 13,678 | |
| Shares | 1,109 | - | - | - | 1,109 | 1,109 | |
| PGBL / VGBL restricted bonds | 3,385,166 | 2,903,738 | 2,097,633 | 16,088,525 | 24,475,062 | 24,475,062 | |
| Other | 537,397 | - | - | 73,554 | 610,951 | 610,951 | |
| - Other activities | 49,578 | 39,647 | 34,851 | 213,233 | 337,309 | 337,289 | |
| Financial treasury bills | - | 24,197 | 33,974 | 190,140 | 248,311 | 248,291 | |
| Bank deposit certificates | 1,957 | 2,707 | - | 1,448 | 6,112 | 6,112 | |
| National treasury bills | 41,559 | 2,809 | - | - | 44,368 | 44,368 | |
| Debentures | - | 7,240 | 156 | 2,593 | 9,989 | 9,989 | |
| National treasury notes | - | - | - | 2,586 | 2,586 | 2,586 | |
| Other | 6,062 | 2,694 | 721 | 16,466 | 25,943 | 25,943 | |
| Subtotal | 11,806,355 | 10,197,801 | 9,224,729 | 65,495,487 | 96,724,372 | 96,875,522 | (151,100) |
| Purchase and sale commitments (2) | 39,562,714 | 1,322,542 | 75,244 | 1,395 | 40,961,895 | 40,961,895 | |
| - Financial | 2,023,733 | 46,512 | 877 | 1,395 | 2,072,517 | 2,072,517 | |
| - Insurance companies and savings bonds | 4,652,642 | 809 | - | - | 4,653,451 | 4,653,451 | |
| - Private pension plans | 32,886,339 | 1,275,221 | 74,367 | - | 34,235,927 | 34,235,927 | |
| - PGBL/VGBL | 31,344,655 | 1,275,221 | 74,367 | - | 32,694,243 | 32,694,243 | |
| - Funds | 1,541,684 | - | - | - | 1,541,684 | 1,541,684 | |
| Overall total | 51,369,069 | 11,520,343 | 9,299,973 | 65,496,882 | 137,686,267 | 137,837,417 | (151,100) |
| Derivative financial instruments (liabilities) | (1,898,599) | (174,470) | (115,973) | (168,655) | (2,357,697) | (2,375,036) | 17,000 |

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

Notes to the Consolidated Financial Statements**II) Available -for-sale securities**

| Securities (3) (8) | 2011 March 31 | | | | Market/book value (5) (6) (7) | Restated cost | Mark-to-market | 2010 December Market/ value (5) (6) (7) |
|--|------------------|-------------------|--------------------|--------------------------|-------------------------------------|-------------------|------------------|---|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | | | | |
| - Financial | 1,157,874 | 306,101 | 16,986,133 | 27,724,801 | 46,174,909 | 46,279,820 | (104,911) | 41,563, |
| National treasury bills | - | - | 6 | 10,712,436 | 10,712,442 | 10,794,170 | (81,728) | 9,845, |
| Brazilian foreign debt securities | 9,267 | 403 | - | 690,637 | 700,307 | 640,507 | 59,800 | 720, |
| Foreign corporate securities | 54,824 | - | 59 | 3,651,325 | 3,706,208 | 3,609,707 | 96,501 | 2,885, |
| National treasury notes | - | 155,604 | 16,802,179 | 6,173,173 | 23,130,956 | 23,256,823 | (125,867) | 22,430, |
| Financial treasury bills | - | 27,840 | 3,015 | 337,744 | 368,599 | 370,906 | (2,307) | 364, |
| Bank deposit certificates | 12,219 | - | - | 961,976 | 974,195 | 974,195 | - | 910, |
| Debentures | - | - | - | 756,361 | 756,361 | 756,094 | 267 | 763, |
| Shares | 1,000,467 | - | - | - | 1,000,467 | 1,102,798 | (102,331) | 850, |
| Privatization currencies | - | - | - | 85,456 | 85,456 | 71,688 | 13,768 | 87, |
| Other | 81,097 | 122,254 | 180,874 | 4,355,693 | 4,739,918 | 4,702,932 | 36,986 | 2,704, |
| - Insurance companies and savings bonds | 1,436,355 | 1,380 | 3,841 | 206,162 | 1,647,738 | 1,758,804 | (111,066) | 1,734, |
| Financial treasury bills | - | 1,380 | 3,841 | 13,213 | 18,434 | 18,435 | (1) | 18, |
| Shares | 1,406,737 | - | - | - | 1,406,737 | 1,502,204 | (95,467) | 1,503, |

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| | | | | | | | | |
|--------------------------------|------------------|----------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|
| Debtentures | 36 | - | - | 187,684 | 187,720 | 184,547 | 3,173 | 180, |
| Other | 29,582 | - | - | 5,265 | 34,847 | 53,618 | (18,771) | 32, |
| - Private pension plans | 1,651,554 | 9,511 | 51,950 | 122,425 | 1,835,440 | 2,026,125 | (190,685) | 1,908, |
| Shares | 1,637,847 | - | - | - | 1,637,847 | 1,827,273 | (189,426) | 1,582, |
| Financial treasury bills | - | 9,511 | 16,219 | 49,438 | 75,168 | 75,040 | 128 | 82, |
| Bank deposit certificates | - | - | 35,731 | - | 35,731 | 35,731 | - | 39, |
| Debtentures | - | - | - | 72,987 | 72,987 | 73,012 | (25) | |
| Other | 13,707 | - | - | - | 13,707 | 15,069 | (1,362) | 204, |
| - Other activities | 178,164 | - | - | 1,805 | 179,969 | 179,969 | - | 173, |
| Bank deposit certificates | 3,512 | - | - | - | 3,512 | 3,512 | - | 3, |
| Shares | 116 | - | - | - | 116 | 116 | - | |
| Financial treasury bills | - | - | - | 1,805 | 1,805 | 1,805 | - | 1, |
| Other | 174,536 | - | - | - | 174,536 | 174,536 | - | 167, |
| Subtotal | 4,423,947 | 316,992 | 17,041,924 | 28,055,193 | 49,838,056 | 50,244,718 | (406,662) | 45,379, |
| Hedge – cash flow (Note 8g) | - | - | - | - | - | - | 453,835 | |
| Overall total (8) | 4,423,947 | 316,992 | 17,041,924 | 28,055,193 | 49,838,056 | 50,244,718 | 47,173 | 45,379, |

Notes to the Consolidated Financial Statements**III) Held-to-maturity securities**

| Securities (3) | 2011 | | | | 2010 | | | | R\$ thousand |
|--|-----------------|-------------------|--------------------|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| | March 31 | | | | December 31 | | | | March 31 |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Restated cost value (5) (6) | Restated cost value (5) (6) | Restated cost value (5) (6) | Restated cost value (5) (6) | |
| Financial | 19,620 | - | 498,731 | 266,136 | 784,487 | 814,870 | 875,870 | | |
| Brazilian foreign debt notes | 19,620 | - | 498,731 | 266,136 | 784,487 | 814,870 | 861,828 | | |
| Financial treasury bills | - | - | - | - | - | - | 14,042 | | |
| Insurance companies and savings bonds | 361,860 | - | - | 7,392,323 | 7,754,183 | 7,460,918 | 7,002,164 | | |
| Debentures | - | - | - | 28,261 | 28,261 | 26,995 | - | | |
| National treasury notes | 361,860 | - | - | 7,364,062 | 7,725,922 | 7,433,923 | 7,002,164 | | |
| Private pension plans | 10 | 31,633 | - | 21,386,965 | 21,418,608 | 21,216,208 | 19,800,584 | | |
| Debentures | 10 | 31,476 | - | 432,367 | 463,853 | 443,573 | 705,124 | | |
| National treasury notes | - | - | - | 20,954,598 | 20,954,598 | 20,772,482 | 19,095,318 | | |
| Financial treasury bills | - | 157 | - | - | 157 | 153 | 142 | | |
| Overall total (4) | 381,490 | 31,633 | 498,731 | 29,045,424 | 29,957,278 | 29,491,996 | 27,678,618 | | |

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

Notes to the Consolidated Financial Statements**d) Breakdown of the portfolios by financial statements classification**

| Securities | R\$ thousand | | | | | | | |
|--|-------------------|-------------------|--------------------|--------------------------|--|---|--|--|
| | 2011 | | | | 2010 | | | |
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Total on March 31 (3) (5) (6) (7) | Total on December 31 (3) (5) (6) (7) | Total on March 31 (3) (5) (6) (7) | Total on March 31 (3) (5) (6) (7) |
| Own portfolio | 54,222,766 | 8,975,095 | 5,192,363 | 70,592,533 | 138,982,757 | 135,190,856 | 121,204,533 | |
| Fixed income securities | 50,091,576 | 8,975,095 | 5,192,363 | 70,592,533 | 134,851,567 | 131,093,162 | 116,872,296 | |
| •Financial treasury bills | 61,145 | 883,025 | 468,868 | 3,693,124 | 5,106,162 | 4,740,761 | 5,669,076 | |
| •Purchase and sale commitments (2) | 39,562,714 | 1,322,542 | 75,244 | 1,395 | 40,961,895 | 30,850,727 | 26,064,243 | |
| •National treasury notes | 361,861 | 1,832 | 2,375 | 28,502,887 | 28,868,955 | 28,587,310 | 26,756,800 | |
| •Brazilian foreign debt securities | 1,136 | 403 | 5,094 | 41,638 | 48,271 | 48,756 | 1,173,836 | |
| •Bank deposit certificates | 130,506 | 376,989 | 36,949 | 1,152,043 | 1,696,487 | 1,724,058 | 1,083,111 | |
| •National treasury bills | 64,424 | 1,264,826 | 760 | 235,985 | 1,565,995 | 3,292,018 | 1,242,816 | |
| •Foreign corporate securities | 11,128 | - | 1,674 | 290,288 | 303,090 | 239,134 | 2,902,787 | |
| •Debentures | 2,303 | 113,912 | 2,321,051 | 15,731,037 | 18,168,303 | 16,869,721 | 10,592,043 | |
| •Promissory notes | 28,670 | 1,881,954 | - | - | 1,910,624 | 2,863,436 | 2,995,343 | |
| •Foreign government securities | 195,120 | 14,154 | - | 47 | 209,321 | 71,004 | 351,044 | |
| •PGBL/VGBL restricted bonds | 3,385,166 | 2,903,738 | 2,097,633 | 16,088,525 | 24,475,062 | 31,739,663 | 30,215,898 | |
| •Other | 6,287,403 | 211,720 | 182,715 | 4,855,564 | 11,537,402 | 10,066,574 | 7,825,299 | |
| Equity securities | 4,131,190 | - | - | - | 4,131,190 | 4,097,694 | 4,332,237 | |
| •Shares of listed companies (technical | 1,897,362 | - | - | - | 1,897,362 | 1,859,411 | 426,983 | |

| | | | | | | | | |
|-------------------------------------|---------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| provision) | | | | | | | | |
| •Shares of listed companies (other) | 2,233,828 | - | - | - | 2,233,828 | 2,238,283 | 3,905,254 | |
| Restricted securities | 77,960 | 2,657,710 | 20,602,649 | 51,846,577 | 75,184,896 | 76,660,459 | 33,010,809 | |
| Repurchase agreements | 77,960 | 2,453,801 | 20,266,271 | 50,185,360 | 72,983,392 | 74,019,329 | 19,763,663 | |
| •National treasury bills | - | 378 | 92 | 31,802,649 | 31,803,119 | 31,165,320 | 3,745,607 | |
| •Brazilian foreign debt securities | 28,463 | - | 493,637 | 932,726 | 1,454,826 | 1,515,860 | 827,566 | |
| •Financial treasury bills | - | 4,686 | 3,887 | 759,059 | 767,632 | 1,804,477 | 7,037,921 | |
| •National treasury notes | - | 2,448,737 | 19,768,655 | 13,285,790 | 35,503,182 | 36,844,793 | 8,143,208 | |
| •Foreign corporate securities | 49,497 | - | - | 3,405,136 | 3,454,633 | 2,688,879 | 9,361 | |
| Central Bank | - | - | - | - | - | - | 6,990,404 | |
| •National treasury bills | - | - | - | - | - | - | 1,411,074 | |
| •National treasury notes | - | - | - | - | - | - | 2,207,463 | |
| •Financial treasury bills | - | - | - | - | - | - | 3,371,867 | |

Notes to the Consolidated Financial Statements

| Securities | 2011 | | | | Total on March 31 (7) | 2010 | | | | R\$ thousand |
|---|-------------------|-------------------|--------------------|--------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------|-------------------------------------|--------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | | Total on Decembe 31 (7) | on Decembe 31 (3) (5) (6) | on March 31 (3) (5) (6) | Total on March 31 (3) (5) (6) | (7) |
| Privatization currencies | - | - | - | 85,456 | 85,456 | 87,658 | 92,156 | | | |
| Guarantees provided | - | 203,909 | 336,378 | 1,575,761 | 2,116,048 | 2,553,472 | 6,164,586 | | | |
| •National treasury bills | - | 12,554 | - | 69,043 | 81,597 | 467,091 | 1,170,616 | | | |
| •Financial treasury bills | - | 191,355 | 336,378 | 1,506,718 | 2,034,451 | 2,086,381 | 2,645,450 | | | |
| •National treasury notes | - | - | - | - | - | - | 2,348,520 | | | |
| Derivative financial instruments (1) | 1,873,780 | 236,163 | 1,045,616 | 100,609 | 3,256,168 | 1,610,385 | 3,051,520 | | | |
| Securities subject to repurchase agreements but not restricted | - | - | - | 57,780 | 57,780 | 56,290 | 41,727 | | | |
| •Financial treasury bills | - | - | - | 57,780 | 57,780 | 56,290 | 41,727 | | | |
| Overall total | 56,174,506 | 11,868,968 | 26,840,628 | 122,597,499 | 217,481,601 | 213,517,990 | 157,308,589 | | | |
| % | 25.8 | 5.5 | 12.3 | 56.4 | 100.0 | 100.0 | 100.0 | | | |

(1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/02 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedge under the category "Trading Securities";

(2) These refer to investment fund resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements;

(3) The investment fund quotas were distributed according to the instruments composing their portfolios and preserving the category classification of the funds;

(4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/02, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified as 'held-to-maturity'. This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations as of March 31, 2011;

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- (5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (6) This column reflects book value subsequent to mark-to-market according to item (7), except for held-to-maturity securities, whose market value is higher than the restated cost in the amount of R\$3,866,748 thousand (December 31, 2010 – R\$4,607,874 thousand and March 31, 2010 – R\$3,602,028 thousand);
- (7) The market value of securities is determined based on the market price available on the balance sheet date. Should there be no market prices available, amounts are estimated based on the prices quoted by dealers, on pricing models, quotation models or price quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the market value of the respective quotas; and
- (8) In the first quarter of 2011, no other than temporary losses were realized in the amount of 122 thousand (fourth quarter of 2010 – R\$429 thousand and in the first quarter of 2010 there were no temporary losses) for the securities classified as “availablefor sale”.

Bradesco

129

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

Notes to the Consolidated Financial Statements

e) Derivative financial instruments

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

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

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

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

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

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

Notes to the Consolidated Financial Statements**I) Amount of derivative financial instruments recorded in equity and memorandum accounts**

| | R\$ thousand | | | | | |
|--------------------------------|--------------------|-------------|--------------------|-------------|--------------------|------------|
| | 2011 | | 2010 | | March 31 | |
| | March 31 | | December 31 | | Overall amount | Net amount |
| | Overall amount | Net amount | Overall amount | Net amount | Overall amount | Net amount |
| Futures contracts | | | | | | |
| Purchase commitments: | 4,153,045 | | 6,764,620 | | 26,422,667 | |
| - Interbank market | 3,570,955 | - | 3,936,872 | - | 20,889,122 | - |
| - Foreign currency | 582,090 | - | 2,827,748 | - | 5,531,713 | - |
| - Other | - | - | - | - | 1,832 | - |
| Sale commitments: | 131,055,411 | | 177,760,310 | | 129,927,454 | |
| - Interbank market (1) | 116,852,636 | 113,281,681 | 159,915,878 | 155,979,006 | 108,657,000 | 87,767,878 |
| - Foreign currency (2) | 14,200,271 | 13,618,181 | 17,844,432 | 15,016,684 | 21,238,341 | 15,706,628 |
| - Other | 2,504 | 2,504 | - | - | 32,113 | 30,281 |
| Option contracts | | | | | | |
| Purchase commitments: | 42,853,462 | | 85,409,928 | | 44,323,113 | |
| - Interbank market | 42,072,300 | - | 84,652,580 | - | 39,392,127 | - |
| - Foreign currency | 171,082 | - | 82,119 | - | 4,209,752 | - |
| - Other | 610,080 | 30,517 | 675,229 | 16,192 | 721,234 | - |
| Sale commitments: | 45,086,929 | | 86,308,930 | | 81,127,781 | |
| - Interbank market | 44,112,150 | 2,039,850 | 85,443,870 | 791,290 | 74,893,670 | 35,501,543 |
| - Foreign currency | 395,216 | 224,134 | 206,023 | 123,904 | 5,381,028 | 1,171,276 |
| - Other | 579,563 | - | 659,037 | - | 853,083 | 131,849 |
| Forward contracts | | | | | | |
| Purchase commitments: | 6,095,987 | | 5,109,643 | | 4,958,099 | |
| - Interbank market | 1,200,365 | 739,642 | - | - | - | - |
| - Foreign currency | 4,884,985 | - | 5,091,958 | - | 2,881,248 | - |
| - Other | 10,637 | - | 17,685 | - | 2,076,851 | 430,214 |
| Sale commitments: | 7,403,577 | | 6,165,612 | | 5,618,682 | |
| - Interbank market | 460,723 | - | - | - | - | - |
| - Foreign currency | 6,923,202 | 2,038,217 | 6,046,744 | 954,786 | 3,972,045 | 1,090,797 |
| - Other | 19,652 | 9,015 | 118,868 | 101,183 | 1,646,637 | - |
| Swap contracts | | | | | | |
| Beneficiary: | 17,364,047 | | 17,020,121 | | 18,543,044 | |
| - Interbank market | 2,842,028 | - | 2,662,419 | - | 5,279,252 | 1,364,129 |
| - Fixed rate | 500,205 | 124,306 | 681,274 | 28,412 | 969,199 | - |
| - Foreign currency (3) | 11,555,349 | 4,122,293 | 11,102,853 | 4,102,651 | 9,781,197 | - |
| - Reference Interest Rate - TR | 15,000 | - | 928,413 | - | 1,913,666 | 1,905,042 |

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| | | | | | | |
|--|-------------------|-----------|-------------------|-----------|-------------------|-----------|
| - Special Clearance and Custody System (Selic) | 49,036 | 16,211 | 49,476 | 15,577 | 46,788 | - |
| - General Price Index –Market (IGP-M) | 1,611,190 | 1,337,701 | 1,148,311 | 975,489 | 148,260 | - |
| - Other | 791,239 | 358,236 | 447,375 | 25,699 | 404,682 | - |
| Guarantor: | 16,298,823 | | 15,932,852 | | 17,885,017 | |
| - Interbank market | 6,516,636 | 3,674,608 | 6,423,864 | 3,761,445 | 3,915,123 | - |
| - Fixed rate | 375,899 | - | 652,862 | - | 1,629,509 | 660,310 |
| - Foreign currency (3) | 7,433,056 | - | 7,000,202 | - | 11,005,526 | 1,224,329 |
| - TR | 1,233,915 | 1,218,915 | 1,227,527 | 299,114 | 8,624 | - |
| - Selic | 32,825 | - | 33,899 | - | 77,180 | 30,392 |
| - IGP-M | 273,489 | - | 172,822 | - | 701,445 | 553,185 |
| - Other | 433,003 | - | 421,676 | - | 547,610 | 142,928 |

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding in the amount of R\$48,448,146 thousand (December 31, 2010 –R\$78,103,695 thousand and March 31, 2010 – R\$53,418,721 thousand) (Note 8g);

(2) Includes specific hedges to protect investments abroad that totaled R\$17,371,105 thousand (December 31, 2010 – R\$17,512,203 thousand and March 31, 2010, R\$15,505,354 thousand); and

(3) Includes derivative credit operations (Note 8f).

For the purposes of obtaining an increased liquidation guarantee in operations with Financial Institutions and Customers, Bradesco set forth agreements for compensation and liquidation of obligations within the National Financial System, in accordance with CMN Resolution 3,263/05.

Bradesco

131

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

Notes to the Consolidated Financial Statements**II) Breakdown of derivative financial instruments (assets and liabilities) stated at restated cost and market value**

| | 2011 March 31 | | | 2010 December 31 | | | March 31 | |
|---------------------------------|--------------------|---------------------------|--------------------|---------------------|---------------------------|------------------|--------------------|--------------|
| | Restated cost | Mark-to-market adjustment | Market value | Restated cost | Mark-to-market adjustment | Market value | Restated cost | Market value |
| Adjustment receivables | | | | | | | | |
| – swaps | 1,329,804 | 77,551 | 1,407,355 | 1,262,887 | 71,101 | 1,333,988 | 939,357 | |
| Receivable forward purchases | 1,200,258 | - | 1,200,258 | 2,810 | - | 2,810 | 1,042,512 | |
| Receivable forward sales | 624,656 | - | 624,656 | 213,684 | 432 | 214,116 | 906,302 | |
| Premiums on exercisable options | 38,763 | (14,864) | 23,899 | 52,448 | 7,023 | 59,471 | 100,354 | |
| Total assets | 3,193,481 | 62,687 | 3,256,168 | 1,531,829 | 78,556 | 1,610,385 | 2,988,525 | |
| Adjustment payables – swaps | (332,308) | (9,823) | (342,131) | (232,481) | (14,238) | (246,719) | (330,120) | |
| Payable forward purchases | (1,476,498) | - | (1,476,498) | (271,865) | - | (271,865) | (1,120,793) | |
| Payable forward sales | (472,518) | - | (472,518) | (106,485) | (432) | (106,917) | (858,580) | |
| Premiums on written options | (93,712) | 27,162 | (66,550) | (109,456) | 5,257 | (104,199) | (164,312) | |
| Total liabilities | (2,375,036) | 17,339 | (2,357,697) | (720,287) | (9,413) | (729,700) | (2,473,805) | |

III) Futures, option, forward and swap contracts –(Notional)

| | 2011 | | | | Total on March 31 | 2010 Total on December 31 | Total on March 31 | R\$ thousand |
|-------------------|--------------|----------------|-----------------|--------------------|-------------------|---------------------------|-------------------|--------------|
| | 1 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | | | | |
| Futures contracts | 22,438,066 | 16,368,449 | 51,208,217 | 45,193,724 | 135,208,456 | 184,524,930 | 156,350,121 | |

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| | | | | | | | |
|-----------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Option contracts | 81,364,523 | 4,895,966 | 1,461,422 | 218,480 | 87,940,391 | 171,718,858 | 125,450,894 |
| Forward contracts | 5,694,845 | 1,676,955 | 2,343,643 | 3,784,121 | 13,499,564 | 11,275,255 | 10,576,781 |
| Swap contracts | 1,555,964 | 1,410,558 | 2,954,834 | 10,035,336 | 15,956,692 | 15,686,133 | 17,526,959 |
| Total on March 31, 2011 | 111,053,398 | 24,351,928 | 57,968,116 | 59,231,661 | 252,605,103 | | |
| Total on December 31, 2010 | 178,753,532 | 99,258,818 | 19,245,027 | 85,947,799 | | 383,205,176 | |
| Total on March 31, 2010 | 97,000,546 | 126,328,610 | 55,773,886 | 30,801,713 | | | 309,904,755 |

132 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements**IV) Types of guarantee margin for derivative financial instruments, mainly futures contracts**

| | R\$ thousand | | |
|------------------------------|------------------|------------------|------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Government securities | | | |
| National treasury notes | 1,908,368 | 1,942,300 | 2,188,603 |
| Financial treasury bills | 30,453 | 29,650 | 763,341 |
| National treasury bills | 2,520,527 | 2,606,763 | 900,399 |
| Total | 4,459,348 | 4,578,713 | 3,852,343 |

V) Revenues and expenses, net

| | R\$ thousand | | |
|--|-------------------------|-------------------------|-------------------------|
| | 2011 | 2010 | |
| | 1 st Quarter | 4 th Quarter | 1 st Quarter |
| Swap contracts | 170,809 | 285,178 | (75,999) |
| Forward contracts | (87,241) | (21,721) | (24,945) |
| Option contracts | 11,617 | (177,463) | 119,836 |
| Futures contracts | 545,361 | 476,866 | (134,004) |
| Foreign exchange variation of investments abroad | (268,557) | (270,651) | 76,350 |
| Total | 371,989 | 292,209 | (38,762) |

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

| | R\$ thousand | | |
|---|--------------------|--------------------|--------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Cetip - OTC Clearing House (over-the-counter) | 21,355,401 | 7,341,345 | 10,629,165 |
| BM&FBovespa (stock exchange) | 219,107,487 | 364,515,891 | 287,253,663 |
| Foreign (over-the-counter) (1) | 9,673,186 | 8,344,788 | 6,452,544 |
| Foreign (stock exchange) (1) | 2,469,029 | 3,003,152 | 5,569,383 |
| Total | 252,605,103 | 383,205,176 | 309,904,755 |

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

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On March 31, 2011, counter parties are distributed among corporate entities with 94%, financial institutions with 5% and individuals/others with 1%.

