BANK BRADESCO
Form 6-K
August 08, 2008

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

FORM 6-K

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

For the month of August, 2008

Commission File Number 1-15250

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

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

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

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

Form 20-F ___X___ Form 40-F _______

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

Yes _______ No ___X____

Banco Bradesco S.A.

Corporate Taxpayer s ID (CNPJ) 60.746.948/0001-12	BOVESPA	BBDC3 (common) and BBDC4 (preferred)	NYSE BBD	LATIBEX XBBDC

Main Indicators (%)

Indicators	2007			2008			
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half	YTD
CDI	3.03	2.89	6.00	2.57	2.74	5.39	11.17
Ibovespa	2.99	18.74	22.30	(4.57)	6.64	1.77	19.54
USD Commercial Rate	(4.10)	(6.05)	(9.90)	(1.25)	(8.99)	(10.13)	(17.36)
IGP-M	1.11	0.34	1.46	2.38	4.34	6.82	13.44
IPCA IBGE	1.26	0.81	2.08	1.52	2.09	3.64	6.06
TJLP	1.60	1.59	3.20	1.54	1.54	3.10	6.29
TR	0.48	0.39	0.87	0.17	0.28	0.45	1.02
Savings Accounts	1.99	1.91	3.94	1.68	1.80	3.50	7.25
Number of Business Days	62	62	124	61	62	123	254

Closing Amount

Indicators	2007		2008	
	March	June	March	June
USD Commercial Selling Rate (R$)	2.0504	1.9262	1.7491	1.5919
Euro (R$)	2.7389	2.6073	2.7606	2.5063
Country Risk (Points)	167	160	284	228
Selic Copom Base Rate (% p.a.)	12.75	12.00	11.25	12.25
Pre-BM&F Rate 1 year (% p.a.)	11.85	10.77	12.69	14.45

N.B.: country risk refers to EMBI+Brazil calculated by the Bank JP Morgan.

Compulsory Deposit Rates (%)

Deposits	2007		2008	
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
Demand (1)	45	45	45	45
Additional (2)	8	8	8	8
Time (3)	15	15	15	15
Additional (2)	8	8	8	8

Rates and Limits (%)

Items	2007		2008	
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
Income Tax	25	25	25	25
Social Contribution (1)	9	9	9	15
PIS (2)	0.65	0.65	0.65	0.65
Cofins (3)	4	4	4	4

Savings Account (4)	20	20	20	20	Legal Reserve on Net Income	5	5	5	5
Additional (2)	10	10	10	10	Maximum Fixed Assets (4)	50	50	50	50
Interbank (5)			0	10	Capital Adequacy Ratio (Basel) (5)	11	11	11	11

(1) Cash deposit No remuneration.

(2) Cash deposit Remuneration by Selic rate.

(3) Restricted Securities From the amount calculated at 15%, R$300 million is deducted.

(4) Cash deposit Remuneration by Reference Interest Rate (TR) + interest of 6.17% p.a.

(5) Originated from Leasing Companies, pursuant to Bacen Circular 3,375. Collection upon restricted securities and R$3 million deduction.

(1) Up to April 2008, the rate was 9%. The rate applied to non-financing companies or similar remains at 9%.

(2) The rate applicable to non-financial and similar companies is 1.65% (non-cumulative PIS).

(3) The rate applicable to non-financial and similar companies is 7.60% (non-cumulative Cofins).

(4) Maximum Fixed Assets are applied over Reference Equity.

(5) Reference Equity may not be lower than 11% of Risk-Weighted Assets.

Forward-Looking Statements

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

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

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

Economic Scenario

In view of intensified inflation risks, Brazil steps into a cycle of tight monetary policy

In spite of the clearer signs of deceleration in worldwide growth, commodity prices continued to increase throughout the first half. In some cases, i.e. oil, prices reached the highest levels ever recorded. This upward trend caused Brazilian economic authorities to be concerned about inflation risks. In this context, some of the main central banks in the world indicated that the cycle of loose monetary policy caused by risks to growth that emerged from the subprime crisis and its consequences has come to an end, enabling interest increases in the coming months.

The impact of commodity prices has been potentialized in several countries where the demand has grown faster than supply, such as Brazil. Brazilian inflation rates have been surprisingly unfavorable in the last few months, in a high magnitude, besides showing a larger diffusion of price increases. Within this scope, the Brazilian Central Bank started a phase of tight monetary policy, which should continue in the coming months, and the Selic rate might reach a 14.75% level in December this year. However, this process should only cause visible impacts as from the last quarter of the year. In 2008, GDP growth will remain robust, around 4.8% . For the next year, the trend of the economy s slowdown is clearer; we estimate a minimum GDP growth of 3.5% should it take place, it will be higher than the historic average of the Brazilian economy.

It is worth pointing out that the long-term perspectives remain favorable for the Brazilian economy, in view of the unmistakable improvement in macroeconomic fundaments in the last few years. This improvement culminated in the achievement of investment grade in a moment of great uncertainties throughout the world. This condition, after the current cycle of tight monetary policy, may contribute for ensuring a faster convergence into international interest standards.

Risk Factors and Critical Accounting Practices

In order to assure Bradesco s commitment to the best international practices for transparency and corporate governance, we point out Risk Factors and Critical Accounting Practices . We consider these factors and practices the most significant and those which could affect our daily business, the results of our operations or our financial position. We stress that Bradesco addresses the management of all risks inherent to its activities in a complete and integrated manner. This integrated approach facilitates the improvement of risk management models and avoids the existence of any gaps that could jeopardize the correct identification and assessment of these risks.

Risks Relating to Brazil

1) Brazilian political and economic conditions have direct impact on our business and on the market value of our shares and ADSs

All of our operations and clients are mainly located in Brazil. Accordingly, our financial condition and results of operations are substantially dependent on the Brazilian economy, which in the past has been characterized both by frequent intervention of the Brazilian Government and volatile economic cycles. In addition, our financial condition and the market value of our shares and ADSs may also be adversely affected by changes in policies involving exchange and tax controls, as well as factors such as: fluctuations in exchange rates, interest rates, inflation rates, and other political, diplomatic, social and economic events inside and outside Brazil that affect the country.