Bradesco

133

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

Notes to the Consolidated Financial Statements**f) Credit Default Swaps (CDS)**

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

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

| | Credit risk amount | | | Effect on the calculation of the required shareholders' equity | | |
|---|--------------------|----------------|------------------|--|--------------|-----------------|
| | 2011 | 2010 | March 31 | 2011 | 2010 | March 31 |
| | March 31 | December 31 | | March 31 | December 31 | |
| | | | | | | |
| R\$ thousand | | | | | | |
| Sold protection | | | | | | |
| Credit swaps whose underlying assets are: | | | | | | |
| •Securities – Brazilian public debt | (472,323) | (483,198) | (739,115) | - | - | - |
| •Securities – Foreign public debt | - | - | (641,160) | - | - | (35,264) |
| •Derivatives with companies | (3,257) | (3,332) | (3,562) | (179) | (183) | (196) |
| Purchased protection | | | | | | |
| Credit swaps whose underlying assets are: | | | | | | |
| •Securities – Brazilian public debt | 496,754 | 591,501 | 6,653,816 | - | - | - |
| •Derivatives with companies | 4,886 | 13,330 | 14,248 | 537 | 1,466 | 1,567 |
| Total | 26,060 | 118,301 | 5,284,227 | 358 | 1,283 | (33,893) |
| Deposited margin | 4,072 | 181,442 | 352,832 | | | |

Bradesco carries out operations involving credit derivatives in order to better manage its risk exposure and assets. Contracts related to the credit derivatives operations described above have several maturities up to 2013. The mark-to-market of protection rates that remunerate the counterparty selling protection amounts to R\$1,337 thousand (December 31, 2010 – R\$1,712 thousand and March 31, 2010 – R\$(2,894) thousand) . There was no credit event related to triggering events as defined in the contracts in the period.

Notes to the Consolidated Financial Statements**g) Cash flow hedge**

Bradesco used cash flow hedges to protect its cash flows from payment of interest rates on funds indexed to Bank Deposit Certificates (CDB), related to variable interest rate risk of Interbank Deposit Rate (DI Cetip), converting variable payments into fixed payments.

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

| | R\$ thousand | | |
|--|--------------|-------------|------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| DI Future with maturity between 2011 and 2017 | 48,448,146 | 78,103,695 | 53,418,721 |
| Funding indexed to CDI | 48,411,496 | 77,842,445 | 53,064,015 |
| Mark-to-market adjustment recorded in shareholders' equity (1) | 453,835 | 314,016 | 67,030 |
| Non-effective market value recorded in income | 17 | 19 | 11,961 |

(1) The adjustment in the shareholders' equity is R\$272,301 thousand net of tax effects (December 31, 2010 - R\$188,410 thousand and March 31, 2010 - R\$40,218 thousand).

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

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

| | R\$ thousand | | |
|--|-------------------------|-------------------------|-------------------------|
| | 2011 | 2010 | |
| | 1 st quarter | 4 th quarter | 1 st quarter |
| Fixed income securities | 2,969,953 | 2,765,593 | 1,550,784 |
| Interbank investments (Note 7b) | 2,379,912 | 2,287,325 | 2,261,158 |
| Equity securities | (4,728) | (27,503) | 11,533 |
| Subtotal | 5,345,137 | 5,025,415 | 3,823,475 |
| Financial result of insurance, private pension plans and savings bonds | 2,725,934 | 2,764,781 | 2,272,263 |
| Income from derivative financial instruments (Note 8e V) | 371,989 | 292,209 | (38,762) |
| Total | 8,443,060 | 8,082,405 | 6,056,976 |

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

Notes to the Consolidated Financial Statements**9) INTERBANK ACCOUNTS – RESTRICTED DEPOSITS****a) Mandatory reserve**

| | Remuneration | 2011 March 31 | 2010 December 31 | R\$ thousand March 31 |
|---|--------------------|-------------------|---------------------|--------------------------|
| Reserve requirements – demand deposits | not remunerated | 8,385,908 | 10,944,382 | 9,139,508 |
| Reserve requirements – savings deposits | savings index | 10,901,726 | 10,755,153 | 9,192,045 |
| Time reserve requirements (1) | Selic rate | 19,531,331 | 17,395,554 | - |
| Collection of funds from rural loan (2) | not remunerated | 39,722 | 39,722 | - |
| Additional reserve requirements (3) | Selic rate | 26,818,529 | 26,062,208 | 17,093,165 |
| •Savings deposits | | 5,450,864 | 5,377,577 | 4,596,022 |
| •Demand deposits | | 4,203,771 | 4,732,221 | 2,620,896 |
| •Time deposits | | 17,163,894 | 15,952,410 | 9,876,247 |
| Restricted deposits – National Housing System (SFH) | TR + interest rate | 511,329 | 507,704 | 492,051 |
| Funds from rural loan | not remunerated | 578 | 578 | 578 |
| Total | | 66,189,123 | 65,705,301 | 35,917,347 |

(1) Pursuant to BACEN Circular 3,513/10, as from December 2010, Banks are collecting 20% from time deposits in cash;

(2) Pursuant to BACEN Circular 3,460/09, as of August 2010, Banks are liable to collect funds from rural loan (on cash funds) that were not loaned, to be refunded in August 2011; and.

(3) Pursuant to BACEN Circular 3,514/10, as from December 2010, additional liabilities began to be met in cash with the Selic rate at the following rates: demand and time deposits – 12%; and savings deposits – 10%.

b) Result from compulsory deposits

| | 2011 1 st Quarter | 2010 4 th Quarter | R\$ thousand 1 st Quarter |
|--|---------------------------------|---------------------------------|---|
| Compulsory deposits - Bacen (reserves requirement) | 1,369,038 | 998,705 | 178,743 |
| Restricted deposits - SFH | 7,194 | 7,075 | 5,957 |
| Total | 1,376,232 | 1,005,780 | 184,700 |

Notes to the Consolidated Financial Statements**10) LOAN OPERATIONS**

Information related to loan operations, including advances on foreign exchange contracts, leasing operations and other receivables with characteristics of credit, can be found below:

a) By type and maturity

| | Performing loans | | | | | | 2011 Total on March 31 (A) | % (6) | 2010 Total on De 31 (A) |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------------|-------------------------------------|-------------|----------------------------------|
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | | | |
| Discounted trade receivables and loans (1) | 16,243,266 | 11,942,572 | 8,793,549 | 12,724,667 | 15,363,165 | 40,429,590 | 105,496,809 | 39.5 | 100.8 |
| Financing | 3,134,831 | 2,845,356 | 2,739,046 | 6,976,750 | 11,634,259 | 45,387,175 | 72,717,417 | 27.2 | 69.3 |
| Agricultural and agribusiness financing | 971,890 | 519,003 | 820,118 | 2,724,073 | 2,941,073 | 5,908,863 | 13,885,020 | 5.2 | 13.3 |
| Subtotal | 20,349,987 | 15,306,931 | 12,352,713 | 22,425,490 | 29,938,497 | 91,725,628 | 192,099,246 | 71.9 | 183.6 |
| Leasing operations | 716,790 | 572,975 | 544,299 | 1,553,590 | 2,739,820 | 6,632,264 | 12,759,738 | 4.8 | 14.0 |
| Advances on foreign exchange contracts (2) | 1,119,034 | 993,178 | 600,650 | 1,687,821 | 1,308,985 | - | 5,709,668 | 2.1 | 4.1 |
| Subtotal | 22,185,811 | 16,873,084 | 13,497,662 | 25,666,901 | 33,987,302 | 98,357,892 | 210,568,652 | 78.8 | 201.8 |
| Other receivables (3) | 4,518,953 | 2,334,261 | 1,090,667 | 2,011,498 | 1,390,344 | 324,255 | 11,669,978 | 4.4 | 12.8 |
| Total loan operations | 26,704,764 | 19,207,345 | 14,588,329 | 27,678,399 | 35,377,646 | 98,682,147 | 222,238,630 | 83.2 | 214.7 |
| Sureties and guarantees (4) | 2,155,913 | 634,583 | 1,216,552 | 2,727,296 | 3,153,179 | 32,578,729 | 42,466,252 | 15.9 | 40.7 |
| | 27,200 | 25,217 | 23,631 | 62,545 | 103,292 | 164,535 | 406,420 | 0.2 | 4.0 |

Credit
assignment
(5)

Credit
assignment —
Real

Estate Receivables

Certificate

Acquisition of
credit card
receivables

**Overall total
on March**

31, 2011 **29,267,195** **20,049,257** **15,964,955** **30,829,712** **39,067,631** **131,843,346** **267,022,096** **100.0**

**Overall total
on
December**

31, 2010 **28,587,770** **19,425,610** **13,839,372** **30,039,334** **39,177,818** **127,275,694** **258,3**

**Overall total
on March**

31, 2010 **26,490,932** **17,386,183** **13,413,874** **26,030,156** **32,098,741** **102,775,854**

Bradesco

137

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

Notes to the Consolidated Financial Statements

| R\$ thous | | | | | | | | | | |
|--|------------------|------------------|-----------------|------------------|-------------------|------------------|--------------|------------------|--------------|------------------|
| Non-performing loans | | | | | | | | | | |
| Installments past due | | | | | | | | | | |
| | 1 to 30 | 31 to 60 | 61 to 90 | 91 to 180 | 181 to 540 | 2011 | | 2010 | | Total on |
| | days | days | days | days | days | Total on | % | Total on | % | Total on |
| | | | | | | March 31 | (6) | December | (6) | March 31 |
| | | | | | | (B) | | 31 | | (B) |
| | | | | | | | | (B) | | (B) |
| Discounted trade receivables and loans (1) | 872,432 | 900,350 | 804,026 | 1,488,983 | 1,900,664 | 5,966,455 | 82.4 | 5,293,765 | 81.1 | 5,107,267 |
| Financing | 183,678 | 138,220 | 64,904 | 126,299 | 148,224 | 661,325 | 9.1 | 636,073 | 9.8 | 822,287 |
| Agricultural and agribusiness financing | 14,628 | 15,570 | 8,750 | 22,963 | 27,061 | 88,972 | 1.2 | 109,583 | 1.7 | 133,450 |
| Subtotal | 1,070,738 | 1,054,140 | 877,680 | 1,638,245 | 2,075,949 | 6,716,752 | 92.7 | 6,039,421 | 92.6 | 6,063,004 |
| Leasing operations | 93,049 | 74,990 | 39,215 | 82,631 | 118,859 | 408,744 | 5.6 | 412,313 | 6.3 | 491,298 |
| Advances on foreign exchange contracts (2) | 4,602 | 5,880 | 1,528 | 5,978 | - | 17,988 | 0.2 | 24,805 | 0.4 | 53,016 |
| Subtotal | 1,168,389 | 1,135,010 | 918,423 | 1,726,854 | 2,194,808 | 7,143,484 | 98.5 | 6,476,539 | 99.3 | 6,607,318 |
| Other receivables (3) | 4,553 | 362 | 258 | 75,826 | 25,948 | 106,947 | 1.5 | 45,225 | 0.7 | 84,019 |
| Overall total on March 31, 2011 | 1,172,942 | 1,135,372 | 918,681 | 1,802,680 | 2,220,756 | 7,250,431 | 100.0 | | | |
| Overall total on December 31, 2010 | 978,467 | 922,163 | 870,522 | 1,533,757 | 2,216,855 | | | 6,521,764 | 100.0 | |
| Overall total on March 31, 2010 | 1,120,947 | 996,479 | 838,662 | 1,590,658 | 2,144,591 | | | | | 6,691,337 |

Notes to the Consolidated Financial Statements

| Non-performing loans Outstanding Installments | | | | | | | | | | | |
|--|-------------------------|--------------------------|--------------------------|---------------------------|----------------------------|-------------------------------|---|------------------|--|------------------|--------------------------------|
| | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 to 360 days | More than 360 days | 2011 Total on March 31 (C) | % (6) | 2010 Total on December 31 (C) | % (6) | Total March (C) |
| Discounted trade receivables and loans (1) | 420,041 | 412,387 | 313,292 | 708,885 | 1,002,706 | 1,942,943 | 4,800,254 | 46.0 | 4,134,487 | 44.1 | 3,9 |
| Financing | 173,747 | 169,563 | 152,218 | 434,877 | 718,514 | 1,841,729 | 3,490,648 | 33.5 | 3,010,859 | 32.2 | 3,5 |
| Agricultural and agribusiness financing | 6,421 | 2,253 | 2,551 | 11,812 | 12,355 | 252,544 | 287,936 | 2.8 | 314,295 | 3.3 | 3 |
| Subtotal | 600,209 | 584,203 | 468,061 | 1,155,574 | 1,733,575 | 4,037,216 | 8,578,838 | 82.3 | 7,459,641 | 79.6 | 7,8 |
| Leasing operations | 83,942 | 72,547 | 68,941 | 206,327 | 389,760 | 1,018,078 | 1,839,595 | 17.6 | 1,895,783 | 20.3 | 2,5 |
| Subtotal | 684,151 | 656,750 | 537,002 | 1,361,901 | 2,123,335 | 5,055,294 | 10,418,433 | 99.9 | 9,355,424 | 99.9 | 10,3 |
| Other receivables (3) | 253 | 252 | 252 | 735 | 1,296 | 1,483 | 4,271 | 0.1 | 4,617 | 0.1 | |
| Overall total on March 31, 2011 | 684,404 | 657,002 | 537,254 | 1,362,636 | 2,124,631 | 5,056,777 | 10,422,704 | 100.0 | | | |
| Overall total on December 31, 2010 | 573,765 | 584,971 | 468,722 | 1,210,396 | 1,923,779 | 4,598,408 | | | 9,360,041 | 100.0 | |
| Overall total on March 31, 2010 | 711,280 | 553,085 | 538,586 | 1,338,233 | 2,115,167 | 5,094,469 | | | | | 10,3 |

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

Notes to the Consolidated Financial Statements

| | Overall total 2011 | | 2010 | | R\$ thousand | |
|--|-----------------------|--------------|-------------------------|--------------|----------------------|--------------|
| | Total on March 31 | % | Total on December 31 | % | Total on March 31 | % |
| | (A+B+C) | (6) | (A+B+C) | (6) | (A+B+C) | (6) |
| Discounted trade receivables and loans (1) | 116,263,518 | 40.9 | 110,315,601 | 40.2 | 92,365,573 | 39.2 |
| Financing | 76,869,390 | 27.0 | 73,046,219 | 26.6 | 56,537,359 | 24.0 |
| Agricultural and agribusiness financing | 14,261,928 | 5.0 | 13,804,151 | 5.0 | 12,337,689 | 5.2 |
| Subtotal | 207,394,836 | 72.9 | 197,165,971 | 71.8 | 161,240,621 | 68.4 |
| Leasing operations | 15,008,077 | 5.3 | 16,365,943 | 6.0 | 20,249,348 | 8.6 |
| Advances on foreign exchange contracts (2) | 5,727,656 | 2.0 | 4,188,998 | 1.5 | 5,125,949 | 2.2 |
| Subtotal | 228,130,569 | 80.2 | 217,720,912 | 79.3 | 186,615,918 | 79.2 |
| Other receivables (3) | 11,781,196 | 4.1 | 12,893,065 | 4.7 | 11,490,897 | 4.9 |
| Total loan operations | 239,911,765 | 84.3 | 230,613,977 | 84.0 | 198,106,815 | 84.1 |
| Sureties and guarantees (4) | 42,466,252 | 14.9 | 40,765,971 | 14.9 | 34,713,667 | 14.8 |
| Credit assignment (5) | 406,420 | 0.1 | 416,193 | 0.2 | 377,615 | 0.2 |
| Credit assignment – Real Estate Receivable Certificate | 575,061 | 0.2 | 598,263 | 0.2 | 741,769 | 0.3 |
| Acquisition of credit card receivables | 1,335,733 | 0.5 | 1,832,999 | 0.7 | 1,298,031 | 0.6 |
| Overall total on March 31, 2011 | 284,695,231 | 100.0 | | | | |
| Overall total on December 31, 2010 | | | 274,227,403 | 100.0 | | |
| Overall total on March 31, 2010 | | | | | 235,237,897 | 100.0 |

(1) It includes loans of credit card operations and operations for advances of credit card receivables in the amount of R\$15,890,839 thousand (December 31, 2010 – R\$14,864,643 thousand and March 31, 2010 – R\$11,363,508 thousand);

(2) Advances on foreign exchange contracts are classified as a deduction from "OtherLiabilities";

(3) Item "OtherReceivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, securities and credit instruments receivable, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and credit purchases from storeowners) in the amount of R\$10,619,139 thousand (December 31, 2010 – R\$11,559,248 thousand and March 31, 2010 - R\$9,271,887 thousand);

(4) Recorded in memorandum accounts;

(5) Restated amount of credit assignment up to March 31, 2011, net of installments received; and

(6) Ratio between each type and the total loan portfolio including sureties and guarantee, credit assignment and acquisition of receivables.

Notes to the Consolidated Financial Statements**b) By type and risk level**

| | Risk levels | | | | | | | |
|--|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| | AA | A | B | C | D | E | F | G |
| Discounted trade receivables and loans | 23,728,616 | 49,097,032 | 8,996,558 | 21,808,373 | 2,961,779 | 1,327,533 | 1,107,622 | 1,107,622 |
| Financings | 12,432,017 | 34,034,734 | 9,315,961 | 18,510,393 | 845,296 | 299,007 | 230,796 | 230,796 |
| Agricultural and agribusiness financings | 1,817,769 | 3,219,313 | 1,837,951 | 6,521,253 | 452,365 | 83,743 | 220,522 | 220,522 |
| Subtotal | 37,978,402 | 86,351,079 | 20,150,470 | 46,840,019 | 4,259,440 | 1,710,283 | 1,558,940 | 1,558,940 |
| Leasing operations | 111,416 | 5,442,178 | 2,204,799 | 5,609,557 | 379,826 | 171,394 | 151,805 | 151,805 |
| Advances on foreign exchange contracts (2) | 2,860,645 | 1,546,870 | 799,235 | 465,170 | 26,705 | 9,560 | 4,379 | 4,379 |
| Subtotal | 40,950,463 | 93,340,127 | 23,154,504 | 52,914,746 | 4,665,971 | 1,891,237 | 1,715,124 | 1,715,124 |
| Other receivables | 197,528 | 8,770,847 | 389,009 | 1,952,683 | 84,602 | 27,531 | 20,354 | 20,354 |
| Overall total on March 31, 2011 | 41,147,991 | 102,110,974 | 23,543,513 | 54,867,429 | 4,750,573 | 1,918,768 | 1,735,478 | 1,735,478 |
| % | 17.2 | 42.6 | 9.8 | 22.9 | 2.0 | 0.8 | 0.6 | 0.6 |
| Overall total on December 31, 2010 | 39,935,375 | 99,774,282 | 22,110,084 | 51,409,501 | 4,285,133 | 1,824,257 | 1,652,872 | 1,652,872 |
| % | 17.3 | 43.3 | 9.6 | 22.3 | 1.9 | 0.8 | 0.6 | 0.6 |
| Overall total on March 31, 2010 | 31,457,209 | 89,384,330 | 21,247,711 | 38,895,060 | 3,961,348 | 1,787,581 | 1,745,041 | 1,745,041 |
| % | 15.9 | 45.1 | 10.7 | 19.7 | 2.0 | 0.9 | 0.9 | 0.9 |

(1) Ratio between the type and total of loan portfolio without sureties and guarantee, assignment of loans and acquisition of receivables; and

(2) Note 11a.

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

Notes to the Consolidated Financial Statements**c) Maturity ranges and risk level**

| | Risk levels Non-performing loan operations | | | | | | | | 2011 | |
|--|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|-------------------|--------------|
| | AAAB | C | D | E | F | G | H | Total on March 31 | % (1) | |
| Outstanding installments | - - | 1,948,012 | 2,472,547 | 1,262,654 | 826,395 | 704,618 | 557,429 | 2,651,049 | 10,422,704 | 100.0 |
| 1 to 30 | - - | 145,408 | 195,634 | 75,258 | 45,722 | 35,791 | 30,965 | 155,626 | 684,404 | 6.6 |
| 31 to 60 | - - | 130,466 | 185,968 | 71,894 | 45,342 | 35,857 | 32,093 | 155,382 | 657,002 | 6.3 |
| 61 to 90 | - - | 110,808 | 139,487 | 60,435 | 38,318 | 29,941 | 26,247 | 132,018 | 537,254 | 5.2 |
| 91 to 180 | - - | 248,070 | 333,221 | 159,702 | 105,194 | 81,984 | 72,007 | 362,458 | 1,362,636 | 13.1 |
| 181 to 360 | - - | 387,009 | 505,323 | 248,765 | 159,862 | 127,835 | 114,719 | 581,118 | 2,124,631 | 20.4 |
| More than 360 | - - | 926,251 | 1,112,914 | 646,600 | 431,957 | 393,210 | 281,398 | 1,264,447 | 5,056,777 | 48.4 |
| Past due installments (2) | - - | 453,320 | 941,673 | 713,523 | 551,589 | 526,243 | 532,486 | 3,531,597 | 7,250,431 | 100.0 |
| 1 to 14 | - - | 15,404 | 82,770 | 34,954 | 19,118 | 15,006 | 12,425 | 65,442 | 245,119 | 3.4 |
| 15 to 30 | - - | 395,770 | 252,798 | 87,233 | 36,748 | 24,714 | 19,818 | 110,742 | 927,823 | 12.8 |
| 31 to 60 | - - | 25,859 | 565,346 | 181,031 | 86,711 | 51,823 | 39,396 | 185,206 | 1,135,372 | 15.7 |
| 61 to 90 | - - | 16,287 | 20,916 | 392,568 | 117,772 | 73,006 | 54,859 | 243,273 | 918,681 | 12.7 |
| 91 to 180 | - - | - | 19,843 | 17,737 | 284,086 | 349,309 | 389,467 | 742,238 | 1,802,680 | 24.8 |
| 181 to 360 | - - | - | - | - | 7,154 | 12,385 | 16,521 | 1,974,777 | 2,010,837 | 27.7 |
| More than 360 | - - | - | - | - | - | - | - | 209,919 | 209,919 | 2.9 |
| Subtotal | - - | 2,401,332 | 3,414,220 | 1,976,177 | 1,377,984 | 1,230,861 | 1,089,915 | 6,182,646 | 17,673,135 | |
| Specific provision | - - | 24,013 | 102,427 | 197,617 | 413,396 | 615,431 | 762,940 | 6,182,646 | 8,298,470 | |

(1) Ratio between maturities and type of installments; and

(2) Operations maturing after 36 months have their past-due periods multiplied by two, as allowed by CMN Rule no. 2,682/99.

Notes to the Consolidated Financial Statements

| | Risk levels | | | | | | | |
|---|----------------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| | Performing loan operations | | | | | | | |
| | AA | A | B | C | D | E | F | G |
| Outstanding installments | 41,147,991 | 102,110,974 | 21,142,181 | 51,453,209 | 2,774,396 | 540,784 | 504,617 | 2,131,100 |
| 1 to 30 | 3,839,362 | 14,999,002 | 1,705,539 | 5,344,211 | 258,288 | 67,248 | 46,659 | 1,311,100 |
| 31 to 60 | 3,313,344 | 10,079,772 | 1,381,398 | 3,954,637 | 148,442 | 43,295 | 30,085 | 1,000,000 |
| 61 to 90 | 2,984,310 | 6,684,192 | 1,363,080 | 3,274,746 | 102,133 | 27,522 | 18,661 | 800,000 |
| 91 to 180 | 4,512,976 | 13,008,910 | 2,866,375 | 6,608,163 | 294,944 | 63,313 | 42,878 | 1,000,000 |
| 181 to 360 | 6,144,886 | 16,371,692 | 3,619,273 | 8,315,134 | 389,619 | 85,683 | 60,804 | 1,000,000 |
| More than 360 | 20,353,113 | 40,967,406 | 10,206,516 | 23,956,318 | 1,580,970 | 253,723 | 305,530 | 1,000,000 |
| Generic provision | - | 510,555 | 211,422 | 1,543,596 | 277,440 | 162,235 | 252,308 | 1,000,000 |
| Overall total on March 31, 2011 (2) | 41,147,991 | 102,110,974 | 23,543,513 | 54,867,429 | 4,750,573 | 1,918,768 | 1,735,478 | 1,311,100 |
| Existing provision | - | 512,065 | 239,709 | 2,831,119 | 1,257,691 | 927,218 | 1,164,418 | 1,311,100 |
| Minimum required provision | - | 510,555 | 235,435 | 1,646,023 | 475,057 | 575,631 | 867,739 | 900,000 |
| Excess provision | - | 1,510 | 4,274 | 1,185,096 | 782,634 | 351,587 | 296,679 | 411,100 |
| Overall total on December 31, 2010 (2) | 39,935,375 | 99,774,282 | 22,110,084 | 51,409,501 | 4,285,133 | 1,824,257 | 1,652,872 | 1,311,100 |
| Existing provision | - | 500,501 | 225,205 | 2,864,393 | 1,121,002 | 876,283 | 1,106,816 | 1,311,100 |
| Minimum required provision | - | 498,871 | 221,101 | 1,542,285 | 428,513 | 547,277 | 826,435 | 900,000 |
| Excess provision | - | 1,630 | 4,104 | 1,322,108 | 692,489 | 329,006 | 280,381 | 411,100 |
| Overall total on March 31, 2010 (2) | 31,457,209 | 89,384,330 | 21,247,711 | 38,895,060 | 3,961,348 | 1,787,581 | 1,745,041 | 1,311,100 |
| Existing provision | - | 568,508 | 226,361 | 2,373,311 | 1,045,904 | 857,719 | 1,171,629 | 1,311,100 |
| Minimum required provision | - | 446,920 | 212,477 | 1,166,851 | 396,135 | 536,274 | 872,521 | 1,000,000 |
| Excess provision | - | 121,588 | 13,884 | 1,206,460 | 649,769 | 321,445 | 299,108 | 311,100 |

(1) Ratio between maturities and types; and

(2) The overall total includes performing loan operations in the amount of R\$222,238,630 thousand (December 31, 2010 – R\$214,732,172 thousand and March 31, 2010 – R\$181,064,658 thousand) and non-performing loan operations of R\$17,673,135 thousand (December 31, 2010 – R\$15,881,805 thousand and March 31, 2010 – R\$17,042,157 thousand)

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

Notes to the Consolidated Financial Statements**d) Concentration of loan operations**

| | R\$ thousand | | | | | |
|-----------------------|--------------|------|-------------|------|------------|------|
| | 2011 | | 2010 | | | |
| | March 31 | % | December 31 | % | March 31 | % |
| Largest borrower | 2,320,839 | 1.0 | 2,687,550 | 1.2 | 2,328,998 | 1.2 |
| 10 largest borrowers | 12,644,447 | 5.3 | 13,072,697 | 5.7 | 12,441,160 | 6.3 |
| 20 largest borrowers | 19,731,269 | 8.2 | 20,477,156 | 8.9 | 18,876,402 | 9.5 |
| 50 largest borrowers | 33,014,477 | 13.8 | 32,483,992 | 14.1 | 29,905,508 | 15.1 |
| 100 largest borrowers | 42,363,261 | 17.7 | 41,284,361 | 17.9 | 37,913,430 | 19.1 |

e) By economic activity sector

| | R\$ thousand | | | | | |
|--|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | 2011 | | 2010 | | | |
| | March 31 | % | December 31 | % | March 31 | % |
| Public sector | 1,008,058 | 0.4 | 973,496 | 0.4 | 1,545,836 | 0.8 |
| Federal Government | 609,564 | 0.2 | 585,520 | 0.2 | 1,046,540 | 0.6 |
| Petrochemical | 598,343 | 0.2 | 571,976 | 0.2 | 1,012,311 | 0.6 |
| Financial intermediaries | 11,221 | - | 13,544 | - | 34,229 | - |
| State Government | 398,494 | 0.2 | 387,976 | 0.2 | 499,296 | 0.2 |
| Production and distribution of electricity | 398,494 | 0.2 | 387,976 | 0.2 | 499,296 | 0.2 |
| Private sector | 238,903,707 | 99.6 | 229,640,481 | 99.6 | 196,560,979 | 99.2 |
| Manufacturing | 46,561,663 | 19.4 | 45,268,088 | 19.5 | 39,351,328 | 19.9 |
| Food products and beverages | 11,880,625 | 5.0 | 11,276,005 | 4.9 | 10,615,070 | 5.4 |
| Steel, metallurgy and mechanics | 7,946,450 | 3.3 | 7,263,943 | 3.1 | 6,410,845 | 3.2 |
| Chemical | 4,202,933 | 1.7 | 4,706,105 | 2.0 | 4,277,893 | 2.2 |
| Pulp and paper | 3,025,499 | 1.3 | 3,115,730 | 1.4 | 2,341,076 | 1.2 |
| Textiles and apparel | 2,934,453 | 1.2 | 2,759,043 | 1.2 | 2,122,336 | 1.1 |
| Rubber and plastic articles | 2,412,092 | 1.0 | 2,312,310 | 1.0 | 1,999,239 | 1.0 |
| Light and heavy vehicles | 2,164,101 | 0.9 | 1,907,383 | 0.8 | 1,525,742 | 0.8 |
| Oil refining and production of alcohol | 2,150,942 | 0.9 | 2,137,583 | 0.9 | 2,040,310 | 1.0 |
| Electric and electronic products | 1,901,961 | 0.8 | 1,923,533 | 0.8 | 1,259,123 | 0.6 |
| Extraction of metallic and non-metallic ores | 1,700,383 | 0.7 | 1,788,928 | 0.8 | 1,778,908 | 0.9 |
| Furniture and wood products | 1,661,672 | 0.7 | 1,635,419 | 0.7 | 1,326,766 | 0.7 |

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| | | | | | | |
|--|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| Non-metallic materials | 1,373,244 | 0.6 | 1,277,490 | 0.6 | 1,012,428 | 0.5 |
| Automotive parts and accessories | 993,373 | 0.4 | 974,309 | 0.4 | 844,099 | 0.4 |
| Publishing, printing and reproduction | 590,803 | 0.2 | 565,256 | 0.2 | 423,772 | 0.2 |
| Leather articles | 527,081 | 0.2 | 555,662 | 0.2 | 458,614 | 0.2 |
| Other industries | 1,096,051 | 0.5 | 1,069,389 | 0.5 | 915,107 | 0.5 |
| Commerce | 37,809,367 | 15.7 | 34,518,955 | 15.0 | 27,003,722 | 13.6 |
| Merchandise in specialty stores | 9,616,061 | 4.0 | 8,392,430 | 3.6 | 7,052,297 | 3.6 |
| Food products, beverages and tobacco | 4,249,558 | 1.8 | 4,429,259 | 1.9 | 3,371,904 | 1.7 |
| Non-specialized retailer | 3,687,769 | 1.5 | 3,297,315 | 1.4 | 2,460,351 | 1.2 |
| Clothing and footwear | 3,339,685 | 1.4 | 2,792,636 | 1.2 | 1,854,531 | 0.9 |
| Automobile | 3,093,388 | 1.3 | 2,974,855 | 1.3 | 2,378,704 | 1.2 |
| Motor vehicle repairs, parts and accessories | 2,582,997 | 1.1 | 2,445,068 | 1.1 | 1,949,643 | 1.0 |
| Grooming and household articles | 2,317,831 | 0.9 | 2,201,599 | 1.0 | 1,673,090 | 0.8 |
| Waste and scrap | 1,651,279 | 0.7 | 1,600,659 | 0.7 | 1,322,063 | 0.7 |

Notes to the Consolidated Financial Statements

| | R\$ thousand | | | | | |
|---|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| | 2011 | | 2010 | | | |
| | March 31 | % | December 31 | % | March 31 | % |
| Fuel | 1,649,099 | 0.7 | 1,503,354 | 0.7 | 1,221,297 | 0.6 |
| Agricultural products | 1,628,063 | 0.7 | 1,170,560 | 0.5 | 791,080 | 0.4 |
| Trade intermediary | 1,447,770 | 0.6 | 1,276,445 | 0.6 | 1,061,298 | 0.5 |
| Wholesale of goods in general | 1,308,477 | 0.5 | 1,242,319 | 0.5 | 958,315 | 0.5 |
| Other commerce | 1,237,390 | 0.5 | 1,192,456 | 0.5 | 909,149 | 0.5 |
| Financial intermediaries | 715,810 | 0.3 | 565,607 | 0.3 | 787,821 | 0.4 |
| Services | 51,771,689 | 21.6 | 49,495,659 | 21.5 | 42,103,883 | 21.2 |
| Transportation and storage | 13,033,801 | 5.4 | 12,256,494 | 5.3 | 10,046,446 | 5.0 |
| Civil construction | 11,990,332 | 5.0 | 10,965,582 | 4.8 | 8,298,177 | 4.2 |
| Real estate activities, rentals and corporate services | 9,829,455 | 4.1 | 10,010,920 | 4.3 | 8,480,308 | 4.3 |
| Production and distribution of electric power, gas and water | 4,765,562 | 2.0 | 4,677,929 | 2.0 | 4,839,323 | 2.5 |
| Holding companies, legal, accounting and business advisory services | 2,422,068 | 1.0 | 2,346,211 | 1.0 | 2,294,610 | 1.2 |
| Hotels and catering | 1,966,105 | 0.8 | 1,853,957 | 0.8 | 1,484,747 | 0.7 |
| Social services, education, health, defense and social security | 1,898,113 | 0.8 | 1,900,715 | 0.8 | 1,600,175 | 0.8 |
| Clubs, leisure, cultural and sport activities | 1,481,353 | 0.6 | 1,352,937 | 0.6 | 1,116,442 | 0.6 |
| Telecommunications | 433,151 | 0.2 | 797,783 | 0.4 | 586,797 | 0.3 |
| Other services | 3,951,749 | 1.7 | 3,333,131 | 1.5 | 3,356,858 | 1.6 |
| Agriculture, cattle raising, fishing, forestry and timber industry | 3,307,018 | 1.4 | 2,907,753 | 1.3 | 2,584,978 | 1.3 |
| Individuals | 98,738,160 | 41.2 | 96,884,419 | 42.0 | 84,729,247 | 42.8 |
| Total | 239,911,765 | 100.0 | 230,613,977 | 100.0 | 198,106,815 | 100.0 |

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

Notes to the Consolidated Financial Statements**f) Breakdown of loan operations and allowance for loan losses**

| Risk level | Portfolio balance | | Non-performing loans | | Total | % | R\$ thousand | | |
|---|-------------------|-------------------|---|--------------------|--------------------|--------------|-------------------------|----------------------------|--------------------|
| | Past due | Outstanding | Total – non-Performing performing loans | Total | | | 2011 % March 31 YTD (2) | 2010 % December 31 YTD (2) | % March 31 YTD (2) |
| AA | - | - | - | 41,147,991 | 41,147,991 | 17.2 | 17.2 | 17.3 | 15.9 |
| A | - | - | - | 102,110,974 | 102,110,974 | 42.6 | 59.8 | 60.6 | 61.0 |
| B | 453,320 | 1,948,012 | 2,401,332 | 21,142,181 | 23,543,513 | 9.8 | 69.6 | 70.2 | 71.7 |
| C | 941,673 | 2,472,547 | 3,414,220 | 51,453,209 | 54,867,429 | 22.9 | 92.5 | 92.5 | 91.4 |
| Subtotal | 1,394,993 | 4,420,559 | 5,815,552 | 215,854,355 | 221,669,907 | 92.5 | | | |
| D | 713,523 | 1,262,654 | 1,976,177 | 2,774,396 | 4,750,573 | 2.0 | 94.5 | 94.4 | 93.4 |
| E | 551,589 | 826,395 | 1,377,984 | 540,784 | 1,918,768 | 0.8 | 95.3 | 95.2 | 94.3 |
| F | 526,243 | 704,618 | 1,230,861 | 504,617 | 1,735,478 | 0.6 | 95.9 | 95.8 | 95.2 |
| G | 532,486 | 557,429 | 1,089,915 | 277,830 | 1,367,745 | 0.6 | 96.5 | 96.4 | 95.9 |
| H | 3,531,597 | 2,651,049 | 6,182,646 | 2,286,648 | 8,469,294 | 3.5 | 100.0 | 100.0 | 100.0 |
| Subtotal | 5,855,438 | 6,002,145 | 11,857,583 | 6,384,275 | 18,241,858 | 7.5 | | | |
| Overall total on March 31, 2011 | 7,250,431 | 10,422,704 | 17,673,135 | 222,238,630 | 239,911,765 | 100.0 | | | |
| % | 3.0 | 4.4 | 7.4 | 92.6 | 100.0 | | | | |
| Overall total on December 31, 2010 | 6,521,764 | 9,360,041 | 15,881,805 | 214,732,172 | 230,613,977 | | | | |
| % | 2.8 | 4.1 | 6.9 | 93.1 | 100.0 | | | | |
| Overall total on March 31, 2010 | 6,691,337 | 10,350,820 | 17,042,157 | 181,064,658 | 198,106,815 | | | | |
| % | 3.4 | 5.2 | 8.6 | 91.4 | 100.0 | | | | |

(1) Ratio between risk level and total portfolio; and

(2) Accumulated ratio between risk level and total portfolio.

Notes to the Consolidated Financial Statements

| Risk level | Allowance | | Minimum required Specific | Total specific | Generic | Total | Additional Existing | | 2011 % March 31 YTD (1) | 2010 % December 31 YTD |
|---|----------------------------|------------------|---------------------------|------------------|------------------|-------------------|---------------------|-------------------|-------------------------|------------------------|
| | Minimum required provision | Past due | | | | | Outstanding | Existing | | |
| AA | - | - | - | - | - | - | - | - | - | - |
| A | 0.5 | - | - | - | 510,555 | 510,555 | 1,510 | 512,065 | 0.5 | |
| B | 1.0 | 4,533 | 19,480 | 24,013 | 211,422 | 235,435 | 4,274 | 239,709 | 1.0 | |
| C | 3.0 | 28,250 | 74,177 | 102,427 | 1,543,596 | 1,646,023 | 1,185,096 | 2,831,119 | 5.2 | |
| Subtotal | | 32,783 | 93,657 | 126,440 | 2,265,573 | 2,392,013 | 1,190,880 | 3,582,893 | 1.6 | |
| D | 10.0 | 71,352 | 126,265 | 197,617 | 277,440 | 475,057 | 782,634 | 1,257,691 | 26.5 | |
| E | 30.0 | 165,477 | 247,919 | 413,396 | 162,235 | 575,631 | 351,587 | 927,218 | 48.3 | |
| F | 50.0 | 263,122 | 352,309 | 615,431 | 252,308 | 867,739 | 296,679 | 1,164,418 | 67.1 | |
| G | 70.0 | 372,740 | 390,200 | 762,940 | 194,481 | 957,421 | 381,123 | 1,338,544 | 97.9 | |
| H | 100.0 | 3,531,597 | 2,651,049 | 6,182,646 | 2,286,648 | 8,469,294 | - | 8,469,294 | 100.0 | |
| Subtotal | | 4,404,288 | 3,767,742 | 8,172,030 | 3,173,112 | 11,345,142 | 1,812,023 | 13,157,165 | 72.1 | |
| Overall total on March 31, 2011 | | 4,437,071 | 3,861,399 | 8,298,470 | 5,438,685 | 13,737,155 | 3,002,903 | 16,740,058 | 7.0 | |
| % | | 26.5 | 23.1 | 49.6 | 32.5 | 82.1 | 17.9 | 100.0 | | |
| Overall total on December 31, 2010 | | 4,228,196 | 3,670,131 | 7,898,327 | 5,389,925 | 13,288,252 | 3,001,419 | 16,289,671 | | |
| % | | 26.0 | 22.5 | 48.5 | 33.1 | 81.6 | 18.4 | 100.0 | | |
| Overall total on March 31, 2010 | | 4,305,352 | 3,924,718 | 8,230,070 | 4,600,769 | 12,830,839 | 3,004,968 | 15,835,807 | | |
| % | | 27.2 | 24.8 | 52.0 | 29.0 | 81.0 | 19.0 | 100.0 | | |

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

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

Notes to the Consolidated Financial Statements**g) Breakdown of allowance for loan losses**

| | R\$ thousand | | |
|--------------------------|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Opening balance | 16,289,671 | 16,018,740 | 16,313,243 |
| - Specific provision (1) | 7,898,327 | 7,894,836 | 8,886,147 |
| - Generic provision (2) | 5,389,925 | 5,121,758 | 4,424,421 |
| - Excess provision (3) | 3,001,419 | 3,002,146 | 3,002,675 |
| Additions | 2,534,045 | 2,299,160 | 2,159,287 |
| Reductions | (2,083,658) | (2,028,229) | (2,636,723) |
| Closing balance | 16,740,058 | 16,289,671 | 15,835,807 |
| - Specific provision (1) | 8,298,470 | 7,898,327 | 8,230,070 |
| - Generic provision (2) | 5,438,685 | 5,389,925 | 4,600,769 |
| - Excess provision (3) | 3,002,903 | 3,001,419 | 3,004,968 |

(1) For operations with installments overdue for more than 14 days;

(2) Recorded based on the customer/transaction classification and, accordingly, not included in the preceding item; and

(3) The additional provision is recorded based on Management's experience and expected realization of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general credit risks, together with the provision calculated based on risk level ratings and the corresponding minimum percentage of provision established by CMN Resolution 2,682/99. The additional provision per customer was classified according to the corresponding risk levels (Note 10f);

h) ALL expenses net of amounts recovered

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

| | R\$ thousand | | |
|---|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Amount recorded | 2,534,045 | 2,299,160 | 2,159,287 |
| Amount recovered (1) | (613,490) | (722,402) | (508,119) |
| ALL expense net of amounts recovered | 1,920,555 | 1,576,758 | 1,651,168 |

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

i) Changes in renegotiated portfolio

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| | R\$ thousand | | |
|---------------------------------------|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Opening balance | 6,911,604 | 6,671,145 | 5,546,177 |
| Amount renegotiated | 1,672,867 | 1,559,880 | 1,132,877 |
| Amount received | (763,936) | (736,742) | (485,500) |
| Write-offs | (546,989) | (582,679) | (352,928) |
| Closing balance | 7,273,546 | 6,911,604 | 5,840,626 |
| Allowance for loan losses | 4,582,520 | 4,341,572 | 3,665,188 |
| Percentage on renegotiation portfolio | 63.0% | 62.8% | 62.8% |

Notes to the Consolidated Financial Statements**j) Income on loan and leasing operations**

| | R\$ thousand | | |
|---|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Discounted trade receivables and loans | 7,184,960 | 6,976,623 | 5,781,000 |
| Financings | 2,426,774 | 2,323,003 | 1,899,641 |
| Agricultural and agribusiness loans | 276,512 | 296,824 | 270,791 |
| Subtotal | 9,888,246 | 9,596,450 | 7,951,432 |
| Recovery of credits charged-off as loss | 613,490 | 722,402 | 508,119 |
| Subtotal | 10,501,736 | 10,318,852 | 8,459,551 |
| Leasing net of expenses | 444,858 | 499,571 | 640,112 |
| Total | 10,946,594 | 10,818,423 | 9,099,663 |