We cannot control nor predict which measures or policies may be taken by the Brazilian Government in response to the current or future situation of the country s economy or how these measures or policies may affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

2) Should Brazil undergo a period of high inflation in the future, our revenues and the market value of our shares and ADSs may reduce

For the past 15 years, Brazil has faced periods of extremely high inflation rates, with extremely high annual rates (IGP DI from Fundação Getulio Vargas) reaching as high as 2,708% in 1993. More recently, Brazil s inflation rates were 1.2% in 2005, 3.8% in 2006, 7.9% in 2007 and 7.2% in the first half of 2008. In previous years, inflation and governmental measures to fight it have had significant negative effects on the Brazilian economy. In addition, general speculation about possible future actions has also contributed to economic uncertainty in Brazil and to heightened volatility in Brazilian securities markets. Should Brazil suffer a period of high inflation in the future, our costs may increase, our operating and net margins may decrease and, if investor s confidence lacks, the price of our shares and ADSs may drop. Inflationary pressures may curtail our ability to access foreign financial markets and may occasionally lead to further government interventions in the economy, including the implementation of policies that may adversely affect the overall performance of the Brazilian economy.

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3) Access to international capital markets by Brazilian companies is influenced by the perception of risk in emerging economies which may harm our ability to finance our operations

The market of securities issued by Brazilian companies is influenced by economic and market conditions in Brazil and, at different levels, by the market conditions in other Latin American countries and other emerging countries. Although economic conditions in these countries may significantly differ from the Brazilian economic conditions, the investors reaction to events in these countries may have an adverse effect on the market value of the Brazilian companies securities. Crises in other emerging countries or economic policies in other countries, especially in the United States and European Union countries, may reduce the demand of investors for Brazilian companies securities, including ours. Any of the events described above may negatively affect the market price of our shares and make harder, or even prevent, our access to capital markets and our financing in future operations in acceptable conditions.

4) Developments in other emerging markets may adversely affect the market value of our shares and ADSs

The market value of our shares and ADSs may be adversely affected by declines in the international financial markets and world economic conditions. The Brazilian securities market is influenced by the local and other emerging countries economy, especially those in Latin America. Although economic conditions are different in each country, investors reaction to developments in one of them may affect the securities markets and the securities issued in other countries, including Brazil.

Occasionally, developments in other countries have adversely affected the market value of our and other Brazilian companies shares, as investors high risk perception due to crisis in other emerging markets may lead to reduced levels of investment in Brazil and, in addition, may hurt our ability to finance our operations through the international capital markets. If the economic situation in Latin America deteriorates, or if similar developments occur in the international financial markets in the future, the market value of our shares and ADSs may be adversely affected.

Risks Relating to Bradesco and the Brazilian Banking and Insurance Industries

1) The Brazilian Government regulates the operations of Brazilian banks and insurance companies, and changes in prevailing laws and regulations or the imposition of new ones may adversely affect our operations and results

Brazilian banks and insurance companies are subject to extensive and continuous regulatory review by the Brazilian Government. We have no control over government regulations, which govern all facets of our operations, including the imposition of minimum reference equity and capital requirements, compulsory deposits, loan limits and other loan restrictions.

The regulatory structure governing Brazilian banks and insurance companies is continuously evolving; laws and regulations may be amended, and more, they may be changed according to their enforcement or interpretation, causing the adoption of new laws and regulations. Such changes could materially affect in a negative manner our operations and our results.

Regulatory changes affecting other businesses in which we are engaged, including our broker dealer, consortium and leasing operations, could also have an adverse effect on our operations and our results.

2) The increasingly competitive environment in the Brazilian banking and insurance industries may adversely affect our business prospects

We face significant competition in all of our principal areas of operation from other large Brazilian banks and public and private insurance companies. Brazilian regulations raise limited barriers only to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the growing presence of foreign banks and insurance companies in Brazil, some of which have greater resources than we do, has grown the competition both in the banking and insurance industries. The privatization of publicly-owned banks has also made the Brazilian markets for banking and other financial services more competitive.

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The increased competition may adversely affect our business results and prospects by, among other things: limiting our ability to increase our customer base and expand our operations; reducing our profit margins on the banking, insurance, leasing services and other products we offer; and increasing competition for the foreign investment opportunity.

Furthermore, additional publicly-owned banks and insurance companies may be privatized in the future. The acquisition of a bank or insurance company in a privatization process by one of our competitors would generally add to the acquirers market share, and as a result we may face increased competition from the acquirer.

3) Some of our common shares are held by two shareholders, whose interests may conflict with other investors interests

On June 30, 2008 Cidade de Deus Companhia Comercial de Participações held 48.22% of our common shares and Fundação Bradesco directly and indirectly held 50.85% of our common shares. As a result, these shareholders have the power to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve related-party transactions or corporate reorganizations, which may not be beneficial to our other shareholders.

Critical Accounting Practices

Bradesco s results are susceptible to accounting policies, assumptions and estimates. It is incumbent upon the Management to adopt proper accounting policies and provide reasonable and suitable judgments and estimates when preparing the financial statements.

Our relevant accounting policies are outlined in note 3 to the consolidated financial statements included in chapter 9 of this Report.

In terms of materiality, the following 5 items outline the accounting policies deemed as critical, as well as areas requiring a greater judgment and estimate or involving a higher level of complexity, which may affect our financial condition and the results of our operations. The accounting estimates made under such context impel us to make assumptions on uncertain issues. In each case, if we had made other estimates, or if changes in estimates had occurred period by period, these could have significantly impacted our financial condition or the results of our operations:

1) Allowance for Loan Losses

We periodically adjust our allowance for loan losses, which include leasing operations and other operations with loan characteristic, based on the analysis of our portfolio, including probable losses estimate in these segments at the end of each period.