11) OTHER RECEIVABLES**a) Foreign exchange portfolio****Balance sheet accounts**

| | R\$ thousand | | |
|---|-------------------|---------------------|------------------|
| | 2011 March 31 | 2010 December 31 | March 31 |
| Assets – other receivables | | | |
| Exchange purchases pending settlement | 10,984,526 | 6,702,693 | 7,921,683 |
| Foreign exchange acceptances and term documents in foreign currencies | - | - | 2,121 |
| Exchange sale receivables | 5,590,026 | 2,936,816 | 2,467,032 |
| (-) Advances in local currency received | (415,051) | (255,129) | (528,962) |
| Income receivable on advances granted | 48,893 | 61,111 | 91,355 |
| Total | 16,208,394 | 9,445,491 | 9,953,229 |
| Liabilities – other liabilities | | | |
| Exchange sales pending settlement | 5,573,821 | 2,922,559 | 2,450,726 |
| Exchange purchase payables | 11,206,544 | 6,893,007 | 8,121,115 |
| (-) Advances on foreign exchange contracts | (5,727,656) | (4,188,998) | (5,125,949) |
| Other | 7,039 | 5,743 | 6,465 |
| Total | 11,059,748 | 5,632,311 | 5,452,357 |
| Net foreign exchange portfolio | 5,148,646 | 3,813,180 | 4,500,872 |

Memorandum accounts:

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| | | | |
|-------------------------------|-----------|-----------|-----------|
| - Loans available for imports | 1,570,061 | 1,465,018 | 1,315,406 |
| - Confirmed exports loans | 35,360 | 36,271 | 71,684 |

Bradesco

149

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

Notes to the Consolidated Financial Statements**Foreign exchange results****Breakdown of foreign exchange transaction results adjusted to facilitate presentation**

| | R\$ thousand | | |
|---|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Foreign exchange operations result | 129,411 | 120,216 | 130,877 |
| Adjustments: | | | |
| - Income on foreign currency financing (1) | 5,103 | 4,161 | 19,419 |
| - Income on export financing (1) | 114,571 | 102,150 | 82,464 |
| - Income on foreign investments (2) | 152 | (749) | 46,518 |
| - Expenses of liabilities with foreign bankers (3) (Note 17c) | (2,955) | (8,369) | (158,341) |
| - Funding expenses (4) | (71,059) | (64,674) | (57,034) |
| - Other | (56,209) | (35,945) | 45,439 |
| Total adjustments | (10,397) | (3,426) | (21,535) |
| Adjusted foreign exchange operations result | 119,014 | 116,790 | 109,342 |

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

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

(3) Related to funds for financing advances on foreign exchange contracts and import financing, classified in item "Borrowing and onlending expenses;" and

(4) Refer to funding expenses of investments on foreign exchange transactions.

b) Sundry

| | R\$ thousand | | |
|--|------------------|---------------------|------------|
| | 2011 March 31 | 2010 December 31 | March 31 |
| Tax credits (Note 34c) | 18,419,399 | 17,447,015 | 16,557,045 |
| Credit card operations | 11,954,872 | 13,392,247 | 10,569,918 |
| Borrowers by escrow deposits | 7,858,796 | 7,545,693 | 6,609,519 |
| Prepaid taxes | 1,493,252 | 1,802,731 | 2,072,017 |
| Sundry borrowers | 2,023,793 | 1,763,707 | 1,675,178 |
| Trade and credit receivables (1) | 1,614,387 | 1,969,457 | 2,524,335 |
| Advances to <i>Fundo Garantidor de Crédito</i> | | | |
| (Deposit Guarantee Fund – FGC) | 487,096 | 532,761 | 669,757 |
| Payments to be reimbursed | 501,698 | 518,885 | 505,281 |
| Receivables from sale of assets | 69,542 | 71,397 | 67,691 |
| Other | 213,352 | 243,591 | 194,891 |

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| | | | |
|--------------|-------------------|-------------------|-------------------|
| Total | 44,636,187 | 45,287,484 | 41,445,632 |
|--------------|-------------------|-------------------|-------------------|

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

150 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements**12) OTHER ASSETS****a) Foreclosed assets/others**

| | Cost | Provision for losses | Residual value | | R\$ thousand |
|-------------------------------------|----------------|----------------------|----------------|----------------|----------------|
| | | | 2011 | 2010 | |
| | | | March 31 | December 31 | March 31 |
| Real estate | 149,266 | (34,724) | 114,542 | 112,690 | 143,630 |
| Goods subject to special conditions | 57,495 | (57,495) | - | - | - |
| Vehicles and similar | 395,839 | (121,655) | 274,184 | 286,805 | 340,932 |
| Inventories/warehouse | 28,822 | - | 28,822 | 22,628 | 27,696 |
| Machinery and equipment | 19,465 | (9,081) | 10,384 | 11,495 | 5,843 |
| Others | 8,211 | (7,107) | 1,104 | 1,136 | 1,122 |
| Total on March 31, 2011 | 659,098 | (230,062) | 429,036 | | |
| Total on December 31, 2010 | 681,807 | (247,053) | | 434,754 | |
| Total on March 31, 2010 | 775,574 | (256,351) | | | 519,223 |

b) Prepaid expenses

| | R\$ thousand | | | |
|--|--------------|------------------|------------------|------------------|
| | 2011 | 2010 | | |
| | March 31 | December 31 | March 31 | |
| Commission on the placement of financing (1) | | 675,777 | 603,957 | 755,959 |
| Insurance selling expenses (2) | | 481,478 | 476,082 | 401,743 |
| Advertising and publicity expenses (3) | | 91,492 | 65,406 | 68,636 |
| Other | | 149,481 | 127,951 | 182,248 |
| Total | | 1,398,228 | 1,273,396 | 1,408,586 |

(1) Commissions paid to storeowners and car dealers;

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

(3) Prepaid future advertising and marketing expenses.

13) INVESTMENTS**a) Changes in investments in the consolidated financial statements**

| | R\$ thousand |
|-------------------|--------------|
| Affiliates | |

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| | 2011 | 2010 | |
|-------------------------------------|------------------|------------------|------------------|
| | March 31 | December 31 | March 31 |
| - IRB-Brasil Resseguros S.A. | 444,682 | 453,109 | 427,214 |
| - Integritas Participações S.A. | 444,806 | 431,894 | 419,564 |
| - Serasa S.A. | 83,634 | 86,558 | 86,434 |
| - BES Investimento do Brasil S.A. | 95,612 | 94,543 | 84,931 |
| - Other | 82,566 | 87,233 | 37,421 |
| Total in affiliates | 1,151,300 | 1,153,337 | 1,055,564 |
| - Tax incentives | 240,089 | 240,089 | 260,448 |
| - Other investments | 546,425 | 446,490 | 501,686 |
| Provision for: | | | |
| - Tax incentives | (213,252) | (213,252) | (231,074) |
| - Other investments | (49,874) | (49,874) | (49,937) |
| Overall total of investments | 1,674,688 | 1,576,790 | 1,536,687 |

Bradesco

151

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

Notes to the Consolidated Financial Statements

b) The adjustments resulting from the equity accounting for investments were recorded in income accounts, under "Equity in the Earnings (losses) of Unconsolidated Companies" and corresponded to R\$34,188 thousand in the first quarter of 2011 (R\$60,562 thousand in the fourth quarter of 2010 and R\$28,755 thousand in the first quarter of 2010).

| Companies | Capital stock | Adjusted shareholders' equity | Number of shares/quotas held (thousands) | | Consolidated ownership on capital stock | Adjusted net income | Equity Adjustments | | |
|--|---------------|-------------------------------|--|-----------|---|---------------------|------------------------------|------------------------------|---------------|
| | | | Common | Preferred | | | 2011 1 st Quarter | 2010 4 th Quarter | |
| IRB-Brasil Resseguros S.A. (2) | 1,350,000 | 2,093,606 | - | 212 | 21.24% | 127,589 | 27,100 | | |
| BES Investimento do Brasil S.A. – Banco de Investimento (2) | 320,000 | 478,060 | 10,745 | 10,745 | 20.00% | 17,895 | 3,579 | | |
| Serasa S.A. (2) | 145,000 | 1,012,518 | 909 | - | 8.26% | 43,075 | 3,558 | | |
| Integritas Participações S.A.(2) | 57,406 | 619,507 | 22,581 | - | 22.32% | (220) | (49) | | |
| Equity in the earnings (losses) of unconsolidated companies | | | | | | | | | 34,188 |

(1) Equity adjustments comprise participation in the results recorded by the companies as from their acquisition and include equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting practices, when applicable; and

(2) Based on out-of-date financial information.

Notes to the Consolidated Financial Statements**14) PREMISES AND EQUIPMENT AND LEASED ASSETS**

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

| | Annual rate | Cost | Depreciation | Residual value | | | R\$ thousand |
|--|-------------|------------------|--------------------|------------------|------------------|------------------|--------------|
| | | | | 2011 | 2010 | | |
| | | | | March 31 | December 31 | March 31 | |
| Premises and equipment: | | | | | | | |
| - Buildings | 4% | 767,653 | (353,584) | 414,069 | 419,315 | 298,840 | |
| - Land | - | 345,890 | - | 345,890 | 345,469 | 346,214 | |
| Facilities, furniture and equipment in use | 10% | 3,643,277 | (2,075,738) | 1,567,539 | 1,583,096 | 1,434,450 | |
| Security and communication systems | 10% | 210,867 | (129,637) | 81,230 | 81,647 | 75,045 | |
| Data processing systems | 20 to 50% | 1,774,827 | (1,177,915) | 596,912 | 674,089 | 479,165 | |
| Transportation systems | 20% | 36,025 | (23,571) | 12,454 | 13,396 | 14,447 | |
| Financing lease of data processing systems | 20 to 50% | 2,169,230 | (1,524,553) | 644,677 | 645,058 | 587,772 | |
| Subtotal | | 8,947,769 | (5,284,998) | 3,662,771 | 3,762,070 | 3,235,933 | |
| Leased assets | | 13,231 | (10,232) | 2,999 | 4,061 | 8,334 | |
| Total on March 31, 2011 | | 8,961,000 | (5,295,230) | 3,665,770 | | | |
| Total on December 31, 2010 | | 8,869,823 | (5,103,692) | | 3,766,131 | | |
| Total on March 31, 2010 | | 7,960,071 | (4,715,804) | | | 3,244,267 | |

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

Notes to the Consolidated Financial Statements

Bradesco Organization's premises and equipment present an unrecorded surplus value of R\$2,567,678 thousand (December 31, 2010 – R\$2,220,792 thousand and March 31, 2010 – R\$1,886,949 thousand), which results in large part from the increase in their market price, based on appraisal reports prepared by independent experts in 2011, 2010 and 2009.

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

The fixed asset to reference shareholders' equity ratio in the "economic-financial consolidated" is 17.41% (December 31, 2010 – 18.14% and March 31, 2010 – 19.85%), and in the "financial consolidated" is 47.74% (December 31, 2010 – 49.71% and March 31, 2010 – 45.06%), whereas the maximum limit is 50%.

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

15) INTANGIBLE ASSETS

a) Goodwill

Goodwill from investment acquisitions amounted to R\$2,980,243 thousand, net of accrued amortization, when applicable, of which: (i) R\$509,666 thousand represents the difference between book value and market value of shares recorded in Permanent Assets – Investments (BM&FBovespa and Integritas/Fleury shares), to be amortized upon their realization; and (ii) R\$2,470,577 thousand representing future profitability/client portfolio, which is amortized over twenty years, net of accrued amortization, when applicable.

In the first quarter of 2011, goodwill amortization totaled R\$65,735 thousand (R\$66,513 thousand in the fourth quarter of 2010 and R\$58,873 thousand in the first quarter of 2010) (Note 29).

Notes to the Consolidated Financial Statements**b) Intangible assets**

Acquired intangible assets comprise:

| | Amortization rate (1) | Cost | Amortization | Residual value | | |
|---|-----------------------|-------------------|--------------------|------------------|------------------|------------------|
| | | | | 2011 | 2010 | |
| | | | | March 31 | December 31 | March 31 |
| Acquisition of banking services rights | Contract (4) | 3,738,743 | (1,910,802) | 1,827,941 | 1,909,831 | 1,504,056 |
| Software (2) | 20% to 50% | 4,414,105 | (2,303,908) | 2,110,197 | 1,992,843 | 1,669,714 |
| Future profitability/client portfolio (3) | Up to 20% | 2,916,276 | (445,699) | 2,470,577 | 2,416,496 | 1,933,533 |
| Other | 20% | 103,957 | (65,472) | 38,485 | 39,981 | 28,266 |
| Total on March 31, 2011 | | 11,173,081 | (4,725,881) | 6,447,200 | | |
| Total on December 31, 2010 | | 10,771,479 | (4,412,328) | | 6,359,151 | |
| Total on March 31, 2010 | | 8,674,765 | (3,539,196) | | | 5,135,569 |

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

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

(3) Mainly composed by goodwill on the acquisition of interest in Banco Ibi - R\$994,876 thousand, Odontoprev - R\$370,538 thousand, Ágora Corretora - R\$237,582 thousand, Ibi México - R\$25,929 thousand, Europ Assistance Serviços de Assistência Personalizados - R\$24,828 thousand, CBSS – Cia. Brasileira de Soluções e Serviços - R\$180,572 thousand and Cielo S.A. - R\$408,014 thousand, net of accrued amortization, when applicable; and

(4) Based on each pay-back agreement.

Expenses with research and development of systems totaled R\$40,187 thousand in the first quarter of 2011 (R\$41,078 thousand in the fourth quarter of 2010 and R\$35,693 thousand in the first quarter of 2010).

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

Notes to the Consolidated Financial Statements**c) Change in intangible assets by type**

| | R\$ thousand | | | | |
|-------------------------------------|---------------------------------------|------------------|---------------------------------------|---------------|------------------|
| | Acquisition of banking service rights | Software | Future profitability/client portfolio | Other | Total |
| Balance on December 31, 2010 | 1,909,831 | 1,992,843 | 2,416,496 | 39,981 | 6,359,151 |
| Additions/reductions | 75,044 | 225,776 | 119,816 | 3,412 | 424,048 |
| Amortization for the period | (156,934) | (108,422) | (65,735) | (4,908) | (335,999) |
| Balance on March 31, 2011 | 1,827,941 | 2,110,197 | 2,470,577 | 38,485 | 6,447,200 |

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

| | R\$ thousand | | | | | | |
|---|-------------------------|-------------------|--------------------|-----------------------|--------------------|------------------------|--------------------|
| | 2011 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | 2010 December 31 | March 31 |
| •Demand deposits (1) | 31,777,641 | - | - | - | 31,777,641 | 36,224,557 | 31,590,287 |
| •Savings deposits (1) | 54,624,988 | - | - | - | 54,624,988 | 53,435,652 | 45,194,691 |
| •Interbank deposits | 32,345 | 117,624 | 77,231 | 25,049 | 252,249 | 275,444 | 365,758 |
| •Time deposits (2) | 8,014,398 | 10,577,590 | 21,465,699 | 75,996,825 | 116,054,512 | 102,157,731 | 92,576,685 |
| •Other – investment deposits (1) | 1,113,049 | - | - | - | 1,113,049 | 1,107,215 | 994,252 |
| Overall total on March 31, 2011 | 95,562,421 | 10,695,214 | 21,542,930 | 76,021,874 | 203,822,439 | | |
| % | 46.9 | 5.2 | 10.6 | 37.3 | 100.0 | | |
| Overall total on December 31, 2010 | 97,242,257 | 7,533,178 | 20,819,624 | 67,605,540 | | 193,200,599 | |
| % | 50.3 | 3.9 | 10.8 | 35.0 | | 100.0 | |
| Overall total on March 31, 2010 | 83,320,280 | 11,141,547 | 9,396,169 | 66,863,677 | | | 170,721,673 |
| % | 48.8 | 6.5 | 5.5 | 39.2 | | | 100.0 |

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

(2) Considers the maturities established in investments.

Notes to the Consolidated Financial Statements**b) Federal funds purchased and securities sold under agreements to repurchase**

| | 2011 | | | | | 2010 | | R\$ thousand |
|---|--------------------|-------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 | |
| Own portfolio | 71,520,463 | 6,854,678 | 5,990,412 | 36,409,145 | 120,774,698 | 119,486,995 | 60,493,645 | |
| •Government securities | 66,735,051 | 318,474 | 337,933 | 427,730 | 67,819,188 | 69,373,887 | 18,846,891 | |
| •Debentures of own issuance | 2,765,448 | 4,857,678 | 5,316,941 | 35,411,355 | 48,351,422 | 46,040,178 | 40,789,793 | |
| •Foreign | 2,019,964 | 1,678,526 | 335,538 | 570,060 | 4,604,088 | 4,072,930 | 856,961 | |
| Third-party portfolio (1) | 50,793,391 | - | - | - | 50,793,391 | 44,084,563 | 66,823,881 | |
| Unrestricted portfolio (1) | - | 7,385,043 | 20,067 | 15,582 | 7,420,692 | 7,925,602 | 854,449 | |
| Overall total on March 31, 2011 (2) | 122,313,854 | 14,239,721 | 6,010,479 | 36,424,727 | 178,988,781 | | | |
| % | 68.3 | 8.0 | 3.3 | 20.4 | 100.0 | | | |
| Overall total on December 31, 2010 (2) | 115,794,642 | 14,174,646 | 6,917,135 | 34,610,737 | | 171,497,160 | | |
| % | 67.5 | 8.3 | 4.0 | 20.2 | | 100.0 | | |
| Overall total on March 31, 2010 (2) | 84,307,565 | 6,604,654 | 7,348,736 | 29,911,020 | | | 128,171,975 | |
| % | 65.8 | 5.2 | 5.7 | 23.3 | | | 100.0 | |

(1) Represented by government securities; and

(2) Includes R\$40,961,895 thousand (December 31, 2010 - R\$30,850,727 thousand and March 31, 2010 – R\$26,064,243 thousand) of investment funds in purchase and sale commitments with Bradesco, whose quotaholders are subsidiaries included in the consolidated financial statements (Notes 8a, b, c and d).

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

Notes to the Consolidated Financial Statements**c) Funds from issuance of securities**

| | 2011 | | | | 2010 | | | R\$ thousand |
|---|----------------|------------------|------------------|--------------------|-------------------|-------------------|------------------|--------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 | |
| Securities - domestic: | | | | | | | | |
| - Mortgage bonds | 60,682 | 552,540 | 678,060 | 2,742 | 1,294,024 | 1,277,455 | 995,509 | |
| - Letters of credit for real estate | 172,349 | 531,950 | 464,488 | 28,503 | 1,197,290 | 776,787 | 1,093 | |
| - Letters of credit for agribusiness | 104,996 | 774,848 | 926,637 | 9,193 | 1,815,674 | 1,699,710 | 1,463,240 | |
| - Financial bill | - | - | - | 11,521,193 | 11,521,193 | 7,819,882 | - | |
| - Debentures (1) | - | 763,323 | - | 224 | 763,547 | 743,127 | 756,015 | |
| Subtotal | 338,027 | 2,622,661 | 2,069,185 | 11,561,855 | 16,591,728 | 12,316,961 | 3,215,857 | |
| Securities - foreign: | | | | | | | | |
| - MTN Program Issues (2) | 6,874 | - | - | 1,628,700 | 1,635,574 | 1,682,930 | 1,337,120 | |
| - Securitization of future flow of money orders received from abroad (Note 16d) | 5,537 | 129,074 | 142,512 | 3,224,718 | 3,501,841 | 3,673,572 | 3,931,748 | |
| - Securitization of future flow of credit card bill receivables from cardholders resident abroad (Note 16d) | 272 | - | - | - | 272 | 23,466 | 94,434 | |
| - Issuance costs | - | - | - | (28,416) | (28,416) | (22,978) | (28,646) | |
| Subtotal | 12,683 | 129,074 | 142,512 | 4,825,002 | 5,109,271 | 5,356,990 | 5,334,656 | |
| Overall total on March 31, 2011 | 350,710 | 2,751,735 | 2,211,697 | 16,386,857 | 21,700,999 | | | |
| % | 1.6 | 12.7 | 10.2 | 75.5 | 100.0 | | | |
| Overall total on December 31, 2010 | 173,182 | 2,483,953 | 2,273,497 | 12,743,319 | | 17,673,951 | | |
| % | 1.0 | 14.0 | 12.9 | 72.1 | | 100.0 | | |
| Overall total on March 31, 2010 | 172,806 | 1,153,387 | 1,734,092 | 5,490,228 | | | 8,550,513 | |
| % | 2.0 | 13.5 | 20.3 | 64.2 | | | 100.0 | |

(1) Refers to issuances of simple debentures not convertible into Bradesco Leasing S.A. Arrendamento Mercantil shares, maturing on May 1, 2011 with 104% of CDI remuneration; and

(2) Issuance of securities in the foreign market for costumers' foreign exchange operations, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, substantially in the short term.

Notes to the Consolidated Financial Statements

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

(i) Current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent; and

(ii) Current and future flows of credit card receivables arising from expenditures in Brazil by holders of credit cards issued outside Brazil.

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

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

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

| | Date of Issue | Transaction amount | Maturity | R\$ thousand | | |
|--|--------------------------|--------------------|--------------------------|------------------|------------------|------------------|
| | | | | Total | | March 31 |
| | | | | 2011 | 2010 | |
| | | | | March 31 | December 31 | March 31 |
| | 8.20.2003 | 595,262 | 8.20.2010 ⁽¹⁾ | - | - | 20,403 |
| | 7.28.2004 | 305,400 | 8.20.2012 | 38,786 | 46,299 | 70,467 |
| | 6.11.2007 | 481,550 | 5.20.2014 | 305,569 | 338,179 | 444,691 |
| | 6.11.2007 | 481,550 | 5.20.2014 | 304,956 | 337,991 | 444,775 |
| | 12.20.2007 | 354,260 | 11.20.2014 | 227,698 | 249,570 | 320,176 |
| | 12.20.2007 | 354,260 | 11.20.2014 | 227,698 | 249,570 | 320,176 |
| Securitization of future flow of money orders received from abroad | 3.6.2008 | 836,000 | 5.22.2017 ⁽²⁾ | 813,412 | 831,993 | 889,433 |
| | 12.19.2008 | 1,168,500 | 2.20.2019 ⁽³⁾ | 813,128 | 831,752 | 889,926 |
| | 3.20.2009 | 225,590 | 2.20.2015 ⁽⁴⁾ | - | - | 177,439 |
| | 12.17.2009 | 133,673 | 11.20.2014 | 121,808 | 124,584 | 133,208 |
| | 12.17.2009 | 133,673 | 2.20.2017 | 121,304 | 124,097 | 132,647 |
| | 12.17.2009 | 89,115 | 2.20.2020 | 80,847 | 82,708 | 88,407 |
| | 8.20.2010 ⁽⁵⁾ | 307,948 | 8.21.2017 | 284,212 | 290,684 | - |
| | 9.29.2010 ⁽⁶⁾ | 170,530 | 8.21.2017 | 162,423 | 166,145 | - |
| Total | | 5,637,311 | | 3,501,841 | 3,673,572 | 3,931,748 |
| Securitization of future flow of credit card bill receivables from cardholders resident abroad | 7.10.2003 | 800,818 | 6.15.2011 | 272 | 23,466 | 94,434 |
| Total | | 800,818 | | 272 | 23,466 | 94,434 |

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- (1) Security settled on August 20, 2010;
- (2) The maturity date was postponed from May 20, 2015 to May 22, 2017;
- (3) The maturity date was postponed from February 20, 2015 to February 22, 2016 and from February 22, 2016 to February 20, 2019;
- (4) Security presettled on August 20, 2010;
- (5) New issuance of securities abroad due on August 21, 2017 in the amount of US\$175,000; and
- (6) New issuance of securities abroad due on August 21, 2017 in the amount of US\$100,000.

Bradesco

159

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

Notes to the Consolidated Financial Statements

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

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Savings deposits | 878,542 | 816,552 | 642,672 |
| Time deposits | 3,104,382 | 2,840,185 | 2,187,333 |
| Federal funds purchased and securities sold under agreements to repurchase | 4,529,373 | 4,104,383 | 2,417,849 |
| Funds from issuance of securities | 499,880 | 344,678 | 177,798 |
| Other funding expenses | 88,650 | 90,025 | 85,823 |
| Subtotal | 9,100,827 | 8,195,823 | 5,511,475 |
| Expenses for monetary restatement and interest on technical provisions from insurance, private pension plans and savings bonds | 1,703,001 | 1,754,206 | 1,493,549 |
| Total | 10,803,828 | 9,950,029 | 7,005,024 |

160 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements**17) BORROWING AND ONLENDING****a) Borrowing**

| | 2011 | | | | March 31 | 2010 | | R\$ thousand |
|---|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|--------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 | |
| Foreign | 1,029,848 | 5,226,114 | 2,559,738 | 876,005 | 9,691,705 | 7,989,907 | 8,593,553 | |
| Overall total on March 31, 2011 | 1,029,848 | 5,226,114 | 2,559,738 | 876,005 | 9,691,705 | | | |
| % | 10.7 | 53.9 | 26.4 | 9.0 | 100.0 | | | |
| Overall total on December 31, 2010 | 817,959 | 4,188,363 | 2,223,125 | 760,460 | | 7,989,907 | | |
| % | 10.3 | 52.4 | 27.8 | 9.5 | | 100.0 | | |
| Overall total on March 31, 2010 | 1,096,670 | 4,301,083 | 2,425,535 | 770,265 | | | 8,593,553 | |
| % | 12.7 | 50.1 | 28.2 | 9.0 | | | 100.0 | |

b) Onlending

| | 2011 | | | | March 31 | 2010 | | R\$ thousand |
|---|------------------|------------------|------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | March 31 | December 31 | March 31 | |
| Local | 1,149,726 | 3,704,082 | 4,892,731 | 22,048,843 | 31,795,382 | 30,200,655 | 21,130,367 | |
| - National Treasury | - | - | 35,016 | - | 35,016 | 36,660 | 62,143 | |
| - BNDES | 352,293 | 1,253,621 | 2,123,720 | 8,247,719 | 11,977,353 | 11,759,333 | 8,336,070 | |
| - CEF | 1,905 | 8,432 | 10,119 | 66,421 | 86,877 | 86,344 | 88,922 | |
| - FINAME | 795,528 | 2,442,029 | 2,723,876 | 13,734,079 | 19,695,512 | 18,317,697 | 12,642,581 | |
| - Other institutions | - | - | - | 624 | 624 | 621 | 651 | |
| Foreign | 13,551 | - | - | - | 13,551 | 5,663 | 483,824 | |
| Overall total on March 31, 2011 | 1,163,277 | 3,704,082 | 4,892,731 | 22,048,843 | 31,808,933 | | | |
| % | 3.7 | 11.6 | 15.4 | 69.3 | 100.0 | | | |
| Overall total on December 31, 2010 | 1,025,013 | 3,517,218 | 4,792,032 | 20,872,055 | | 30,206,318 | | |
| % | 3.4 | 11.6 | 15.9 | 69.1 | | 100.0 | | |
| Overall total on March 31, 2010 | 1,048,948 | 2,625,928 | 3,580,223 | 14,359,092 | | | 21,614,191 | |
| % | 4.9 | 12.1 | 16.6 | 66.4 | | | 100.0 | |

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

Notes to the Consolidated Financial Statements**c) Borrowing and onlending expenses**

| | 2011 1 st Quarter | 2010 4 th Quarter | R\$ thousand 1 st Quarter |
|--|---------------------------------|---------------------------------|---|
| Borrowing: | | | |
| - Local | 1,023 | 662 | 468 |
| - Foreign | 18,229 | 16,833 | 14,643 |
| Subtotal borrowing | 19,252 | 17,495 | 15,111 |
| Local onlending: | | | |
| - National Treasury | 179 | 305 | 1,337 |
| - BNDES | 181,927 | 175,221 | 138,952 |
| - CEF | 1,749 | 1,762 | 1,357 |
| - FINAME | 222,398 | 202,062 | 192,748 |
| - Other institutions | 5 | 44 | 59 |
| Foreign onlending: | | | |
| - Payables to foreign bankers (Note 11a) | 2,955 | 8,369 | 158,341 |
| - Other expenses with foreign onlending | (443,825) | (202,367) | (26,446) |
| Subtotal onlending | (34,612) | 185,396 | 466,348 |
| Total | (15,360) | 202,891 | 481,459 |

18)

CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY**a) Contingent assets**

Contingent assets are not recognized in the financial statements, although there are ongoing proceedings with good prospects of success, such: as a) Social Integration Program (PIS), claiming the compensation of PIS on the Gross Operating Revenue, paid pursuant to Decree Laws 2,445/88 and 2,449/88, over the amount due under the terms of the Supplementary Law 07/70 (PIS Repique); and b) other taxes, the legality and/or constitutionality of which is in question and may lead to the reimbursement of amounts collected.

During the quarter, some of the proceedings showed progress that may result in favorable conditions for the recognition of the respective assets over the year.

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

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

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

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

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

Notes to the Consolidated Financial Statements

I - Labor claims

These are claims brought by former employees seeking indemnity, especially for unpaid overtime. In proceedings requiring judicial deposit, the amount of labor claims is recorded considering the effective perspective of loss of these deposits. For other proceedings, the provision is recorded based on the average of total payments made for claims settled in the last 12 months, considering the year of the judicial ruling.

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

II - Civil claims

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

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

It is worth noting the increase in legal claims pleading the incidence of inflation rates which were excluded from the monetary restatement of savings accounts balances due to Government Economic Plans which were part of the Government economic policy to reduce inflation in the past. Although the Bank complied with the legal requirements in force at the time, these lawsuits have been provisioned taking into consideration claims effectively notified and their assessed loss perspectives, taking into consideration the current judicial decision of the Superior Court of Justice (STJ).

Regarding the disputes related to Economic Plans, it is worth noting two aspects: a) the inexistence of potential representative liability, given the right to new suits is barred; and b) the "APDF"/165 lawsuit (failure to comply with fundamental concepts) brought by the National Confederation of the Financial System (CONSIF), with a view to suspending all the pending lawsuits about economic plans is pending judgment by the Federal Supreme Court (STF).

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

Notes to the Consolidated Financial Statements**III - Legal liabilities – provision for tax risks**

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

The main issues are:

- Cofins – R\$5,230,061 thousand: a request for authorization to calculate and pay Cofins, as of October 2005, on the effective income, whose concept is in Article 2 of Supplementary Law 70/91, removing the unconstitutional increase in the calculation basis introduced by paragraph 1 of Article 3 of Law 9,718/98;

- INSS Autonomous Brokers – R\$881,715 thousand: it questions the incidence of social security contribution on remunerations paid to autonomous service providers, established by Supplementary Law 84/96 and subsequent regulations/amendments, at the rate of 20% and additional of 2.5%, under the argument that services are not provided to insurance companies, but to policyholders, thus being outside the incidence of the contribution provided for in item I, Article 22, of Law 8,212/91, with new wording given in Law 9,876/99;

- IRPJ/Loan Losses – R\$753,097 thousand: it requests authorization to deduct, for purposes of determination of the calculation basis of IRPJ and CSLL, the amount of effective and definite loan losses, total or partial, suffered in the reference years from 1997 to 2010, regardless of the compliance with the conditions and terms provided for in Articles 9 to 14 of Law 9,430/96 that only apply to temporary losses;

- CSLL – Deductibility on the IRPJ calculation basis – R\$574,506 thousand: it requests to calculate and pay income tax due, related to the reference year of 1997 and on, without adding the CSLL to the respective calculation basis, set forth by Article 1, of Law 9,316/96, since this contribution represents an effective, necessary and mandatory expense to the Company; and

- PIS – R\$284,428 thousand: it requests the authorization to offset amounts overpaid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the amount above the calculation basis laid down in the Constitution, i.e., gross operating revenue, as defined in the income tax legislation – concept in Article 44 of Law 4,506/64, not including interest income.

IV - Provisions by nature

| | R\$ thousand | | |
|-----------------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Labor claims | 1,630,771 | 1,580,811 | 1,599,215 |
| Civil claims | 2,731,484 | 2,664,436 | 2,385,667 |
| Subtotal (1) | 4,362,255 | 4,245,247 | 3,984,882 |
| Provision for tax risks (2) | 9,714,175 | 9,234,533 | 7,902,499 |
| Total | 14,076,430 | 13,479,780 | 11,887,381 |

(1) Note 20b; and

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

Notes to the Consolidated Financial Statements**V - Changes in provisions**

| | R\$ thousand | | |
|---|------------------|------------------|------------------|
| | 2011 | | |
| | Labor | Civil | Tax (1) |
| Balance at the beginning of the period | 1,580,811 | 2,664,436 | 9,234,533 |
| Monetary restatement | 45,879 | 87,733 | 179,791 |
| Net reversals and write-offs | 108,944 | 94,920 | 332,929 |
| Payments | (104,863) | (115,605) | (33,078) |
| Balance at the end of the period | 1,630,771 | 2,731,484 | 9,714,175 |

(1) Comprises, substantially, legal liabilities.

c) Contingent liabilities classified as possible losses

The Bradesco Organization maintains a system to monitor all administrative and judicial proceedings in which the institution is plaintiff or defendant and, based on the opinion of legal advisors, classifies the lawsuits according to the expectation of loss. The trends of administrative and judicial proceedings are periodically analyzed and, if necessary, the related risks are reclassified. In this context the contingent proceedings evaluated as having the risk of possible loss are not recognized in the financial statements. The main proceedings with this classification are: a) leasing companies' Tax on Services of any Nature (ISSQN), the total processes of which correspond to R\$247,608 thousand. In this lawsuit, the demand of tax by municipalities other than those where the companies are located and from which the tax is collected in compliance with the law is discussed when recording tax credit; b) Social Security (INSS) on transfers to private pension plans, considered for purposes of oversight as compensation subject to INSS in the amount of R\$236,957 thousand, in addition to a one-time fine for the failure to pay Withholding Income Tax on said compensation in the amount of R\$144,003 thousand; and c) Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on losses that were allegedly used improperly in the assessment of taxable income and in the calculation basis of CSLL, related to the receipt of financial credits set forth in articles 9 and 10 of Law 9,430/96, in the amount of R\$228,796 thousand.

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

Notes to the Consolidated Financial Statements**19) SUBORDINATED DEBT**

| Maturity | Original term in years | Amount of the operation | Currency | Remuneration | R\$ thousand | | |
|------------------------------|---------------------------|----------------------------|----------|--|-------------------|------------------------|-------------------|
| | | | | | 2011 March 31 | 2010 December 31 | March 31 |
| In Brazil: | | | | | | | |
| Subordinated CDB | | | | | | | |
| 2011(5) | 5 | 1,623,000 R\$ | | 102.5% to 103.0% of CDI rate | 2,732,395 | 7,685,360 | 7,125,585 |
| 2012 | 5 | 3,236,273 R\$ | | 103.0% of CDI rate/ 100.0% of CDI rate + (0.344% p.a. to 0.4914%p.a.) / IPCA + (7.102% p.a. – 7.632% p.a.) | 4,720,571 | 4,588,559 | 4,246,795 |
| 2013 | 5 | 575,000 R\$ | | 100.0% of CDI rate + (0.344% p.a. – 1.0817% p.a.)/ IPCA + (7.74% p.a. – 8.20% p.a.) | 804,836 | 780,335 | 718,885 |
| 2014 | 6 | 1,000,000 R\$ | | 112.0% of CDI rate | 1,292,862 | 1,255,662 | 1,157,136 |
| 2015 | 6 | 1,274,696 R\$ | | 108.0% and 112.0% of CDI rate/ IPCA + (6.92% p.a. – 8.55% p.a.) | 1,604,085 | 1,537,777 | 1,396,840 |
| 2016 | 6 | 500 R\$ | | IPCA + (7.1292% p.a.) | 590 | 566 | 518 |
| 2012 | 10 | 1,569,751 R\$ | | 100.0% of DI rate – CETIP/ 100.0% of CDI rate + (0.75% p.a. – 0.87% p.a.)/ 101.0% to 102.5% of CDI rate | 5,305,554 | 5,164,452 | 4,788,267 |
| 2019 | 10 | 20,000 R\$ | | IPCA + (7.76% p.a.) | 24,845 | 23,828 | 21,698 |
| Financial Letters/other (3): | | | | | | | |
| 2011 to 2021 | up to 10 | 1,770,632 R\$ | | 100.0% to 112.0% of CDI rate | 1,801,219 | 33,269 | 2,416 |
| 2010 to 2012 (4) | up to 2 | - R\$ | | 9.43% p.a. rate | - | - | 228,646 |
| 2010 to 2017 | up to 7 | 192,293 R\$ | | IPCA + (6.7017% p.a. – 7.4240% p.a.) | 199,116 | 91,881 | - |
| 2010 to 2017 | up to 7 | 65,600 R\$ | | 13.0949% p.a. – 13.1762% p.a. rate | 68,755 | 22,668 | - |
| 2010 to 2021 | up to 11 | 53,144 R\$ | | IGPM + (6.3874% p.a. – 7.0670% p.a.) | 55,659 | 51,338 | - |
| Subtotal in Brazil | | | | | 18,610,487 | 21,235,695 | 19,686,786 |

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Abroad:

| | | | | | | |
|------------------------|----|----------------|------------------|-------------------|-------------------|-------------------|
| 2011 | 10 | 353,700 US\$ | 10.25% p.a. rate | 251,380 | 250,656 | 274,424 |
| 2012 (1) | 10 | 315,186 Yen | 4.05% p.a. rate | 349,480 | 366,237 | 248,230 |
| 2013 | 10 | 1,434,750 US\$ | 8.75% p.a. rate | 812,643 | 831,186 | 887,907 |
| 2014 | 10 | 801,927 Euro | 8.00% p.a. rate | 537,468 | 507,552 | 558,729 |
| Undetermined (2) | - | 720,870 US\$ | 8.875% p.a. rate | - | - | 537,988 |
| 2019 | 10 | 1,333,575 US\$ | 6.75% p.a. rate | 1,252,861 | 1,284,805 | 1,370,483 |
| 2021 (3) | 11 | 1,600,000 US\$ | 5.90% p.a. rate | 2,623,759 | 1,867,290 | - |
| Issuance costs | | | | (29,929) | (28,475) | (23,818) |
| Subtotal abroad | | | | 5,797,662 | 5,079,251 | 3,853,943 |
| Overall total | | | | 24,408,149 | 26,314,946 | 23,540,729 |

(1) Including the cost of swap to U.S. dollar, the rate increases to 10.15% p.a.;

(2) In June 2005, perpetual subordinated debt was issued in the amount of US\$300,000 thousand, with exclusive redemption option on the part of the issuer, in its totality and upon previous authorization of Bacen, under the following conditions: (i) after 5 years from the issuance date and subsequently on each date of interest maturity; and (ii) at any moment in the event of a change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and if the issuer is notified in writing by Bacen that the securities may no longer be included in the consolidated capital for capital adequacy ratio calculation purposes. On April 14, 2010, Bacen approved the request for this early redemption, which occurred on June 3, 2010, amounting to R\$556,834 thousand;

(3) In August 2010 and in January 2011, subordinated debts in the amount of US\$1,100,000 thousand and US\$500,000 thousand, respectively, were issued abroad with a 5.90% p.a. rate, due in 2021;

(4) Refers to the redemptions made in advance in subordinated CDB pegged to loan operations/others on December 21, 2010; and

(5) Maturity of subordinated debts in the first quarter of 2011, in the amount of US\$2,881,022 thousand.

Notes to the Consolidated Financial Statements**20) OTHER LIABILITIES****a) Tax and social security**

| | R\$ thousand | | |
|--|-------------------|-------------------|-------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Provision for tax risks (Note 18b IV) | 9,714,175 | 9,234,533 | 7,902,499 |
| Provision for deferred income tax (Note 34f) | 4,960,599 | 4,791,462 | 4,455,906 |
| Taxes and contributions on profits payable | 1,696,407 | 2,227,860 | 654,999 |
| Taxes and contributions payable | 890,495 | 934,860 | 589,463 |
| Total | 17,261,676 | 17,188,715 | 13,602,867 |

b) Sundry

| | R\$ thousand | | |
|--|-------------------|-------------------|-------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Credit card operations | 10,086,133 | 10,912,930 | 8,631,474 |
| Provision for payments | 3,741,552 | 3,660,082 | 3,160,088 |
| Provision for contingent liabilities (civil and labor) (Note 18b IV) | 4,362,255 | 4,245,247 | 3,984,882 |
| Sundry creditors | 2,621,521 | 2,192,778 | 2,212,229 |
| Liabilities for acquisition of assets – financial leasing (1) | 748,785 | 831,126 | 821,250 |
| Liabilities for acquisition of assets and rights | 477,614 | 588,442 | 582,695 |
| Liabilities for official agreements | 275,664 | 269,477 | 289,869 |
| Other | 943,500 | 1,016,894 | 782,807 |
| Total | 23,257,024 | 23,716,976 | 20,465,294 |

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

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

Notes to the Consolidated Financial Statements

21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS

a) Provisions by account

| | Insurance (1) | | Life and Private Pension Plans (3) | | | | Savings bonds | | Total | | R\$ thousand | |
|---|---------------|-------------|------------------------------------|------------|-------------|------------|---------------|-------------|-----------|-------------|--------------|------------|
| | 2011 | 2010 | 2011 | 2010 | 2010 | 2011 | 2010 | 2011 | 2010 | | | |
| | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | March 31 | December 31 | March 31 | December 31 | March 31 | |
| Current and long-term liabilities | | | | | | | | | | | | |
| Mathematical provision for benefits to be granted | 680,800 | 672,023 | 642,668 | 66,032,853 | 64,135,257 | 56,058,586 | - | - | - | 66,713,653 | 64,807,280 | 56,700,000 |
| Mathematical provision for benefits granted | 127,356 | 126,140 | 119,651 | 5,166,975 | 4,994,380 | 4,611,792 | - | - | - | 5,294,331 | 5,120,520 | 4,730,000 |
| Mathematical provision for redemptions | - | - | - | - | - | - | 3,241,254 | 3,091,769 | 2,577,680 | 3,241,254 | 3,091,769 | 2,577,680 |
| Provision for incurred but not reported (IBNR) claims | 1,380,431 | 1,545,602 | 1,412,500 | 657,985 | 607,971 | 613,648 | - | - | - | 2,038,416 | 2,153,573 | 2,020,000 |
| Unearned premiums provision | 1,746,578 | 1,780,573 | 1,707,619 | 89,989 | 84,430 | 53,738 | - | - | - | 1,836,567 | 1,865,003 | 1,760,000 |
| Provision for contribution insufficiency (4) | - | - | - | 3,497,357 | 3,332,695 | 3,078,175 | - | - | - | 3,497,357 | 3,332,695 | 3,078,175 |
| Provision for unsettled claims | 1,950,944 | 1,410,808 | 1,436,041 | 893,690 | 865,987 | 724,273 | - | - | - | 2,844,634 | 2,276,795 | 2,160,000 |
| Financial fluctuation provision | - | - | - | 621,576 | 650,397 | 632,082 | - | - | - | 621,576 | 650,397 | 632,082 |
| Premium insufficiency provision | - | - | - | 542,117 | 590,545 | 567,214 | - | - | - | 542,117 | 590,545 | 567,214 |
| Financial surplus | - | - | - | 366,736 | 357,833 | 391,588 | - | - | - | 366,736 | 357,833 | 391,588 |

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| | | | | | | | | | | | | | |
|--|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| provision | | | | | | | | | | | | | |
| Provision for drawings and redemptions | - | - | - | - | - | - | 504,588 | 488,514 | 453,698 | 504,588 | 488,514 | 453,698 | 453,698 |
| Provision for administrative expenses | - | - | - | 98,359 | 110,935 | 138,085 | 139,052 | 136,868 | 103,395 | 237,411 | 247,803 | 247,803 | 247,803 |
| Provision for contingencies | - | - | - | - | - | - | 6,048 | 6,523 | 6,640 | 6,048 | 6,523 | 6,640 | 6,640 |
| Other provisions | 1,655,358 | 1,635,154 | 1,653,498 | 579,489 | 552,687 | 702,420 | - | - | - | 2,234,847 | 2,187,841 | 2,335,847 | 2,335,847 |
| Total provisions | 7,541,467 | 7,170,300 | 6,971,977 | 78,547,126 | 76,283,117 | 67,571,601 | 3,890,942 | 3,723,674 | 3,141,413 | 89,979,535 | 87,177,091 | 77,666,091 | 77,666,091 |

Notes to the Consolidated Financial Statements

b) Technical provisions by product

| | Insurance | | Life and Private Pension Plans | | | | Savings bonds | | Total | | | R\$ tho |
|---------------------|------------------|------------------|--------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | March | |
| | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | 31 | |
| Health (1) | 3,736,838 | 3,511,751 | 3,405,227 | - | - | - | - | - | - | 3,736,838 | 3,511,751 | 3,405,227 |
| Auto/RCF | 2,216,067 | 2,234,174 | 2,059,361 | - | - | - | - | - | - | 2,216,067 | 2,234,174 | 2,059,361 |
| Dpvat | 103,172 | 90,695 | 147,161 | 240,162 | 203,937 | 148,543 | - | - | - | 343,334 | 294,632 | 291,686 |
| Life | 13,838 | 14,043 | 17,210 | 3,368,171 | 3,249,154 | 2,819,513 | - | - | - | 3,382,009 | 3,263,197 | 2,836,723 |
| Basic lines | 1,471,552 | 1,319,637 | 1,343,018 | - | - | - | - | - | - | 1,471,552 | 1,319,637 | 1,343,018 |
| Unrestricted | | | | | | | | | | | | |
| Benefits Generating | | | | | | | | | | | | |
| Plan - PGBL | - | - | - | 13,535,192 | 13,296,405 | 11,791,264 | - | - | - | 13,535,192 | 13,296,405 | 11,791,264 |
| Long-Term | | | | | | | | | | | | |
| Life | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | |
| - VGBL | - | - | - | 43,634,113 | 42,274,527 | 36,583,871 | - | - | - | 43,634,113 | 42,274,527 | 36,583,871 |
| Traditional | | | | | | | | | | | | |
| plans | - | - | - | 17,769,488 | 17,259,094 | 16,228,410 | - | - | - | 17,769,488 | 17,259,094 | 16,228,410 |
| Savings | | | | | | | | | | | | |
| bonds | - | - | - | - | - | - | 3,890,942 | 3,723,674 | 3,141,413 | 3,890,942 | 3,723,674 | 3,141,413 |
| Total | | | | | | | | | | | | |
| technical | | | | | | | | | | | | |
| provisions | 7,541,467 | 7,170,300 | 6,971,977 | 78,547,126 | 76,283,117 | 67,571,601 | 3,890,942 | 3,723,674 | 3,141,413 | 89,979,535 | 87,177,091 | 77,688,166 |

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

Notes to the Consolidated Financial Statements**c) Guarantees of technical provisions**

| | Insurance | | | Life and Private Pension Plans | | | Savings bonds | | | Total | |
|--|------------------|------------------------|------------------|--------------------------------|------------------------|-------------------|------------------|------------------------|------------------|-------------------|-------------------|
| | 2011 March 31 | 2010 December 31 | March 31 | 2011 March 31 | 2010 December 31 | March 31 | 2011 March 31 | 2010 December 31 | March 31 | 2011 March 31 | 2010 December |
| Investment fund quotas (VGBL and PGBL) | - | - | - | 57,169,305 | 55,570,933 | 48,375,134 | - | - | - | 57,169,305 | 55,570,933 |
| Investment fund quotas (excluding VGBL and PGBL) (2) | 6,199,225 | 6,003,498 | 5,807,731 | 14,639,625 | 14,255,055 | 15,174,562 | 3,512,070 | 3,340,037 | 2,863,138 | 24,350,920 | 23,598,594 |
| Government securities | 88,653 | 77,229 | - | 4,703,143 | 4,559,723 | 3,021,687 | - | - | - | 4,791,796 | 4,636,412 |
| Private securities | 51,186 | 53,428 | 22,584 | 610,383 | 521,584 | 775,134 | 221,175 | 207,233 | 175,832 | 882,744 | 782,951 |
| Shares | 2,851 | 2,840 | 2,027 | 1,536,783 | 1,480,137 | 202,499 | 357,728 | 376,434 | 222,457 | 1,897,362 | 1,859,811 |
| Receivables | 684,693 | 702,588 | 686,790 | - | - | - | - | - | - | 684,693 | 702,588 |
| Deposits retained at IRB and court deposits | 38,110 | 6,658 | 6,428 | 60,639 | 72,449 | 58,121 | - | - | - | 98,749 | 79,616 |
| Reinsurance credits | 698,110 | 608,151 | 671,710 | 7,646 | 6,662 | 5,349 | - | - | - | 705,756 | 614,813 |
| Total guarantees of technical provisions | 7,762,828 | 7,454,392 | 7,197,270 | 78,727,524 | 76,466,543 | 67,612,486 | 4,090,973 | 3,923,704 | 3,261,427 | 90,581,325 | 87,844,813 |

1) "Other provisions" basically refers to the technical provisions of the "individual health" portfolio made in order to cover the differences of future premium adjustments and those necessary to the portfolio technical balance;

2) In the first quarter of 2011, in compliance with SUSEP Circular 379/08, the Bradesco Insurance Group lengthened the maturity profile of its securities by selling a portion of its held-to-maturity portfolio at the same time as it acquired new instruments, of the same type and category, whose maturities and amounts are greater than those of the securities sold. The effects of this operation did not have significant impact on the Bank's income, due to the recording of non-technical provisions.