The determination of allowance for loan losses amount by its nature requires us to make judgments and assumptions related to our loan operations portfolio, not only on an individual basis, but also on a portfolio basis. When we revise our portfolio as a whole, various factors may affect our estimate of probable extension of losses, including the methodology we use to measure historical rates of delinquency and the historical period we take into account in such measurements. When we revise loan operations on an individual basis, we make judgments related to the factors, which most probably should affect the risk levels and which specific credit rating we should attribute. Additional factors which may affect our determination of allowance for loan losses include:

- general economic conditions in Brazil and conditions of relevant sector;
- previous experience with borrower or relevant sector of economy, including recent losses experience;
- credit quality trends;
- guarantees amounts and quality of a loan operation;

volume, composition and growth of our loan operations portfolio;

Brazilian Government s monetary policy; and

any delays when receiving information necessary to assess loan operations or confirm the deterioration of existing credit.

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Our determination of allowance for loan losses is influenced by the risk rating of each loan operation. By assuming a decrease of 1% in delinquency ratio expected for our loan operations portfolio in full performance, on June 30, 2008, the allowance for loan losses would increase, approximately, R$59 million. Such sensitivity analysis is hypothetical and intends to illustrate the risk rating and loss severity impact on our allowance and, thus, must not be considered as an observation of our expectations for future determinations of risk rating or future alterations in loss severity. In view of the procedures we observe, in order to determine our risk rating of loan portfolio and our assessment of loss severity, we believe that the current risk rating and the estimate of loss severity for our loan portfolio are appropriate.

For further information about our practices referring to the allowance for loan losses, see content of loan operations included in chapter 3 and notes 3e and 10 included in chapter 9 hereof.

2) Classification of Securities and Derivatives

The classification of securities and derivatives occurs in three categories: for trading, available for sale and held to maturity. This classification is based on the Management s intent, on the date of acquisition of securities, of maintaining or trading such securities. The accounting treatment of securities held depends on our classification upon their acquisition.

Circumstantial changes may modify our strategy related to a specific security, which will require a transfer among the three categories.

The classification of securities and derivatives can be found in Note 8 included in chapter 9 of this Report.

3) Assessment of Securities and Derivatives

The financial instruments recorded at fair value in our financial statements mainly include securities classified as for trading, available for sale and other trading assets, including derivatives. The fair value is defined as the value in which a position could be closed or sold in a transaction with a party aware of the issue and willing to trade, without any benefit.

We estimate the fair value by using quoted-market prices when available. We observe that the fair value may be affected by the volume of shares traded and also may not reflect the control premiums resulting from shareholder agreements, those holding significant investments. However, the Management believes that quoted-market prices are the fair value best indicators.

When quoted-market prices are not available, we use models to estimate the fair value. The factors used in these models include distributors quotations, pricing models, prices of instruments with similar characteristics and discounted cash flows. The pricing based on models also uses information about interest rates, exchange rates and options volatility, when these are relevant and available.

In the determination of fair value, when quoted-market prices are not available, we have the Management s judgment, since the models depend on our judgment concerning the weight to be attributed to different factors and the quality of information we receive. For instance, reliable market data, when estimating the impact of maintaining a high position are generally limited. Likewise, we use our judgment in the estimate of prices when there is no external parameter. Should we make incorrect assumptions or the model itself makes incorrect correlations or assumptions, the value of income or loss recorded for a specific asset or liability may be improper. The judgment shall also determine if a decline in fair value below the up-to-date cost of a held to maturity or available for sale security is not temporary, so that to require we recognize a devaluation of up-to-date cost and we may reflect such reduction as expense. In the assessment, if devaluation is not temporary, the Management decides the historical period to be considered and the level of severity of a loss.

Such assessment methods may lead Bradesco to different results, if models used or assumptions and estimates are inaccurate.

For further information about our practices referring to the assessment of securities and derivative financial instruments, see Notes 3c, 3d and 8 included in chapter 9 of this Report.

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4) Income tax and social contribution

The determination of the amount of our taxes and contributions is related to the analysis of our deferred tax assets and liabilities, and income tax and social contribution. Generally, our assessment requires us to estimate the future values of deferred tax assets, income tax and social contribution. Our assessment about the possibility of a deferred tax asset to be realized is subjective and involves evaluations and assumptions originally uncertain. The realization of deferred tax assets is subject to alterations in future tax rates and the development of our tax planning strategies. As a result of unpredictable occurrences or circumstances, the support to our assessments and assumptions may change over time, influencing the determination of the value of our tax liabilities.

We constantly monitor and assess the impact of new tax laws on our liabilities, which could affect the assessments and assumptions of our analysis about the possibility of realizing deferred tax assets.

For further information about Bradesco s income tax and social contribution, see Notes 3f and 34 to our financial statements included in chapter 9 of this Report.

5) Use of Estimates

Our Management estimates and makes assumptions, which include: the amount of provisions for deferred taxes and contributions; the assumptions for the calculation of allowance for loan losses; the assumptions for calculations of technical provisions from insurance, private pension plans and certificated savings plans; the choice of useful lives of certain assets; and the determination of whether an asset or group of specific assets will be deteriorated. The estimates are based on the judgment and available information. Therefore, effective results may differ from such estimates.

Commercial Strategy

We believe that the expansion of the Brazilian economy, influenced by the favorable macroeconomic environment, resulting from the relevant growth of the purchase power of certain income segments of the Brazilian population, specially the low and medium-income citizens and companies investment, will increase, with balance, the demand for financial and insurance services in the next years.

Our main objective is to maintain the focus on the domestic market to take advantage of the position as the largest private Bank in Brazil, to expand our profitability, maximize value to shareholders and generate higher returns compared to other Brazilian financial institutions.

Our strategy to achieve such goals is not only focused on continue to expand our client base, but also to consolidate our role as an All-inclusive Bank in the Brazilian market, in order for us to be the the priority bank to each of our clients. We have been segmenting even more our services by efficiently allocating our human resources and talents in order to offer our clients the products and services that truly meet their needs. We believe that paying attention to the financial profile of our clients and respecting their individuality results in a greater satisfaction and loyalty in relationship of our clients to us. The segmentation of our financial services has also enabled us to increase synergies of the institutions we have acquired over the past years.

We own the largest and, probably, the best distribution channel network among the private Brazilian banks, network which is comprised of branches, banking branches, ATM machines, Banco Postal and other third-party channels, whose growth was especially significant with the adhesion of large retail networks like our correspondent banks. We have over 55,000 customer service branches. The strict, segmented and well-distributed coverage of our customer service network optimizes the delivery logistics of our products and services and enables us to fully compete in the retail banking. We intend to continue expanding and refining our customer service network and offer more and better products and mass services to our clients, in order to meet the increasing demand for loan and insurance in the Brazilian market.

We are also focused on expanding our businesses as a wholesale bank in all its aspects, specially the corporate service, and expand our private banking business. In the corporate segment, in which we believe we are well placed, the Brazilian economic scenario has materially enlarged the performance of small and medium companies. In addition, since 2006 we have been paying special attention to our investment bank segment Banco Bradesco BBI. We resort to the market to search for qualified professionals and we intend to fully use the relationship with our corporate and high income clients to increase our investment bank operations.

We also intend to strongly increase our share in markets which we traditionally use to be less focused on, such as securities brokerage. With the great growth of the Brazilian securities market over the past years, and the recent agreement for the acquisition of the largest securities brokerage firm in Brazil, Ágora Corretora, which, once approved by the proper authorities, will make us leader in the securities brokerage market.

In the insurance segment, we believe that our operations are much likely to grow due to the still low representation of the insurance industry in the Brazilian Gross Domestic Product. The increase on the Brazilian average income has incorporated millions of new policyholders, and we expect to seize this increasing demand for insurance products, in order to consolidate our leadership in the several insurance segments.

We have tried to increase our gains in scale and operational efficiency, by means of the segmentation of the supply of our products with the creation of insurance companies specializing in each insurance line, which we call multi-line insurance company. Thus, we avoid crossed subsidies and have full control of the performance of each product line. We believe we can benefit from our structure to maximize insurance products sales, which in their essence have a high contribution margin, creating access to independent brokers.

Furthermore, in every line of our operation, we intend to stand out and be recognized by our clients as leader in terms of performance and efficiency. We closely follow and constantly try to improve our operating efficiency levels.

We understand that the essence of business success in the financial sector consists of the combination between winning the client and a staff highly qualified and devoted to the rendering of services, permanently trained and with rigid discipline and ethics standards at work. It is also fundamental to promote the business, the treatment given to our team in terms of qualification, promotion and creation of a solidarity culture at work, with a view to fomenting an environment where our employees may develop a career which endures their entire professional life. In 2007, we were chosen by the Guia Você S/A Exame publication as one of the best companies to work at in Brazil.

Finally, the main component of our philosophy is to conduct the business according to the highest ethical standards. Therefore, our strategy is guided and geared by seeking the best Corporate Governance practices and by understanding what we should be, besides a profit generator for our shareholders, a constructive element within our society.

The key elements of our business strategy are:

- expansion by means of organic growth;
- improvement of our already successful business model of a large banking institution, together with the largest insurance company in Latin America, which we call Insurance-Bank Model, with the purpose of increasingly raise our profitability and consolidate our leadership in the insurance industry;
- increase of revenues, profitability and value to shareholders, by consolidating our loan and financing operations, our main activity, and the expansion of new products and services;
- maintenance of our commitment to technological innovation;
- profitability and return to the shareholders by means of ongoing efficiency ratio improvements;
- focus on risk management, in order to ensure that our operations and results are always kept at acceptable levels in our operations; and
- expansion by means of strategic alliances and selective acquisitions, when these are beneficial.

To expand main business areas by means of organic growth

The Brazilian economy has been growing with balance over the past five years and, meanwhile has been creating strategic opportunities for financial and insurance segments growth, mainly by means of increased business volume in segments which we are particularly well placed. We intend to continue taking advantage of such progresses to increase our revenues, obtain profitability and maximize value to the shareholders, as outlined as follows:

capitalizing on the opportunity to obtain new clients in the Brazilian markets, mainly low and medium-income ones, with loan and financial needs not met, and, in addition, maintain the strong competition for a small level of clients with higher income levels;

expanding our financial services distribution, by using creativity in developing new mass products, strongly employing outsourced channels, for instance, expanding our credit cards and financial and insurance products and services offer in large retail networks, by means of alliances with network of stores, Banco Postal and other correspondent banks;

benefiting from the existing distribution channels, including our traditional branch network and other access means, in order to identify demand for new products and the expansion of the supply of products which are getting back thanks to the monetary stability in Brazil, such as long-term financings, specially real estate loan;

using our client base, offering them, in a wider manner, our products and services and increasing the average of products used by checking account from 4.8 in December 2007, to an average of 5.0 products by checking account in December 2008;

using the systems supported by our branches, in order to assess and monitor the use of our products by clients, so that to drive them to the appropriate sale, delivery and commercialization platforms; and

developing segmented products, in compliance with the profile and needs of our clients (both potential and current ones).

To operate based on the Insurance Bank Model in order to maintain the profitability and consolidate Bradesco s leadership in the insurance industry

Our goal is to make our clients look for us as the primary bank to meet their banking, insurance and private pension needs. We believe to be in a privileged position to capitalize the synergy among banking, insurance, private pension services and other financial activities. Our insurance group has a nationwide coverage, in addition to our banking distribution network, which is of great importance in our distribution of insurance and private pension, distribution services via Internet and new distribution channels which we developed thanks to our creativity, we also have specific channels for the supply of this products, which counts on a own platform of more than 15,000 brokers and dealerships for the basic line and 8,000 for life and private pension plan. Our brokers and dealerships are permanently assisted and encouraged to improve the service to our clients.