3) Includes personal insurance and private pension operations; and

4) The provision for contribution insufficiency for retirement and pension plans is calculated according to the normalized biometric table AT-2000, improved by 1.5% p.a., considering males separated from females, who have a longer life expectancy, and actual real interest rate of 4.0% p.a. For disabilities plans, the provision is also actuarially calculated according to the biometric AT-49 (male) table and the 4.0% p.a. real interest rate.

Notes to the Consolidated Financial Statements**d) Retained premiums from insurance, private pension plans contributions and savings bonds**

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Premiums written | 3,951,405 | 3,759,670 | 3,085,812 |
| Supplementary private pension plan contributions (including VGBL) | 3,316,970 | 4,617,721 | 3,290,559 |
| Revenues from savings bonds | 649,328 | 705,827 | 526,192 |
| Coinsurance premiums | (41,020) | (33,450) | (27,376) |
| Refunded premiums | (32,043) | (37,473) | (23,853) |
| Net premiums written | 7,844,640 | 9,012,295 | 6,851,334 |
| Reinsurance premiums | (57,292) | (11,955) | (60,367) |
| Retained premiums from insurance, private pension plans and savings bonds | 7,787,348 | 9,000,340 | 6,790,967 |

22) MINORITY INTEREST IN SUBSIDIARIES

| | R\$ thousand | | |
|---------------------------|------------------|---------------------|----------------|
| | 2011 March 31 | 2010 December 31 | March 31 |
| Andorra Holdings S.A. (1) | - | - | 176,087 |
| Banco Bradesco BBI S.A. | 110,055 | 108,595 | 88,374 |
| Other (2) | 463,923 | 362,941 | 552,086 |
| Total | 573,978 | 471,536 | 816,547 |

(1) 100% interest after the acquisition of shares in December 2010; and

(2) Mainly represented by minority interest in Odontoprev S.A.

23) SHAREHOLDERS' EQUITY (PARENT COMPANY)**a) Breakdown of capital stock in number of shares**

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

| | 2011 March 31 | 2010 December 31 | March 31 |
|------------------|----------------------|----------------------|----------------------|
| Common shares | 1,912,397,390 | 1,881,225,318 | 1,710,204,835 |
| Preferred shares | 1,912,397,191 | 1,881,225,123 | 1,710,204,658 |
| Subtotal | 3,824,794,581 | 3,762,450,441 | 3,420,409,493 |

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| | | | |
|---------------------------------|----------------------|----------------------|----------------------|
| Treasury (common shares) | (2,487,000) | (395,300) | - |
| Total outstanding shares | 3,822,307,581 | 3,762,055,141 | 3,420,409,493 |

b) Breakdown of capital stock in number of shares

| | Common | Preferred | Total |
|--|----------------------|----------------------|----------------------|
| Number of outstanding shares on December 31, 2010 | 1,880,830,018 | 1,881,225,123 | 3,762,055,141 |
| Capital stock increase through share subscription | 31,172,072 | 31,172,068 | 62,344,140 |
| Shares acquired and not cancelled | (2,091,700) | - | (2,091,700) |
| Number of outstanding shares on March 31, 2011 | 1,909,910,390 | 1,912,397,191 | 3,822,307,581 |

Bradesco

171

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

Notes to the Consolidated Financial Statements

The Special Shareholders' Meeting held on December 17, 2010 resolved to increase the Capital Stock by R\$1,500,000 thousand, from R\$28,500,000 thousand to R\$30,000,000 thousand through the issue of 62,344,140 new registered, book-entry shares with no par value, 31,172,072 of which are common shares and 31,172,068 preferred shares, at the price of R\$24.06 per share, through private subscription by shareholders from December 29, 2010 to January 31, 2011, at a ratio of 1.657008936% of their shareholding position on the date of the Meeting. Shareholders paid subscribed shares on February 18, 2011, corresponding to 96.53% of all shares. The 3.47% remaining from the offer were sold at an auction held on February 15, 2011 on the BM&FBovespa, with financial settlement on February 18, 2011. The excess of the total amount allocated to the creation of Capital Stock, of R\$11,441 thousand, from the difference between the issue price and the sale price of stock at auction was recorded in the "Capital Reserve – Share Premium" account. The process was approved by the Brazilian Central Bank on March 18, 2011.

The Special Shareholders' Meeting held on March 10, 2011 resolved to increase Capital Stock by R\$100,000 thousand, from R\$30,000,000 thousand to R\$30,100,000 thousand, through the use of the balance held in the "Capital Reserve - Fiscal Incentives - Income tax, Restatement of Equity Securities and Share Fractions" account and a portion of the balance of the "Capital Reserve – Share Premium and Profit Reserve – Legal Reserve" account, without the issue of shares. The process was approved by the Brazilian Central Bank on March 18, 2011.

c) Interest on shareholders' equity/dividends

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

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

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

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

The Board of Directors' Meeting held on December 6, 2010 approved Management's proposal to pay shareholders complementary interest on shareholders' equity related to the 2010 fiscal year, in the amount of R\$1,906,000 thousand, at R\$0.482461664 (net of 15% withholding income tax –R\$0.410092414) per common share and R\$0.530707830 (net of 15% withholding income tax –R\$0.451101656) per preferred share, was paid on February 18, 2011.

The Board of Directors' Meeting held on February 11, 2011 approved the Board of Executive Officers' proposal for the payment to shareholders of dividends, to complement interest on shareholders' equity and dividends for the 2010 fiscal year, in the amount of R\$315,100 thousand, at a rate of R\$0.079771188 per common share and R\$0.087748307 per preferred share, the payment of which was made on February 18, 2011.

Notes to the Consolidated Financial Statements

Interest on shareholders' equity and dividends related to the period ended March 31, 2011 and 2010 is calculated as follows:

| | R\$ thousand | % (1) |
|---|------------------|--------------|
| Net income for the quarter | 2,702,039 | |
| (-) Legal reserve | (135,102) | |
| Adjusted calculation basis | 2,566,937 | |
| Supplementary interest on shareholders' equity (gross) provisioned | 766,998 | |
| Withholding income tax on interest on shareholders' equity | (115,050) | |
| Interest on shareholders' equity (net) | 651,948 | |
| Monthly dividends paid and provisioned | 156,635 | |
| Interest on shareholders' equity (net) and dividends on March 31, 2011 | 808,583 | 31.50 |
| Interest on shareholders' equity (net) and dividends on March 31, 2010 | 654,926 | 32.79 |

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

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

| Description | Per share (gross) | | Gross paid/ provisioned amount | Withholding Income Tax (IRRF) (15%) | R\$ thousand |
|---|-------------------|---------------------|--------------------------------------|--|------------------------------------|
| | Common shares | Preferred shares | | | Net paid/ provisioned amount |
| Monthly dividends | 0.039658 | 0.043624 | 138,105 | - | 138,105 |
| Provisioned supplementary interest on shareholders' equity | 0.169299 | 0.186229 | 608,025 | 91,204 | 516,821 |
| Total on March 31, 2010 YTD | 0.208957 | 0.229853 | 746,130 | 91,204 | 654,926 |
| Monthly dividends | 0.039658 | 0.043624 | 156,635 | - | 156,635 |
| Provisioned supplementary interest on shareholders' equity | 0.191102 | 0.210213 | 766,998 | 115,050 | 651,948 |
| Total on March 31, 2011 YTD | 0.230760 | 0.253837 | 923,633 | 115,050 | 808,583 |

d) Treasury shares

The Board of Directors' Meeting held on December 20, 2010 resolved to authorize the acquisition of shares issued by Bradesco in the amount of up to 15,000,000 registered, book-entry shares, with no par value, 7,500,000 of which are common shares and 7,500,000 preferred shares, to be held in treasury and later sold or cancelled, without reducing Capital stock. This authorization will be valid until June 21, 2011.

As of March 31, 2011, 2,487,000 common shares had been acquired for a total of R\$63,091 thousand and remain in treasury. The minimum cost, weighted average and maximum cost per share were R\$23.62221, R\$25.36840 and R\$26.83286, respectively. The

market value of the shares, as of March 31, 2011, was R\$27.88 per common share.

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

Notes to the Consolidated Financial Statements**24) FEE AND COMMISSION INCOME**

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Card income | 1,112,954 | 1,120,955 | 954,748 |
| Checking accounts | 649,485 | 645,934 | 542,148 |
| Loan operations | 463,433 | 476,522 | 406,909 |
| Asset management | 470,850 | 466,791 | 429,512 |
| Collections | 277,039 | 285,739 | 257,340 |
| Custody and brokerage services | 108,135 | 108,203 | 114,014 |
| Consortium management | 120,623 | 119,150 | 97,252 |
| Taxes paid | 77,089 | 74,258 | 69,018 |
| (Underwriting) Financial advisory services | 47,627 | 91,020 | 76,227 |
| Other | 92,151 | 82,864 | 133,263 |
| Total | 3,419,386 | 3,471,436 | 3,080,431 |

25) PERSONNEL EXPENSES

| | R\$ thousand | | |
|----------------------------|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Payroll | 1,150,536 | 1,161,554 | 1,000,991 |
| Benefits | 495,444 | 523,953 | 417,442 |
| Social security charges | 434,002 | 441,054 | 376,441 |
| Employee profit sharing | 218,481 | 202,748 | 205,019 |
| Provision for labor claims | 118,201 | 164,964 | 109,209 |
| Training | 19,282 | 38,819 | 11,469 |
| Total | 2,435,946 | 2,533,092 | 2,120,571 |

Notes to the Consolidated Financial Statements**26) OTHER ADMINISTRATIVE EXPENSES**

| | R\$ thousand | | |
|------------------------------------|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Third-party services | 839,301 | 885,515 | 724,077 |
| Communication | 377,179 | 382,394 | 334,475 |
| Advertising and publicity | 202,385 | 281,681 | 152,363 |
| Depreciation and amortization | 357,575 | 342,064 | 313,379 |
| Transportation | 179,026 | 177,316 | 142,311 |
| Financial system services | 108,630 | 101,155 | 86,059 |
| Rentals | 157,090 | 147,757 | 143,519 |
| Data processing | 225,357 | 260,979 | 190,766 |
| Asset maintenance and conservation | 122,760 | 131,580 | 107,456 |
| Supplies | 80,973 | 92,113 | 62,564 |
| Security and surveillance | 76,080 | 71,130 | 66,143 |
| Water, electricity and gas | 58,605 | 53,854 | 54,853 |
| Travel | 35,221 | 34,723 | 21,154 |
| Other | 217,129 | 196,598 | 165,130 |
| Total | 3,037,311 | 3,158,859 | 2,564,249 |

27) TAX EXPENSES

| | R\$ thousand | | |
|---|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Contribution for Social Security Financing (Cofins) | 621,677 | 603,610 | 489,804 |
| Tax on Services (ISS) | 98,382 | 99,631 | 88,521 |
| Social Integration Program (PIS) contribution | 104,318 | 100,635 | 82,798 |
| Municipal Real Estate Tax (IPTU) expenses | 16,583 | 6,703 | 16,055 |
| Other | 54,198 | 61,911 | 58,565 |
| Total | 895,158 | 872,490 | 735,743 |

28) OTHER OPERATING INCOME

R\$ thousand

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| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
|--|---------------------------------|---------------------------------|-------------------------|
| Other interest income | 272,691 | 261,999 | 224,548 |
| Reversal of other operating provisions | 76,761 | 132,094 | 94,069 |
| Gains on sale of goods | 14,619 | 9,064 | 13,711 |
| Revenues from recovery of charges and expenses | 32,294 | 19,042 | 13,050 |
| Others | 289,591 | 270,558 | 308,808 |
| Total | 685,956 | 692,757 | 654,186 |

Bradesco

175

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

Notes to the Consolidated Financial Statements**29) OTHER OPERATING EXPENSES**

| | R\$ thousand | | |
|---|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Other financial expenses | 657,411 | 600,933 | 646,879 |
| Sundry losses | 319,508 | 399,812 | 305,599 |
| Intangible assets amortization – acquisition of banking services rights | 156,934 | 148,925 | 143,009 |
| Expenses with other operating provisions (1) | 291,780 | 262,036 | 573,379 |
| Goodwill amortization (Note 15a) | 65,735 | 66,513 | 58,873 |
| Expenses with impairment testing (Note 15b) | - | 26,493 | - |
| Other (2) | 531,568 | 313,311 | 254,478 |
| Total | 2,022,936 | 1,818,023 | 1,982,217 |

(1) Includes: (i) supplementary provision for civil lawsuits – economic plans in the first quarter of 2011 – R\$53,546 thousand (R\$85,691 thousand in the fourth quarter of 2010 and R\$35,661 thousand in the first quarter of 2010); and (ii) provision for tax contingencies in the first quarter of 2010 – R\$396,731 thousand/ and

(2) In the first quarter of 2011, it includes the recording of provisions to cover fluctuations arising from the revaluation of IBNR provisions and benefits payable – remission of the Health Insurance segment.

30) NON-OPERATING INCOME

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Result on sale and write-off of assets and investments (1) | (62,375) | 56,582 | (86,420) |
| Non-operating provisions | 3,350 | 6,620 | (17,511) |
| Others | 3,503 | 5,699 | 8,557 |
| Total | (55,522) | 68,901 | (95,374) |

(1) Includes: an R\$86,066 thousand capital gain in Fidelity and partial sale of BM&FBovespa in the amount of R\$58,473 thousand in the fourth quarter of 2010.

Notes to the Consolidated Financial Statements**31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT)**

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

| | R\$ thousand | | | | | |
|--|------------------|------------------|------------------|-------------------------|-------------------------|-------------------------|
| | 2011 | 2010 | | 2011 | 2010 | |
| | March 31 | December 31 | March 31 | 1 st Quarter | 4 th Quarter | 1 st Quarter |
| | Assets | Assets | Assets | Revenues | Revenues | Revenues |
| | (liabilities) | (liabilities) | (liabilities) | (expenses) | (expenses) | (expenses) |
| Interest on shareholders' equity and dividends: | (256,963) | (711,903) | (205,273) | - | - | - |
| Cidade de Deus Companhia Comercial de Participações | (186,106) | (515,598) | (148,670) | - | - | - |
| Fundação Bradesco | (70,857) | (196,305) | (56,603) | - | - | - |
| Demand deposits: | (246) | (78) | (300) | - | - | - |
| Fundação Bradesco | (199) | (30) | (282) | - | - | - |
| BBD Participações S.A. | (19) | (19) | (9) | - | - | - |
| Nova Cidade de Deus Participações S.A. | (18) | (18) | (9) | - | - | - |
| Cidade de Deus Companhia Comercial de Participações | (10) | (11) | - | - | - | - |
| Time deposits: | (34,812) | (30,341) | (8,834) | (24) | (25) | (13) |
| Cidade de Deus Companhia Comercial de Participações | (34,812) | (30,341) | (8,834) | (24) | (25) | (13) |
| Rental of branches: | - | - | - | (123) | (123) | (117) |
| Fundação Bradesco | - | - | - | (123) | (123) | (117) |
| Subordinated debts: | (457,404) | (261,664) | (142,658) | (10,247) | (6,495) | (2,773) |
| Cidade de Deus Companhia Comercial de Participações | (376,708) | (183,044) | (69,570) | (8,171) | (4,532) | (1,336) |
| Fundação Bradesco | (80,696) | (78,620) | (73,088) | (2,076) | (1,963) | (1,437) |

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

Notes to the Consolidated Financial Statements**b) Compensation of key Management personnel**

Each year, the Annual Shareholders' Meeting approves:

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

For 2011, the maximum amount of R\$359,400 thousand was set for management compensation (salaries and bonuses) and R\$340,000 thousand to finance defined contribution supplementary private pension plans.

Short-term Management benefits

| | R\$ thousand | | |
|--------------------|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Salaries | 60,532 | 35,437 | 35,639 |
| Bonuses | 11,674 | 22,116 | 30,068 |
| Subtotal | 72,206 | 57,553 | 65,707 |
| INSS contributions | 16,161 | 12,903 | 14,688 |
| Total | 88,367 | 70,456 | 80,395 |

Post-employment benefits

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Defined contribution supplementary private pension plans | 41,964 | 75,084 | 35,094 |
| Total | 41,964 | 75,084 | 35,094 |

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

Other information

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

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a) Officers and members of the advisory, administrative, fiscal or similar councils, as well as to their respective spouses and family members up to the second degree;

b) Individuals or corporations that own more than 10% of their capital; and

c) Corporations of which the financial institution itself, any officers or administrators of the institution, as well as their spouses and respective family members up to the second degree own more than 10%;

178 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements

Therefore, no loans or advances are granted by financial institutions to any subsidiary, members of the Board of Directors or Board of Executive Officers and their relatives.

II) Shareholding

b) Members of the Board of Directors and Board of Executive Officers, jointly, had the following shareholding in Bradesco:

| | 2011 | 2010 | | |
|--------------------|----------|-------------|----------|-------|
| | March 31 | December 31 | March 31 | |
| Ī Common shares | | 0.74% | 0.74% | 0.74% |
| Ī Preferred shares | | 1.03% | 1.04% | 1.07% |
| Ī Total shares | | 0.89% | 0.89% | 0.91% |

32) FINANCIAL INSTRUMENTS**a) Risk management**

Risk management activity is highly strategic due to the increasing complexity of services and products offered and the globalization of the Organization's business, reason why its processes are constantly improved.

Decisions made by the Organization are guided by factors that account for return on risk that has previously been identified, measured and evaluated, making the achievement of strategic objectives possible and ensuring the strengthening of the Institution.

The Organization approaches risk management in an integrated manner, ensuring unique policies, processes, criteria and methodologies for risk control through a statutory body, the Integrated Risk Management and Capital Allocation Committee, which is supported by specific committees and risk management policies approved by the Board of Directors.

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

Credit risk management

Credit risk refers to the possibility of losses associated to the non-compliance by the borrower or counterparty of their respective financial obligations pursuant to agreed terms, as well as to the reduction of a loan agreement value from decrease in the borrower's risk rating, to the reduction of gains or compensations, the advantages in renegotiations, recovery costs and other values related to the counterparty's non-compliance with its financial obligations.

Credit risk management in the Organization is a continuous and evolving process of mapping, development, assessment and diagnosis through the use of models, instruments and procedures that require a high degree of discipline and control during the analysis of operations in order to preserve the integrity and autonomy of the processes.

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The Organization carefully controls its exposure to credit risk, which mainly results from credit operations, securities and derivative financial instruments. Credit risk also stems from financial obligations related to loan commitments or financial guarantees.

Bradesco

179

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

Notes to the Consolidated Financial Statements

Market risk management

Market risk is represented by the possibility of financial loss due to fluctuating prices and interest rates of the Organization's financial assets as its asset and liability portfolios may show mismatched maturities, currencies and indexes.

Market risk is carefully identified, measured, mitigated and managed. The Organization has a conservative exposure profile to market risk, with the guidelines and limits monitored independently on a daily basis.

Market risk is controlled for all of the Organization's companies in a corporate and centralized manner. All activities exposed to market risk are mapped, measured and classified by probability and importance, with their respective mitigation plans are duly approved by the corporate governance structure.