Concurrently, we aim at increasing profitability levels of insurance and supplementary private pension plans segments, by using the profitability measure rather than the volume of underwritten premiums or amounts deposited, as observed as follows:

managing our reserves and portfolio;

intensively trading our products and services; and

maintaining acceptable risk levels in our operations by means of a strategy of:

setting priorities to insurance underwriting opportunities, according to the risk spread between the revenue expected pursuant to the terms of insurance agreement and the amount of projected claims (statistically) to be due under the terms of such agreement;

performing hedge transactions, so as to avoid the mismatch between the real inflation index, on one hand, and provisions for adjustments of interest rates and inflation in long-term agreements, on the other; and

using reinsurance contracts with important reinsurance companies taking advantage of the new reality of the Brazilian insurance market.

To increase the revenues from banking activities, profitability and value to shareholders, by reinforcing loan operations and expanding new products and services

We are focused on the increase of revenues and profitability in our banking operations, with the following measures:

carrying out our traditional deposit-taking activities and loan and financing operations, continuously seeking to improve the quality of our loan portfolio, by means of risk mitigation plans and improvement of the pricing models of delinquency risks, which ensures better results in the concession, follow-up, recovery and adequate provisions for expected loan losses;

building our customer base, legal entities and individuals, by offering services meeting the profile and needs of specific clients;

intensively seeking the development of paid services based on fees, such as the collection and processing of payments;

expanding our financial services and products distributed out of our conventional means of branches, such as credit card activities, capitalizing on the change in the consumers behavior concerning the financial services consumption;

increasing our revenues from asset management; and

continuously building our high-income customer base, by providing a wide range of tailor-made financial products and services.

To maintain our commitment to technological innovation

The development of efficient means to reach clients and to process operations, safely and continuously, is a key element of our goal to increase our profitability and capitalize on opportunities of coordinated growing.

We have recorded a journey of over six decades of being a pioneer, always anticipating coming challenges with efficient strategies and positive impacts to the society. In this context, we point out the use of state-of-the-art technology, one of the central pillars of the Organization s strategy to give sustainability, push businesses and generate to clients easy access to innovative and safe services. We are among the Brazilian companies which most invest in research and development focused on the banking area. Thus, with the purpose of improving more and more the Organization s IT environment, getting ready for the next decades and increasing the public perception regarding technological resources we use, based on the best existing practices and technologies, we have invested in a great strategic program called IT Improvements , which reaches 5 macro-areas of the IT chain (Processes, Applications, Operational Environments, Technologies and Infrastructure).

We believe that technology offers unequalled opportunities for us to reach our clients efficiently in terms of costs. We maintain the commitment to being ahead in the banking automation process, by creating opportunities for Brazilians to contact us via the Internet and other access means, such as:

by enlarging our mobile banking service, Bradesco Celular, allowing clients to carry out their banking operations by means of compatible mobile phones; and

by providing Pocket Internet Banking for palmtops and Personal Digital Assistants (PDAs), as well as mobile phones, allowing our clients to see their checking and savings accounts, see their credit card transactions, provide for payments, transfer funds and also obtain institutional information.

To obtain profitability and return to shareholders by improving the efficiency ratio

We intend to improve our efficiency levels:

by maintaining the austerity as guideline of our cost control policy;

by continuously reviewing our internal processes, allowing to reduce resources consumed and contribute to our corporate sustainability policy;

by consolidating the synergies enabled by our recent acquisitions;

by still reducing our operating costs, by means of technology investments, decreasing the costs per transaction, always emphasizing our automated distribution channels updated, including our wireless distribution systems, by phone, Internet and ATM machines; and

by still incorporating institutions, which by chance, are to be acquired in our existing system, in order to remove potential overlaps, redundancies and inefficiency, shortening gains of scale.

To maintain acceptable risk levels in our operations

We approach the management of risks inherent to our activities in an integrated manner, in a process within our Internal Controls and Compliance structure, which we call Risk Management Process . This process allows the continuous improvement of our risk management models and minimizes the existence of gaps which compromise its correct identification and evaluation. Thus, we identify, measure, control, monitor and mitigate in a centralized and permanent manner, our Credit, Market, Liquidity and Operational risks.

The unity of our risk management process is guaranteed thanks to the Integrated Risk Management and Capital Allocation Committee, a statutory committee whose duty is to advise the Board of Directors in the approval of institutional policies, operational guidelines and establishment of risk exposure limits within the scope of the financial economic consolidated. Additionally, we have three Executive Committees for issues related to Credit, Market and Liquidity, and Operational Risks, which among their duties, are responsible for suggesting limits of tolerance to their respective risks and preparation of mitigation plans to be submitted to the Integrated Risk Management and Capital Allocation Committee. Finally, we have an independent department, exclusively dedicated to the activities of global risk management and internal controls Risk Management and Compliance Department DGRC which implements and follows, in a continuous and integrated manner, the guidelines and processed prepared by our high level committees.

Our internal risk management bodies and processes ensure the maintenance of operational risks in adequate levels and the efficient allocation of capital, being similar to the best international practices, which allows us to obtain competitive advantages.

To enter into strategic alliances and selective acquisitions

We understand that the expansion of Brazilian financial institutions will be held due to the organic growth over the next years. In addition, we believe that acquisition opportunities will be small-sized institutions. Notwithstanding, we deem that certain institutions, which will be susceptible to be acquired, could present niche opportunities, such as consumer financing, credit cards and investment bank. Therefore, we continuously evaluate potential strategic alliances as well as consolidation opportunities, including privatization and acquisitions proposals, as well as other forms, which offer potential opportunities for Bradesco to increase its market share or improve its efficiency. In addition to focusing on the value and the quality of assets, we take into account potential operating synergies, cross-selling opportunities, know-how acquisitions and other advantages of potential alliance or acquisition. The analysis of potential opportunities is guided by the impact these would have over our results.

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Certain figures included in this document have been subject to rounding adjustments.
Accordingly, figures shown as total in certain tables may not be an arithmetic sum of
the figures preceding them.

List of Main Abbreviations

AACD Association of Assistance to Disabled Children
ABC Activity-Based Costing
Abecs Brazilian Association of Credit Card Companies and Services
ABEL Brazilian Association of Leasing Companies
ABM Activity-Based Management
ACC Advances on Foreign Exchange Contracts
ADR American Depositary Receipt
ADS American Depositary Share
ADVB Association of Sales and Marketing Managers of Brazil
Anbid National Association of Investment Banks
ANS National Agency for Supplementary Healthcare
AP Personal Accident
Apimec Association of the Capital Markets Investment Analysts and Professionals
Bacen Brazilian Central Bank
BDR Brazilian Depositary Receipt
BM&F Mercantile and Futures Exchange
BNDES National Bank for Economic and Social Development
Bovespa São Paulo Stock Exchange
CBLC Brazilian Settlement and Custody Company
CDB Bank Deposit Certificate
CDC Consumer Sales Financing
CDI Interbank Deposit Certificate
CEF Federal Savings Bank
Cetip Clearing House for the Custody and Financial Settlement of Securities
CIAB Information Technology Congress and Exposition of the Financial Institutions
CMN National Monetary Council
CNSP National Private Insurance Council
Cobit Control Objectives for Information and Related Technology
Cofins Contribution for Social Security Financing
Conanda National Council for the Rights of Children and Adolescents
Copom Monetary Policy Committee
IDEC Brazilian Institute for the Defense of the Consumer
IEO Efficiency Ratio
IFC International Finance Corporation
IFRS International Financial Reporting Standards
IFT Quarterly Financial Information
IGP-DI General Price Index Internal Availability
IGP-M General Price Index Market
Inmetro National Institute of Metrology, Standardization and Industrial Quality
INSS Social Security National Institute
IPCA Extended Consumer Price Index
IPO Initial Public Offering
IPTU Municipal Real Estate Tax
IR Income Tax
IRRF Withholding Income Tax
ISE Corporate Sustainability Index
ISS Tax on Services
IT Information Technology
JCP Interest on Shareholders Capital
Latibex Latin American Stock Exchange Market in Euros (Spain)
LOMA Life Office Management Association (North-American institution which develops courses, examinations and researches in life, health and social security insurance segments)
MBA Master of Business Administration
MUFG Mitsubishi UFJ Financial Group
NBR Registered Brazilian Rule
NGO Non-Governmental Organization
NPL Non-Performing Loans
NYSE New York Stock Exchange
OHSAS Occupational Health and Safety Assessment Series
OIT International Labor Organization
ON Common Shares
PAA Advanced Service Branch
PAB Banking Service Branch

Cosif Chart of Accounts for National Financial System Institutions
COSO Committee of Sponsoring Organizations
CPMF Provisory Contribution on Financial Transactions
CRI Certificate of Real Estate Receivables
CS or CSLL Social Contribution or Social Contribution on Net Income
CVM Brazilian Securities Commission
DJSI Dow Jones Sustainability World Index
DPV Available for Sale (Securities)
Dpvat Compulsory Vehicle Insurance
DR Depositary Receipt
DRE Statement of Income for the Year
DTVM Securities Dealer
DVA Value-Added Statement
EMBI Emerging Markets Bond Index
EPE Specific Purpose Entities
ERP Enterprise Resource Planning
EXIM Export and Import BNDES Financing Line
Fenaprevi National Federation of Life and Private Pension Plans
FGV Fundação Getulio Vargas
FIA Management Institute Foundation
FIDC Credit Right Funds
FIE Exclusive Investment Fund
Fiesp Federation of the Industries of the Sate of São Paulo
Finabens Financing Line of other Assets and Services
Finame Fund for Financing the Acquisition of Industrial Machinery and Equipment
FIPE Economic Research Institute Foundation
Fipecafi Accounting, Actuarial and Financial Research Institute Foundation
FlRN Floating Rate Note
FxRN Fixed Rate Note
IBCC Brazilian Institute of Cancer Control
IBGE Brazilian Institute of Geography and Statistics
Ibmec Brazilian Capital Markets Institute
IBNR Incurred But Not Reported
Ibovespa São Paulo Stock Exchange Index
Ibracon Brazilian Institute of Independent Auditors
IBRE Brazilian Economy Institute
PAE Electronic Service Branch in Companies
PDD Allowance for Loan Losses
PGBL Unrestricted Benefits Generating Plan
PIS Social Integration Program
PL Shareholders Equity
PLR Employee Profit Sharing
PN Preferred Shares
PPNG Unearned Premiums Provision
RCF Optional Third-Party Liability
RE Basic lines (of Insurance Products)
ROA Return on Assets
ROAA Return on Average Assets
ROAE Return on Average Shareholders Equity
ROE Return on Shareholders Equity
SA 8000 Social Accountability
SAP Systems Applications and Products
SBPE Brazilian Savings and Loan System
Sebrae Brazilian Micro and Small Business Support Service
SEC U.S. Securities and Exchange Commission
Selic Special Clearance and Custody System
SESI National Industry Social Service
SFH National Property System
Sipat Internal Week of Labor Accident Prevention
Susep Insurance Superintendence
TAC Loan Opening Rate
TJLP Federal Government Long-Term Interest Rate
TR Reference Interest Rate
TVM Securities
UN United Nations
VaR Value at Risk
VGBL Long-term Life Insurance

1 - Bradesco Line by Line

Net Income

The Reported Net Income was impacted by some extraordinary events. Thus, in order to enable a better analysis and comparability between the quarters, we present below the Reported Net Income statement, without considering such events (Adjusted Net Income).