180 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements

We present below the balance sheet by currency

| | R\$ thousand | | | | |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|
| | 2011 | | 2010 | | March 31 |
| | March 31 | | December 31 | Foreign (1) (2) | |
| | Balance | Domestic | Foreign (1) (2) | Foreign (1) (2) | |
| Assets | | | | | |
| Current and long-term assets | 663,598,954 | 621,100,403 | 42,498,551 | 36,782,812 | 37,776,780 |
| Funds available | 6,785,081 | 5,753,181 | 1,031,900 | 1,822,578 | 3,495,086 |
| Interbank investments | 100,159,369 | 98,840,572 | 1,318,797 | 1,205,294 | 1,775,342 |
| Securities and derivative financial instruments | 217,481,601 | 209,474,125 | 8,007,476 | 7,137,615 | 8,129,971 |
| Interbank and interdepartmental accounts | 67,291,466 | 67,291,466 | - | - | 420,080 |
| Loan and leasing operations | 206,278,488 | 185,823,441 | 20,455,047 | 19,356,040 | 15,472,497 |
| Other receivables and assets | 65,602,949 | 53,917,618 | 11,685,331 | 7,261,285 | 8,483,804 |
| Permanent assets | 11,787,658 | 11,757,361 | 30,297 | 30,431 | 6,936 |
| Investments | 1,674,688 | 1,674,452 | 236 | 132 | - |
| Premises and equipment and leased assets | 3,665,770 | 3,656,814 | 8,956 | 8,827 | 6,789 |
| Intangible assets | 6,447,200 | 6,426,095 | 21,105 | 21,472 | 147 |
| Total | 675,386,612 | 632,857,764 | 42,528,848 | 36,813,243 | 37,783,716 |
| Liabilities | | | | | |
| Current and long-term liabilities | 623,068,549 | 576,681,591 | 46,386,958 | 35,811,510 | 29,104,194 |
| Deposits | 203,822,439 | 190,780,835 | 13,041,604 | 7,981,321 | 5,587,141 |
| Federal funds purchased and securities sold under agreements to repurchase | 178,988,781 | 174,384,694 | 4,604,087 | 4,072,929 | 856,962 |
| Funds from issuance of securities | 21,700,999 | 16,591,728 | 5,109,271 | 5,356,989 | 5,334,656 |
| Interbank and interdepartmental accounts | 2,647,135 | 1,040,455 | 1,606,680 | 1,591,171 | 1,074,144 |
| Borrowing and onlending | 41,500,638 | 31,471,910 | 10,028,728 | 8,316,019 | 9,364,778 |
| Derivative financial instruments | 2,357,697 | 2,132,860 | 224,837 | 201,316 | 211,064 |
| Technical provision for insurance, private pension plans and savings bonds | 89,979,535 | 89,978,383 | 1,152 | 1,185 | 1,786 |
| Other liabilities: | | | | | |
| - Subordinated debt | 24,408,149 | 18,610,487 | 5,797,662 | 5,079,252 | 3,853,943 |
| - Other | 57,663,176 | 51,690,239 | 5,972,937 | 3,211,328 | 2,819,720 |
| Deferred income | 447,122 | 447,122 | - | - | - |
| Minority interest in subsidiaries | 573,978 | 573,978 | - | - | - |
| Shareholders' equity | 51,296,963 | 51,296,963 | - | - | - |
| Total | 675,386,612 | 628,999,654 | 46,386,958 | 35,811,510 | 29,104,194 |
| Net position of assets and liabilities | | | (3,858,110) | 1,001,733 | 8,679,522 |
| Net position of derivatives (2) | | | (10,088,552) | (13,621,932) | (18,370,200) |

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| | | | |
|--|---------------------|---------------------|---------------------|
| Other net memorandum accounts (3) | (2,847) | (7,714) | (409,771) |
| Net exchange position (liability) | (13,949,509) | (12,627,913) | (10,100,449) |

- (1) Amounts expressed and/or indexed mainly in USD;
(2) Excluding operations maturing in D+1, to be settled at the rate of the last day of the month; and
(3) Other commitments recorded in memorandum accounts.

Bradesco

181

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

Notes to the Consolidated Financial Statements**VaR Internal Model – Trading Portfolio**

| Risk factors | R\$ thousand | | |
|------------------------------------|------------------|---------------------|---------------|
| | 2011 March 31 | 2010 December 31 | March 31 |
| Fixed rates | 20,502 | 16,510 | 3,870 |
| Internal exchange coupon | 2,706 | 5,199 | 729 |
| Foreign currency | 6,572 | 6,179 | 12,789 |
| IGP-M | 891 | 1,556 | 512 |
| IPCA | 3,042 | 11,192 | 1,200 |
| Equities | 6,266 | 1,049 | 3,264 |
| Sovereign/Eurobonds and Treasuries | 6,570 | 2,845 | 2,250 |
| Other | 3 | 5 | 23 |
| Correlation/diversification effect | (23,591) | (21,674) | (8,382) |
| VaR (Value at Risk) | 22,961 | 22,861 | 16,255 |

Sensitivity analysis

The Trading Portfolio is also monitored by daily sensitivity analysis, which measures the effect of movements of market and price curves on our positions. Furthermore, a sensitivity analysis of the Organization's financial exposures (Trading and Banking Portfolio) is performed on a quarterly basis, in compliance with CVM Rule 475/08.

It is worth noting that the impacts of the financial exposure on the Banking Portfolio (notably interest rates and price indexes) do not necessarily represent a potential accounting loss for the Organization:

- Because a portion of loan operations held in the Banking Portfolio is financed by time and/or savings deposits, which are "natural hedges" for future variations in interest rates,
- Moreover, interest rate variations do not represent a material impact on the institution's result, as loan operations are held to maturity.

Notes to the Consolidated Financial Statements

Sensitivity Analysis –Trading and Banking Portfolios

| Sensitivity Analysis CVM Rule 475/08 –Trading and Banking Portfolio | | | | | | | | | | | |
|---|--------------|------------------------|---------------|----------|----------|------------------|-----------|-------------------------------------|---------|---------------------------|------------------------|
| Period | Scenario (*) | Risk Factors | | | | | | | | R\$ thousand | |
| | | Interest Rate in Reais | Price Indexes | Exchange | Coupon | Foreign Currency | Equities | Sovereign/ Eurobonds and Treasuries | Other | Total without correlation | Total with correlation |
| Mar 11 | 1 | (4,588) | (12,669) | | (134) | (4,085) | (15,725) | (600) | (55) | (37,856) | (23,826) |
| | 2 | (1,369,728) | (1,638,667) | | (10,555) | (102,114) | (393,113) | (31,648) | (1,383) | (3,547,208) | (2,800,667) |
| | 3 | (2,631,091) | (2,904,244) | | (20,870) | (204,228) | (786,226) | (65,492) | (2,765) | (6,614,916) | (5,165,722) |
| Dec 10 | 1 | (4,559) | (11,338) | | (76) | (3,061) | (16,610) | (383) | (10) | (36,037) | (24,371) |
| | 2 | (1,333,759) | (1,440,641) | | (5,223) | (76,533) | (415,241) | (7,411) | (246) | (3,279,054) | (2,721,192) |
| | 3 | (2,552,669) | (2,578,706) | | (10,283) | (153,066) | (830,483) | (17,556) | (492) | (6,143,255) | (5,058,152) |
| Sept 10 | 1 | (3,102) | (10,469) | | (81) | (2,753) | (15,182) | (311) | (15) | (31,913) | (17,562) |
| | 2 | (860,938) | (1,375,770) | | (4,008) | (68,826) | (379,542) | (16,579) | (373) | (2,706,036) | (1,953,978) |
| | 3 | (1,664,177) | (2,449,167) | | (7,986) | (137,653) | (759,085) | (30,860) | (745) | (5,049,673) | (3,585,011) |
| Jun 10 | 1 | (2,786) | (9,339) | | (108) | (43) | (14,026) | (445) | - | (26,747) | (17,480) |
| | 2 | (821,984) | (1,288,063) | | (7,667) | (1,069) | (350,658) | (14,411) | (1) | (2,483,853) | (1,672,997) |
| | 3 | (1,578,689) | (2,287,844) | | (15,214) | (2,137) | (701,315) | (28,648) | (2) | (4,613,849) | (3,067,224) |
| Mar 10 | 1 | (2,397) | (8,202) | | (73) | (4,940) | (14,300) | (764) | - | (30,676) | (15,392) |
| | 2 | (703,021) | (1,121,631) | | (2,490) | (123,510) | (357,497) | (41,823) | (1) | (2,349,973) | (1,510,989) |
| | 3 | (1,352,400) | (1,999,521) | | (4,927) | (247,021) | (714,994) | (81,213) | (2) | (4,400,078) | (2,787,843) |

| Definition | Exposure subject to variations in fixed interest rates and interest rate coupons | Exposure subject to variations in price index coupon rates | Exposure subject to variations in foreign currency coupon rates | Exposure subject to exchange variations | Exposure subject to variation in stock prices | Exposure subject to variations in the interest rate of securities traded on the international market | Exposure not classified in previous definitions |
|------------|--|--|---|---|---|--|---|
|------------|--|--|---|---|---|--|---|

(*) Amounts net of tax effects

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

Notes to the Consolidated Financial Statements

The sensitivity analysis of the Trading Portfolio, which represents exposures that may cause material impacts on the Organization's results, is presented below. It is worth mentioning that results show the impacts for each scenario for a static portfolio position. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. Moreover, as previously mentioned, the Organization has an ongoing process of market risk management, which continuously seeks, through market dynamics, to mitigate related risks according to the strategy determined by Senior Management. Therefore, in cases of signs of deterioration in a certain position, proactive measures are taken to minimize potential negative impacts, aiming at maximizing the risk/return ratio for the Organization.

Sensitivity Analysis – Trading Portfolio

| Análise Sensitivity Analysis CVM Rule 475/08 –Trading Portfolio | | | | | | | | | | | |
|---|----------|------------------------|---------------|----------|---------|------------------|----------|---|-------|---------------------------|------------------------|
| Period | Scenario | Risk Factors | | | | | | | | R\$ | |
| | | Interest Rate in Reais | Price Indexes | Exchange | Coupon | Foreign Currency | Equities | Sovereign/ Eurobonds and Treasuries | Other | Total without correlation | Total with correlation |
| Mar 11 | 1 | (281) | (112) | | (34) | (4,140) | (1,378) | (275) | - | (6,220) | (4,201) |
| | 2 | (85,271) | (17,771) | | (3,617) | (103,498) | (34,450) | (15,540) | (1) | (260,148) | (147,141) |
| | 3 | (164,173) | (34,765) | | (7,019) | (206,996) | (68,899) | (30,660) | (1) | (512,513) | (289,775) |
| Dec 10 | 1 | (439) | (374) | | (40) | (3,707) | (322) | (154) | - | (5,036) | (2,669) |
| | 2 | (130,396) | (55,064) | | (3,924) | (92,673) | (8,054) | (4,570) | (1) | (294,682) | (155,665) |
| | 3 | (251,911) | (106,444) | | (7,650) | (185,345) | (16,109) | (8,927) | (1) | (576,387) | (301,866) |
| Sept 10 | 1 | (284) | (117) | | (15) | (297) | (613) | (168) | - | (1,494) | (776) |
| | 2 | (78,051) | (16,801) | | (865) | (7,427) | (15,324) | (861) | - | (119,329) | (91,207) |
| | 3 | (152,110) | (31,858) | | (1,711) | (14,854) | (30,648) | (1,620) | (1) | (232,802) | (177,470) |
| Jun 10 | 1 | (215) | (41) | | (35) | (43) | (583) | (211) | - | (1,128) | (588) |
| | 2 | (57,019) | (6,240) | | (2,865) | (1,069) | (14,563) | (6,611) | (1) | (88,368) | (59,627) |
| | 3 | (112,008) | (11,794) | | (5,650) | (2,137) | (29,125) | (13,066) | (2) | (173,782) | (117,213) |
| Mar 10 | 1 | (162) | (64) | | (29) | (4,940) | (939) | (211) | - | (6,345) | (4,720) |
| | 2 | (33,868) | (9,377) | | (1,856) | (123,510) | (23,478) | (7,019) | (1) | (199,109) | (130,565) |
| | 3 | (67,095) | (18,435) | | (3,666) | (247,021) | (46,956) | (13,692) | (2) | (396,867) | (260,596) |

| | | | | | | | |
|------------|--|---|---|---|---|---------------------------------------|---|
| Definition | Exposure subject to variations in fixed interest | Exposure subject to variations in price index | Exposure subject to variations in foreign | Exposure subject to exchange variations | Exposure subject to variation in stock prices | Exposure subject to variations in the | Exposure not classified in previous definitions |
|------------|--|---|---|---|---|---------------------------------------|---|

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| | | | |
|--|-----------------|--------------------------|---|
| rates and interest rate coupons | coupon rates | currency coupon rates | interest rate of securities traded on the international market |
|--|-----------------|--------------------------|---|

(*) Amounts net of tax effects.

Notes to the Consolidated Financial Statements

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

Scenario 1: Based on market information (BM&FBovespa, Anbima, etc), base point stresses were applied for interest rates and 1% variation for prices. For instance, in the scenario applied to positions on March 31, 2011, the exchange rate of Real/Dollar was R\$1.65. For the interest rate scenario, the 1-year fixed interest rate applied on the positions on March 31, 2011 was 12.30% p.a.

Scenario 2: 25% stresses were determined based the market. For instance, in the scenario applied to positions on March 31, 2011, the exchange rate of Real/Dollar was R\$2.04. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2011 was 15.37% p.a. Scenarios for other risk factors also represented a 25% stress on the respective curves or prices; and

Scenario 3: 50% stresses were determined based on the market. For instance, in the scenario applied to positions on March 31, 2011, the exchange rate of Real/Dollar was R\$2.45. For the interest rate scenario, the 1-year fixed interest rate applied to positions on March 31, 2011 was 18.44% p.a. Scenarios for other risk factors also represented a 50% stress on the respective curves or prices.

Liquidity Risk

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

In addition to defining minimum levels to be complied with, the Organization's liquidity policy also considers stress situations, the type of financial instruments in which funds should remain invested and the operating strategy for cases of need.

The liquidity risk management process includes the daily monitoring of the composition of available resources, compliance with the minimum level of liquidity and contingency plans for stress situations. The controlling and monitoring of positions are conducted in a centralized manner.

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

Notes to the Consolidated Financial Statements

We present the Balance Sheet by maturity in the chart below

| | | | | | | R\$ thousand | |
|---|--------------------|--------------------|-------------------|--------------------|---------------------|--------------------|--|
| | 1 to 30 days | 31 to 180 days | 181 to 360 days | More than 360 days | Not stated maturity | Total | |
| Assets | | | | | | | |
| Current and long-term assets | 365,784,162 | 109,678,937 | 43,437,980 | 144,697,875 | - | 663,598,954 | |
| Funds available | 6,785,081 | - | - | - | - | 6,785,081 | |
| Interbank investments | 51,999,094 | 45,043,794 | 1,473,328 | 1,643,153 | - | 100,159,369 | |
| Securities and derivative financial instruments (1) (2) | 184,705,926 | 4,667,492 | 4,567,668 | 23,540,515 | - | 217,481,601 | |
| Interbank and interdepartmental accounts | 66,783,661 | 438 | 364 | 507,003 | - | 67,291,466 | |
| Loan and leasing operations | 24,205,086 | 51,881,485 | 32,574,488 | 97,617,429 | - | 206,278,488 | |
| Other receivables and assets | 31,305,314 | 8,085,728 | 4,822,132 | 21,389,775 | - | 65,602,949 | |
| Permanent assets | 219,731 | 996,744 | 901,763 | 7,240,828 | 2,428,592 | 11,787,658 | |
| Investments | - | - | - | - | 1,674,688 | 1,674,688 | |
| Premises and equipment and leased assets | 51,551 | 257,765 | 309,318 | 2,701,246 | 345,890 | 3,665,770 | |
| Intangible assets | 168,180 | 738,979 | 592,445 | 4,539,582 | 408,014 | 6,447,200 | |
| Total on March 31, 2011 | 366,003,893 | 110,675,681 | 44,339,743 | 151,938,703 | 2,428,592 | 675,386,612 | |
| Total on December 31, 2010 | 332,462,072 | 107,361,975 | 44,902,926 | 150,427,483 | 2,330,274 | 637,484,730 | |
| Total on March 31, 2010 | 273,314,225 | 80,703,635 | 38,559,657 | 138,165,642 | 1,882,901 | 532,626,060 | |
| Liabilities | | | | | | | |
| Current and long-term liabilities | 325,359,703 | 43,164,552 | 45,092,467 | 209,451,827 | - | 623,068,549 | |
| Deposits (2) | 95,562,421 | 10,695,214 | 21,542,930 | 76,021,874 | - | 203,822,439 | |
| Federal funds purchased and securities sold under agreements to repurchase | 122,313,854 | 14,239,721 | 6,010,479 | 36,424,727 | - | 178,988,781 | |
| Funds from issuance of securities | 350,710 | 2,751,735 | 2,211,697 | 16,386,857 | - | 21,700,999 | |
| Interbank and interdepartmental accounts | 2,647,135 | - | - | - | - | 2,647,135 | |
| Borrowing and onlending | 2,193,125 | 8,930,196 | 7,452,469 | 22,924,848 | - | 41,500,638 | |
| Derivative financial instruments | 1,898,599 | 174,470 | 115,973 | 168,655 | - | 2,357,697 | |
| Technical provisions for insurance, private pension plans and savings bonds (3) | 65,841,833 | 2,127,156 | 1,320,930 | 20,689,616 | - | 89,979,535 | |
| Other liabilities: | | | | | | | |
| - Subordinated debts | 66,964 | 2,732,395 | 2,090,045 | 19,518,745 | - | 24,408,149 | |
| - Other | 34,485,062 | 1,513,665 | 4,347,944 | 17,316,505 | - | 57,663,176 | |
| Deferred income | 447,122 | - | - | - | - | 447,122 | |
| Minority interest in subsidiaries | - | - | - | - | 573,978 | 573,978 | |
| Shareholders' equity | - | - | - | - | 51,296,963 | 51,296,963 | |
| Total on March 31, 2011 | 325,806,825 | 43,164,552 | 45,092,467 | 209,451,827 | 51,870,941 | 675,386,612 | |
| Total on December 31, 2010 | 314,477,505 | 40,862,788 | 42,254,168 | 191,375,883 | 48,514,386 | 637,484,730 | |
| Total on March 31, 2010 | 258,462,052 | 29,094,014 | 33,902,414 | 166,729,367 | 44,438,213 | 532,626,060 | |

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| | | | | | | |
|--|-------------------|--------------------|--------------------|-------------------|----------|----------|
| Accumulated net assets on March 31, 2011 | 40,197,068 | 107,708,197 | 106,955,473 | 49,442,349 | - | - |
| Accumulated net assets on December 31, 2010 | 17,984,567 | 84,483,754 | 87,132,512 | 46,184,112 | - | - |
| Accumulated net assets on March 31, 2010 | 14,852,173 | 66,461,794 | 71,119,037 | 42,555,312 | - | - |

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

(2) Sale and purchase agreements are classified according to the maturity of the operation; and

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

Notes to the Consolidated Financial Statements

Operating Risk

Operating risk is represented by losses from internal processes, personnel and inadequate systems or failures and external events. This definition includes legal risk, but excludes strategic and image risk.

The Organization considers operational risk management to be essential to the generation of added value. Risk control is conducted in a centralized manner through identification, measurement, mitigation plans and administration of operating risks, on a consolidated basis and by company.

Among plans for mitigating operating risk, the most important is business continuity management, which is made up of formal plans to be adopted during moments of crisis in order to guarantee the recovery and continuation of business, thereby preventing or mitigating losses.

Capital Management

The Capital management process is conducted in order to provide the conditions necessary to meet the Organization's strategic objectives, considering the economic and commercial environment in which it operates. This process is compatible with the nature of operations, complexity of service and products and dimension of the Organization's exposure to risks.

Under Bacen regulations, financial institutions are required to permanently maintain capital (Reference Shareholders' Equity) compatible with the risks of their activities, represented by Required Reference Shareholders' Equity (PRE). PRE is calculated considering, at least, the sum of credit risk, market risk and operating risk.

The process of adjustment to Reference Shareholders' Equity is daily followed up and aims to ensure that the Organization have a solid capital base in order to support development of activities and face risks incurred, whether in normal situations or in extreme market conditions, in addition to meeting capital regulatory requirements.

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

Notes to the Consolidated Financial Statements

We present the Capital Adequacy Ratio (Basel II) in the chart below

| Calculation basis – Capital Adequacy 2011 Ratio (Basel II) | 2010 | | | | | | R\$ thousand |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| | March 31 | | December 31 | | March 31 | | |
| | Financial | Economic-financial | Financial | Economic-financial | Financial | Economic-financial | |
| Shareholders' equity | 51,296,963 | 51,296,963 | 48,042,850 | 48,042,850 | 43,087,366 | 43,087,366 | |
| Reduction of deferred assets – CMN Resolution 3,444/07 | (209,214) | (290,645) | (206,257) | (296,018) | (315,872) | (433,638) | |
| Decrease in gains/losses of mark-to-market adjustments in DPV and derivatives – CMN Resolution 3,444/07 | 1,660,228 | 1,660,228 | 1,677,537 | 1,677,537 | 1,346,716 | 1,346,716 | |
| Additional provision to the minimum required by Bacen Resolution 2,682/99 | - | - | - | - | 3,004,207 | 3,004,968 | |
| Minority interest/other | 180,533 | 573,978 | 175,671 | 471,536 | 168,787 | 816,547 | |
| Reference shareholders' equity - Tier I | 52,928,510 | 53,240,524 | 49,689,801 | 49,895,905 | 47,291,204 | 47,821,959 | |
| Total of gains/losses of adjustments to market value in Available for Sale (DPV) and derivatives – CMN Resolution 3,444/07 | (1,660,228) | (1,660,228) | (1,677,537) | (1,677,537) | (1,346,716) | (1,346,716) | |
| Subordinated debt | 8,468,720 | 8,468,720 | 8,050,760 | 8,050,760 | 9,816,056 | 9,816,056 | |
| Reference shareholders' equity – Tier II | 6,808,492 | 6,808,492 | 6,373,223 | 6,373,223 | 8,469,340 | 8,469,340 | |
| Total reference shareholders' equity (Tier I + Tier II) | 59,737,002 | 60,049,016 | 56,063,024 | 56,269,128 | 55,760,544 | 56,291,299 | |
| Deduction of instruments for funding - CMN Resolution 3,444/07 | (96,553) | (126,433) | (94,657) | (123,100) | (84,931) | (228,458) | |
| Reference shareholders' equity (a) | 59,640,449 | 59,922,583 | 55,968,367 | 56,146,028 | 55,675,613 | 56,062,841 | |
| Capital allocation (by risk) | | | | | | | |
| - Credit risk | 40,554,561 | 40,774,901 | 38,738,750 | 38,938,440 | 34,655,230 | 34,871,767 | |
| - Market risk | 363,758 | 363,758 | 380,236 | 380,236 | 202,277 | 202,277 | |
| - Operational risk (1) | 1,883,392 | 2,690,028 | 1,758,568 | 2,574,130 | 1,677,756 | 1,677,756 | |
| Required reference shareholders' equity (b) | 42,801,711 | 43,828,687 | 40,877,554 | 41,892,806 | 36,535,263 | 36,751,800 | |
| Margin (a – b) | 16,838,738 | 16,093,896 | 15,090,813 | 14,253,222 | 19,140,350 | 19,311,041 | |
| Risk-weighted assets (2) (c) | 389,106,466 | 398,442,608 | 371,614,123 | 380,843,686 | 332,138,752 | 334,107,270 | |
| Capital adequacy ratio (a/c) | 15.33% | 15.04% | 15.06% | 14.74% | 16.76% | 16.78% | |

(1) As set forth by Bacen Circular Letters 3,383/08 and 3,476/09, we point out that, as of July 2010, the calculation of capital allocation for Operating Risk for the Economic -Financial Consolidated includes non-financial companies.