	R$ million					
	2007			2008		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Reported Net Income	**1,705**	**2,302**	**4,007**	**2,103**	**2,002**	**4,105**
Extraordinary Events in the Period:						
(-) Partial sale of equity interest Visa Inc.				(352)		(352)
(+) Full goodwill amortization		182	182	53		53
(-) Total sale of investment in Arcelor		(354)	(354)			
(-) Partial sale of investments in Serasa		(599)	(599)			
(-) Activated tax credit of previous periods		(41)	(41)			
(-) Other		74	74	21		21
(+/-) Fiscal effects		237	237	82		82
Adjusted Net Income	**1,705**	**1,801**	**3,506**	**1,907**	**2,002**	**3,909**

Returns on Shareholders Equity Adjusted Net Income percentages

	2007			2008		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Return on Shareholders Equity ROE	28.9	28.9	27.1	25.3	26.0	24.5
Return on Average Shareholders Equity ROAE	30.2	29.5	28.8	27.3	26.1	25.8
Return on Shareholders Equity ROE (without adjustment to market value reserve TVM and Derivatives)	31.5	31.3	29.3	26.5	26.8	25.3
Return on Average Shareholders Equity ROAE (without adjustment to market value reserve TVM and Derivatives)	32.6	32.9	31.5	28.7	27.6	27.2
Return on Shareholders Equity ROE (straight-line calculation)	26.2	26.2	25.5	23.2	23.8	23.2
Return on Average Shareholders Equity ROAE (straight-line calculation)	27.2	26.7	27.0	24.9	23.8	24.3
Return on Total Assets ROA	2.4	2.5	2.4	2.2	2.0	2.0

Return on Total Average Assets	ROAA	2.5	2.5	2.5	2.2	2.1	2.1

Reported Net Income x Net Income Adjusted by Extraordinary Events and Goodwill Amortization R$ million

Summarized Analysis of the Statement of Income

With the purpose of favoring a better understanding, comparability and analysis of Bradesco s results, we are disclosing the Statement of Adjusted Income, which is obtained from a series of adjustments made on the Reported Statement of Income. We point out that the Statement of Adjusted Income will be the basis used for analyses and comments of this Report on Economic and Financial Analysis.

Below, we show tables with the Reported Statement of Income, the respective adjustments and the Statement of Adjusted Income.

1H07 x 1H08 R$ million

	1H07				**1H08**				**Variation**	
		Adjustments				**Adjustments**				
	Reported Statement of Income	**Fiscal Hedge (1)**	**Other**	**Adjusted Statement of Income**	**Reported Statement of Income**	**Fiscal Hedge (1)**	**Other**	**Adjusted Statement of Income**	**Amount**	**%**
Financial Margin (a)	11,589	(512)	(354) (2)	10,723	13,130	(487)		12,643	1,920	17.9
Allowance for Loan Losses PDD (b)	(2,504)			(2,504)	(3,501)			(3,501)	(997)	39.8
Intermediation Gross Income	9,085	(512)	(354)	8,219	9,629	(487)		9,142	923	11.2
Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations (c)	357			357	1,082			1,082	725	203.1
Fee and Commission Income (d)	5,168			5,168	5,578			5,578	410	7.9
Personnel Expenses (e)	(3,109)			(3,109)	(3,452)			(3,452)	(343)	11.0
Other Administrative Expenses (e)	(3,184)			(3,184)	(3,784)			(3,784)	(600)	18.8
Tax Expenses (e)	(1,231)	64		(1,167)	(1,236)	61		(1,175)	(8)	0.7
Other Operating Income/Expenses and Equity in Earnings (Losses) of Unconsolidated	(1,666)		74 (3)	(1,592)	(2,104)		56 (3)	(2,048)	(456)	28.6

Companies (f)										
Full Goodwill Amortization	(182)		182 [4]		(53)		53 [4]			
Operating Income	5,238	(448)	(98)	4,692	5,660	(426)	109	5,343	651	13.9
Non-Operating Income	601		(599) [5]	2	382		(387) [7]	(5)	(7)	
IR/CS and Minority Interest	(1,832)	448	196 [6]	(1,188)	(1,938)	426	82 [8]	(1,429)	(241)	20.3
Net Income	4,007		(501)	3,506	4,105		(196)	3,909	403	11.5

(1) partial result of derivatives used for hedge effect of investments abroad, which in terms of Net Income, simply annuls the fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy;
(2) positive result assessed in the sale of our interest in Arcelor in 2Q07;
(3) constitution of operational provisions civil contingencies
(4) full goodwill amortization in subsidiaries;
(5) positive result assessed in the sale of part of our interest in Serasa, in 2Q07;
(6) fiscal effect of adjustments in the amount of R$(237) million and activation of tax credits from previous periods in the amount of R$41 million;
(7) mainly due to the positive result assessed in the partial sale of our interest in Visa Inc.; and
(8) fiscal effect of adjustments.

Bradesco s Net Income, in the half year ended on June 30, 2008, reached R$3,909 million, accounting for an 11.5% increase in relation to 2007. Bradesco s Shareholders Equity amounted to R$33,711 million as of June 30, 2008, equivalent to a 22.5% increase compared to the balance as of June 30, 2007. Consequently, the annualized return on Average Shareholders Equity (*) (ROAE) reached 27.2% . Total consolidated Assets reached R$403,271 million as of June 30, 2008, accounting for a 38.8% growth in relation to the balance of same date of the previous year. The annualized return on Average Assets (ROAA), in 1H08, was 2.1% . Earnings per share reached R$1.27.
The main items influencing net income in 1H08, compared to 1H07, can be seen below:

(a) Financial Margin R$1,920 million

Such growth is mainly due to interest component, with a share of R$1,827 million (R$2,820 million due to the increase in business volume, and R$993 million to the decrease in spreads), and to the increase in non-interest result in the amount of R$93 million, resulting mostly from the higher credit recovery.

(b) Allowance for Loan Losses R$(997) million

The variation is mostly due to a 37.2% increase in the volume of loan operations in the 12-month period ended on June 30, 2008. Pointing out the individual client operations, mainly under the consumer financing type, with a 34.2% increase, which, in view of its specific characteristic, requires a higher provisioning volume.