Notes to the Consolidated Financial Statements**b) Market value**

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

| Portfolios | R\$ thousand | | | | | | | |
|--|--|-------------------------|-------------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Unrealized gain (loss) without tax effects | | In the result | | | In shareholders' equity | | |
| | Book value | Market value | 2011 | 2010 | 2011 | 2010 | 2010 | |
| | 2011 | | 2011 | 2010 | 2011 | December | March 31 | |
| March 31 | | 1 st Quarter | 4 th Quarter | 1 st Quarter | March 31 | 31 | March 31 | |
| Securities and derivative financial instruments (Notes 3e, 3f and 8) | 217,481,601 | 221,348,349 | 3,913,921 | 4,632,351 | 4,167,360 | 3,866,748 | 4,607,874 | 3,602,028 |
| - Adjustment of available-for-sale securities (Note 8 cII) | | | 47,173 | 24,477 | 565,332 | - | - | - |
| - Adjustment of held-to-maturity securities (Note 8d item 6) | | | 3,866,748 | 4,607,874 | 3,602,028 | 3,866,748 | 4,607,874 | 3,602,028 |
| Loan and leasing operations (Notes 2, 3g and 10) (1) | 239,911,765 | 238,893,319 | (1,018,446) | 53,933 | 494,029 | (1,018,446) | 53,933 | 494,029 |
| Investments (Notes 3j, 4 and 13) (2) | 1,674,688 | 8,633,739 | 6,959,051 | 6,734,856 | 7,120,175 | 6,959,051 | 6,734,856 | 7,120,175 |
| Treasury shares (Note 23d) | 63,091 | 69,338 | - | - | - | 6,247 | 110 | - |
| Time deposits (Notes 3n and 16a) | 116,054,512 | 115,827,862 | 226,650 | 168,129 | 150,144 | 226,650 | 168,129 | 150,144 |
| Funds from issuance of securities (Note 16c) | 21,700,999 | 21,824,120 | (123,121) | (71,833) | 6,423 | (123,121) | (71,833) | 6,423 |
| Borrowing and onlending (Notes 17a and 17b) | 41,500,638 | 40,986,901 | 513,737 | 128,201 | 95,866 | 513,737 | 128,201 | 95,866 |
| Subordinated debts (Note 19) | 24,408,149 | 25,289,554 | (881,405) | (1,089,321) | (1,123,197) | (881,405) | (1,089,321) | (1,123,197) |
| Unrealized gains without tax effects | | | 9,590,387 | 10,556,316 | 10,910,800 | 9,549,461 | 10,531,949 | 10,345,468 |

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

(2) Basically includes the surplus of interest in subsidiaries and affiliated companies (Cielo, Odontoprev and Fleury) and other investments (BM&FBovespa and Cetip).

Notes to the Consolidated Financial Statements

Determination of market value of financial instruments:

•Securities and derivative financial instruments, investments, subordinated debts and treasury shares are based on the market price on the balance sheet date. Should there be no available market price quotations, amounts are estimated based on the prices quoted by dealers, on pricing models, quotation models or quotations for instruments with similar characteristics;

•Fixed rate loan operations were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date; and

•Time deposits, funds from issuance of securities, borrowing and onlending were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

33)

EMPLOYEE BENEFITS

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

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

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

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

In addition to the aforementioned plan (PGBL), former participants who chose to migrate from the defined benefit plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in this plan. For participants of the defined

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benefit plan, whether they migrated or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by plan assets.

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

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

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

Notes to the Consolidated Financial Statements

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

Bradesco's facilities abroad provide their employees and directors with a private pension plan in compliance with the rules set forth by local authorities, which authorize to accumulate funds during the participant's professional career.

Expenses with contributions made in the first quarter of 2011 amounted to R\$89,035 thousand (R\$128,231 thousand in the fourth quarter of 2010 and R\$73,269 thousand in the first quarter of 2010).

In addition to this benefit, Bradesco and its subsidiaries offer their employees and management several other benefits including: health insurance, dental care, life and personal accident insurance, as well as professional training. These expenses, including the aforementioned contributions, amounted to R\$514,726 thousand in the first quarter of 2011 (R\$562,772 thousand in the fourth quarter of 2010 and R\$428,911 thousand in the first quarter of 2010).

34) INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution charges

| | R\$ thousand | | |
|--|---------------------------------|---------------------------------|-------------------------|
| | 2011 1 st Quarter | 2010 4 th Quarter | 1 st Quarter |
| Income before income tax and social contribution | 4,073,480 | 4,214,067 | 2,689,696 |
| Total income tax and social contribution at rates of 25% and 15%, respectively (1) | (1,629,392) | (1,685,627) | (1,075,878) |
| Effect on the tax calculation: | | | |
| Equity in the earnings of unconsolidated companies | 13,675 | 24,225 | 11,502 |
| Exchange (loss)/gain | (107,423) | (108,261) | 30,540 |
| Non-deductible expenses, net of non-taxable income | (95,793) | (86,160) | (56,769) |
| Tax credits recorded from previous periods | - | 76,754 | 241,732 |
| Interest on shareholders' equity (paid and payable) | 286,320 | 245,436 | 243,210 |
| Effect of the difference of the social contribution rate (2) | 226,711 | 259,040 | 152,209 |
| Other amounts | 8,125 | 71,009 | (115,864) |
| Income tax and social contribution for the period | (1,297,777) | (1,203,584) | (569,318) |

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

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

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

Notes to the Consolidated Financial Statements**b) Breakdown of income tax and social contribution in the result**

| | 2011 1 st Quarter | 2010 4 th Quarter | R\$ thousand 1 st Quarter |
|--|---------------------------------|---------------------------------|---|
| Current taxes: | | | |
| Income tax and social contribution payable | (2,278,691) | (1,468,729) | (1,486,130) |
| Deferred taxes: | | | |
| Amount recorded/realized for the period on temporary additions | 1,155,816 | 224,280 | 661,483 |
| Use of opening balances of: | | | |
| Negative basis of social contribution | (85,833) | (5,516) | (55,047) |
| Tax loss | (155,307) | (32,979) | (153,724) |
| Tax credits recorded from previous periods: | | | |
| Negative basis of social contribution | - | 27,158 | 12,102 |
| Tax loss | - | 2,067 | 33,617 |
| Temporary additions | - | 47,529 | 196,013 |
| Recording/utilization in the period on: | | | |
| Negative basis of social contribution | 23,168 | 3,272 | 11,117 |
| Tax loss | 43,070 | (666) | 211,251 |
| Total deferred taxes | 980,914 | 265,145 | 916,812 |
| Income tax and social contribution for the period | (1,297,777) | (1,203,584) | (569,318) |

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

| | Balance on 12.31.2010 | Amount recorded (3) | Amount realized | Balance on 3.31.2011 | R\$ thousand Balance on 3.31.2010 |
|---|--------------------------|------------------------|--------------------|-------------------------|---|
| Allowance for loan losses | 8,797,082 | 1,336,620 | 1,044,441 | 9,089,261 | 7,920,438 |
| Provision for civil contingencies | 1,025,560 | 115,542 | 60,799 | 1,080,303 | 895,348 |
| Provision for tax contingencies | 2,770,672 | 499,912 | 8,131 | 3,262,453 | 2,265,948 |
| Labor provisions | 627,215 | 72,726 | 59,103 | 640,838 | 605,162 |
| Provision for devaluation of securities and investments | 100,554 | 3,984 | 1,458 | 103,080 | 120,732 |
| Provision for devaluation of foreclosed assets | 105,913 | 22,426 | 28,218 | 100,121 | 107,140 |
| Adjustment to market value of trading securities | 58,546 | 59,191 | 547 | 117,190 | 14,251 |
| Amortized goodwill | 906,512 | 5,341 | 67,125 | 844,728 | 992,003 |
| Provision for interest on shareholders' equity (1) | - | 286,320 | - | 286,320 | 208,948 |
| Law 11,638/07 adjustments | 77,458 | 1,395 | 1,598 | 77,255 | 106,308 |
| Other | 1,864,356 | 351,937 | 328,158 | 1,888,135 | 1,872,468 |

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| | | | | | |
|---|-------------------|------------------|------------------|-------------------|-------------------|
| Total tax credits over temporary differences | 16,333,868 | 2,755,394 | 1,599,578 | 17,489,684 | 15,108,746 |
| Tax losses and negative basis of social contribution in Brazil and abroad | 739,453 | 66,238 | 241,140 | 564,551 | 1,178,597 |
| Subtotal | 17,073,321 | 2,821,632 | 1,840,718 | 18,054,235 | 16,287,343 |
| Adjustment to market value of available-for-sale securities | 215,881 | 35,847 | 38,303 | 213,425 | 22,455 |
| Social contribution – Provisional Measure 2,158-35 of August 24, 2001 (2) | 157,813 | - | 6,074 | 151,739 | 247,247 |
| Total tax credits (Note 11b) | 17,447,015 | 2,857,479 | 1,885,095 | 18,419,399 | 16,557,045 |
| Deferred tax liabilities (Note 34f) | 4,791,462 | 230,510 | 61,373 | 4,960,599 | 4,455,906 |
| Tax credits net of deferred tax liabilities | 12,655,553 | 2,626,969 | 1,823,722 | 13,458,800 | 12,101,139 |
| - Percentage of net tax credits over reference shareholders' equity (Note 32a) | 22.5% | | | 22.5% | 21.6% |
| - Percentage of net tax credits over total assets | 2.0% | | | 2.0% | 2.3% |

(1) Tax credit on interest on shareholders' equity is recorded up to the authorized tax limit;

(2) Up to the end of the fiscal year, we expect to realize R\$31,427 thousand, to be recorded upon effective use (item d); and

(3) Includes tax credit related to the increase in the social contribution rate for companies in the financial and insurance sectors, established by Law 11,727/08, equivalent to R\$226,711 thousand (Note 3h).

Notes to the Consolidated Financial Statements**d) Expected realization of tax credits over temporary differences, tax loss and negative basis of social contribution and social contribution tax credit – Provisional Measure 2,158-35**

| | R\$ thousand | | | | Total |
|--------------------------------|-----------------------|---------------------|-----------------------------|---------------------|-------------------|
| | Temporary differences | | Tax loss and negative basis | | |
| | Income tax | Social contribution | Income tax | Social contribution | |
| 2011 | 2,741,359 | 1,488,744 | 150,327 | 26,906 | 4,407,336 |
| 2012 | 3,420,999 | 1,946,456 | 119,553 | 50,013 | 5,537,021 |
| 2013 | 3,385,906 | 1,913,761 | 47,227 | 25,243 | 5,372,137 |
| 2014 | 849,410 | 551,019 | 47,936 | 28,101 | 1,476,466 |
| 2015 | 688,085 | 461,785 | 43,059 | 25,135 | 1,218,064 |
| 2016 (1 st quarter) | 22,702 | 19,458 | 520 | 531 | 43,211 |
| Total | 11,108,461 | 6,381,223 | 408,622 | 155,929 | 18,054,235 |

| | R\$ thousand | | | | |
|--------------|---|---------|-------|-------|----------------|
| | Social contribution tax credit - Provisional Measure 2,158-35 | | | | |
| | 2011 | 2012 | 2013 | 2014 | Total |
| Total | 31,427 | 109,883 | 9,261 | 1,168 | 151,739 |

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

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$16,835,224 thousand (December 31, 2010 – R\$16,044,175 thousand and March 31, 2010 – R\$14,809,989 thousand), of which R\$16,169,728 thousand (December 31, 2010 – R\$15,200,956 thousand and March 31, 2010 – R\$13,519,605 thousand) is relative to temporary differences, R\$521,920 thousand (December 31, 2010 – R\$693,909 thousand and March 31, 2010 – R\$1,071,383 thousand) to tax losses and negative basis of social contribution and R\$143,576 thousand (December 31, 2010 – R\$149,310 thousand and March 31, 2010 – R\$219,001 thousand) comprises tax credit over social contribution – Provisional Measure 2,158-35.

e) Unrecorded tax credits

Tax credits of R\$2,511 thousand (December 31, 2010 – R\$2,414 thousand and March 31, 2010 – R\$74,152 thousand) have not been recorded in the financial statements, and will be recorded when prospects of realization are probable according to studies and analyses prepared by the Management and in accordance with Bacen rules.

Due to the Direct Action of the Declaration of Inconstitutionality filed by CONSIF against articles 17 and 41 of Law 11,727/08, tax credits from periods prior to the increase in the Social Cotribution rate from 9% to 15% were recorded up to the limit of the corresponding consolidated tax obligations. In the quarter, the remaining balance of December 31, 2010 in the amount of

R\$226,711 thousand, was fully provisioned (Note 3h).

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

Notes to the Consolidated Financial Statements**f) Deferred tax liabilities**

| | R\$ thousand | | |
|---|------------------|------------------|------------------|
| | 2011 | 2010 | |
| | March 31 | December 31 | March 31 |
| Mark-to-market adjustment of derivative financial instruments | 240,984 | 238,016 | 393,891 |
| Difference in depreciation | 3,917,264 | 3,925,102 | 3,427,393 |
| Judicial deposit update and others | 802,351 | 628,344 | 634,622 |
| Total | 4,960,599 | 4,791,462 | 4,455,906 |

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

35) OTHER INFORMATION

a) The Bradesco Organization manages investment funds and portfolios with net assets on March 31, 2011 of R\$303,319,123 thousand (December 31, 2010 - R\$288,907,041 thousand and March 31, 2010 - R\$258,562,728 thousand).

b) As part of the process of convergence with international accounting standards, certain accounting pronouncements and their interpretations were issued by the Brazilian Accounting Pronouncements Committee (CPC), which are applicable to financial institutions only after approval by CMN.

The accounting standards which have been approved by CMN include the following:

- Resolution 3,566/08 – Impairment of Assets (CPC 01);
- Resolution 3,604/08 – Statement of Cash Flow (CPC 03);
- Resolution 3,750/09 – Related-Party Disclosures (CPC 05); and
- Resolution 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25).

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

CMN Resolution 3,786/09 and Circular Letters 3,472/09 and 3,516/10 established that financial institutions and other entities authorized to operate by Bacen, which are listed companies or which are required to maintain an Audit Committee shall, as from December 31, 2010, prepare annually and publish in up to 90 days from the base date December 31, their consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with standards issued by the International Accounting Standards Board. (IASB). Bacen's Circular 3,516/10 increased from 90 to 120 days the disclosure term of Financial Statements according to IFRS as of December 31, 2010.

On April 15, 2011, Bradesco made its financial statements for December 31, 2010 and 2009 prepared in accordance with IFRS standards available on its website, www.bradesco.com.br/ri, and on CVM's website (www.cvm.com.br). On the opinion of the Management, reconciliations between net income and shareholders' equity on March 31, 2011 are in line with the values presented

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in the reconciliations dated December 31, 2010.

c) On January 2011, Bradesco acquired shares issued by Companhia Brasileira de Soluções e Serviços – CBSS (“CBSS”) then held by Visa International Service Association (“Visa International”) corresponding to 5.01% of the capital stock of CBSS for R\$85.8 million. With this operation,

194 Report on Economic and Financial Analysis – March 2011

Notes to the Consolidated Financial Statements

Bradesco Organization's interest in CBSS increased from 45% to 50.01%, strengthening its interest in the capital of companies operating in the credit card segment.

d) On March 2011, following the Memorandum of Understanding disclosed in April 2010, Bradesco executed a new binding Memorandum of Understanding with Banco do Brasil S.A. ("Banco do Brasil") to develop and integrate joint businesses through the creation of a Holding named Elo Participações to launch the Elo card brand.

Bradesco will hold 50.01% interest in Elo Participações, with Banco do Brasil holding 49.99%. The new company will be involved in business related to electronic means of payment, which includes:

- Elo Serviços S.A., owner and manager of the Elo brand of credit, debit and pre-paid cards;
- Integration of Companhia Brasileira de Soluções e Serviços ("CBSS"), directly or indirectly, in the business of Elo Participações;
- Sale to CBSS of 100% of quotas held by Bradesco and/or its affiliates in IBI Promotora de Vendas Ltda., including customer base and business related to the business channel, for a total of R\$419.0 million. This operation is subject to: (i) negotiation of definitive documents by the parties involved; and (ii) compliance with applicable legislation; and
- Sale to CBSS of 100% of stock held by Bradesco and/or its affiliates in Fidelity Processadora e Serviços S.A. ("FPS"), representing 49% of FPS's capital stock, for a total of R\$557.9 million, R\$328.9 million of which to paid based on performance.

The operation will be finalized after the completion of definitive documents and compliance with applicable legal and regulatory formalities. Bradesco and Banco do Brasil are taking the final steps towards integrating Caixa Econômica Federal to the launch of the Elo brand.

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

Management Bodies

Reference Date: March 31, 2011

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Lázaro de Mello Brandão

Vice-Chairman

Antônio Bornia

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João Aguiar Alvarez

Denise Aguiar Alvarez

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Carlos Alberto Rodrigues Guilherme

* Milton Matsumoto

Ricardo Espírito Santo Silva Salgado

Board of Executive Officers

Executive Officers

Chief Executive Officer

Luiz Carlos Trabuço Cappi

Executive Vice-Presidents

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Julio de Siqueira Carvalho de Araujo

Norberto Pinto Barbedo

Domingos Figueiredo de Abreu

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Alfredo Antônio Lima de Menezes

André Rodrigues Cano

Josué Augusto Pancini

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André Marcelo da Silva Prado

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Antonio José da Barbara

Arnaldo Nissental

Aurélio Guido Pagani

Cassiano Ricardo Scarpelli

Clayton Camacho

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João Albino Winkelmann

Jorge Pohlmann Nasser

José Luiz Rodrigues Bueno

José Maria Soares Nunes

Júlio Alves Marques

Laércio Carlos de Araújo Filho

Lúcio Rideki Takahama

Luiz Alves dos Santos

Luiz Carlos Brandão Cavalcanti Junior

Luiz Fernando Peres

Marcos Bader

Marcos Daré

Mario Helio de Souza Ramos

Marlene Morán Millan

Moacir Nachbar Junior

Nobuo Yamazaki

Octávio de Lazari Júnior

Octavio Manoel Rodrigues de Barros

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Paulo Faustino da Costa

Roberto Sobral Hollander

* Waldemar Ruggiero Júnior

Walkiria Schirrmeyer Marquetti

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Antonio Chinellato Neto

Cláudio Borges Cassemiro

Cláudio Fernando Manzato

Edilson Wiggers

Eurico Ramos Fabri

Guilherme Muller Leal

José Luis Elias

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Antônio Bornia

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Carlos Alberto Rodrigues Guilherme

* Milton Matsumoto

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Romulo Nagib Lasmar

Oswaldo Watanabe

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Milton Matsumoto

Domingos Figueiredo de Abreu

Alexandre da Silva Glüher

Marco Antonio Rossi

Clayton Camacho

Moacir Nachbar Junior

Roberto Sobral Hollander

Frederico William Wolf

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Haydewaldo Roberto Chamberlain da Costa

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Marcos Aparecido Galende

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Marcelo de Araújo Noronha

Nilton Pelegrino Nogueira

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Marcos Aparecido Galende
Osmar Roncolato Pinho
Renan Mascarenhas Carmo

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Almir Rocha
Antonio Gualberto Diniz
Antonio Piovesan
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Diaulas Morize Vieira Marcondes Junior
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Francisco Assis da Silveira Junior
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Domingos Figueiredo de Abreu
Alexandre da Silva Glüher
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Fiscal Council

Members

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Domingos Aparecido Maia
Ricardo Abecassis Espírito Santo Silva

Substitute Members

Jorge Tadeu Pinto de Figueiredo
João Batistela Biazon
Renaud Roberto Teixeira

Ombudsman Department

Júlio Alves Marques – Ombudsman

* Undergoing ratification by the Brazilian Central Bank

General Accounting Committee

Marcos Aparecido Galende
Accountant -CRC 1SP201309/O-6

Report on Limited Review of Interim Consolidated Financial Information

To the Board of Directors of Banco Bradesco S.A. Osasco - SP

Introduction

We have reviewed the consolidated balance sheet of Banco Bradesco S.A., as of March 31, 2011 and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the quarter then ended, as well as the summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Brazilian Central Bank (BACEN). Our responsibility is to express an opinion on this interim consolidated financial information based on our limited review.

Scope of review

We conducted our limited review in accordance with approved Brazilian auditing standards and International Standards on Auditing (NBC TR 2410 – NBC TR 2410 – *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. The scope of a review is significantly lower than an audit conducted in accordance with auditing standards and therefore does not allow us to obtain assurance that we become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim information does not present fairly, in all material aspects, the consolidated financial position of Banco Bradesco S.A., as of March 31, 2011, the consolidated results of their operations and their consolidated cash flows for the quarter then ended, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank.

Other matters

Statement of interim value added

We also reviewed the interim consolidated statements of value added for the quarter ended March 31, 2011, presented as supplemental information. This statement was subjected to the same review procedures described above and based on our review, we are not aware of any facts that would lead us to believe that they are not presented fairly, in all material respects, in relation to other interim consolidated financial information taken as a whole

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

Report on Limited Review of Interim Consolidated Financial Information

Audit of corresponding values of prior year and prior quarters.

The corresponding values relating year ended December 31, 2010 and the quarters ended December 31 and March 31, 2010, presented for comparative purposes, have been previously audited and reviewed by other independent auditors who issued their reports dated January 28, 2011 and April 27, 2010, respectively, which did not contain any modification.

São Paulo, April 26, 2011

Fiscal Council Report

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory duties, having examined the Management Report and the Financial Statements related to the first quarter of 2011, and the technical feasibility study of taxable income generation, brought at present value, which has the purpose of recording the Deferred Tax Assets pursuant to the CVM Rule 371/02, CMN Resolution 3,059/02, and Bacen Circular Letter 3,171/02, and in view of the report prepared by KPMG Auditores independentes, are of the opinion that the aforementioned documents, based on the Brazilian accounting practices adopted and applicable to entities that the Brazilian Central Bank authorizes to operate, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, São Paulo, April 26, 2011.

Nelson Lopes de Oliveira
Domingos Aparecido Maia
Ricardo Abecassis E. Santo Silva

For further information:

Board of Executive Officers

Domingos Figueiredo de Abreu Executive Vice-President and Executive IRO

Phone: (#55 11) 3681-4011 4000.abreu@bradesco.com.br

Market Relations Department

Paulo Faustino da Costa

Phone: (#55 11) 2178-6201 Fax: (#55 11) 2178-6215

Avenida Paulista, 1.450 – 1º andar CEP 01310-917 – São Paulo-SP

Brazil www.bradesco.com.br/ir

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 05, 2011

BANCO BRADESCO S.A.

By: /S/ Domingos Figueiredo
de Abreu

**Domingos Figueiredo de
Abreu
Executive Vice President
and
Investor Relations
Officer**

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