(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations R$725 million

The variation is mostly due to the better result assessed in the Health line, resulting from the non-constitution of additional provision in 2008, as well as from the better result obtained from the Life line and VGBL products, due to the increase of the client base.

(d) Fee and Commission Income R$410 million

The increase in the period is mainly due to a higher volume of operations, mitigated by the efect of the fee adjustments related to checking accounts and loan operations of individuals in 2Q08. We point out the items Card Income R$252 million, Assets under Management R$98 million, Collection R$52 million and Custody and Brokerage Services R$43 million.

(e) Personnel, Administrative and Tax Expenses R$(951) million

Out of such amount, R$343 million of personnel expenses is mainly due to: (i) the expansion of the customer service network and the consequent hiring of employees, as well as the increase in salary levels resulting from the collective bargaining agreement of 2007 (6.0%), benefits and others, in the amount of R$269 million; (ii) higher expenses with labor proceeding in the amount of R$53 million; and (iii) higher expenses with management and employee profit sharing (PLR) in the amount of R$20 million.

The variation of R$600 million in other administrative expenses in the period basically refers to: (i) the organic growth; (ii) the effects on increased volume of business; (iii) the investments in the improvement and optimization of the technological platform (IT Improvements Project); and (iv) the contractual adjustments.

The R$8 million of tax expenses derives basically from (i) the increase in PIS/Cofins expenses in the amount of R$120 million, due to the increase in taxable income; (ii) the increase in ISSQN expenses in the amount of R$7 million; which was partially mitigated: (iii) by the reduction in CPMF expenses, in the amount of R$121 million, since it is no longer collected.

(f) Other Operating Income/Expenses R$(456) million

The increase in the period is mainly due to: (i) the increase in expenses with financing commissions R$105 million; (ii) the increase in provision for civil contingency expenses R$134 million; (iii) the increase in sundry losses R$51 million; (iv) the increase in expenses with search and seizure R$33 million; and (v) the increase in expenses from the amortization of prepaid expenses arising from operational agreements R$85 million.

(*) It does not consider the mark-to-market effects of Available -for-Sale Securities.

Summarized Analysis of the Statement of Income

1Q08 x 2Q08 R$million

	1Q08				**2Q08**			**Variation**	
		Adjustments				**Adjustments**			
	Reported Statement of Income	**Fiscal Hedge [1]**	**Other**	**Adjusted Statement of Income**	**Reported Statement of Income**	**Fiscal Hedge [1]**	**Adjusted Statement of Income**	**Amount**	**%**
Financial Margin (a)	6,096	(46)		6,050	7,034	(441)	6,593	543	9.0
Allowance for Loan Losses PDD (b)	(1,667)			(1,667)	(1,834)		(1,834)	(167)	10.0
Intermediation Gross Income	4,429	(46)		4,383	5,200	(441)	4,759	376	8.6
Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations (c)	515			515	567		567	52	10.1
Fee and Commission Income (d)	2,803			2,803	2,775		2,775	(28)	(1.0)
Personnel Expenses (e)	(1,737)			(1,737)	(1,715)		(1,715)	22	(1.3)
Other Administrative Expenses (e)	(1,815)			(1,815)	(1,969)		(1,969)	(154)	8.5
Tax Expenses (e)	(611)	6		(605)	(625)	55	(570)	35	(5.8)
Other Operating Income/Expenses and Equity in Earnings (Losses) of Unconsolidated Companies (f)	(1,032)		56 [2]	(976)	(1,072)		(1,072)	(96)	9.8
Full Goodwill Amortization	(53)		53 [3]						
Operating Income	2,499	(40)	109	2,568	3,161	(386)	2,775	207	8.1
Non-Operating Income	402		(387) [4]	15	(20)		(20)	(35)	
IR/CS and Minority Interest	(798)	40	85 [5]	(676)	(1,139)	386	(753)	(77)	11.4

Net Income	2,103	(196)	1,907	2,002	2,002	95	5.0

(1) partial result of derivatives used for hedge effect of investments abroad, which, in terms of Net Income, simply annuls the fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy;
(2) constitution of operating provisions civil contingencies;
(3) full goodwill amortization in subsidiaries;
(4) mainly by the positive result assessed in the partial sale of our interest in Visa Inc.; and
(5) tax effect of adjustments.

In 2Q08, Bradesco s Net Income reached R$2,002 million, against R$1,907 in the 1Q08, a 5.0% increase in the quarter. Bradesco s Shareholders Equity amounted to R$33,711 million on June 30, 2008, a 2.4% increase in relation to March 31, 2008. Total consolidated Assets reached R$403,271 million as of June 30, 2008, growing by 13.4% in 2Q08.
The main items influencing Net Income in 2Q08 compared to the previous quarter can be seen below:

(a) Financial Margin R$543 million

Such variation is due to the increase in the result of interest -bearing operations in the amount of R$179 million (R$232 million due to the increase in volumes and R$53 million to the decrease in spreads), and the non-interest income in the amount of R$364 million, in view of the higher gains with loan recoveries, TVM and treasury in 2Q08.

(b) Allowance for Loan Losses R$(167) million

The increase in the expense in 2Q08 is consistent with the growth of our loan portfolio (by R$9,389 million or 6.8%) and mainly with the growth of operations with individual clients (by R$2,990 million or 5.2%), which, due to its characteristic, require higher provisioning volume.

(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans R$ 52 million

The variation is mainly due to higher revenues from insurance, with an 11.4% increase in the quarter, together with a lower claim ratio (73.1% versus 73.4% in the previous quarter) .

(d) Fee and Commission Income R$(28) million

The reduction is due to: (i) the effect of the adjustment of individual checking accounts and loan operations fees R$94 million, due to CMN Resolution 3,518, which was offset by: (ii) the higher volume of card transactions in 2Q08 R$36 million; (iii) the higher collection volume R$17 million; and (iv) higher income from consortiums, custody services and brokerage R$11 million.

(e) Personnel, Administrative and Tax Expenses R$97 million

Personnel expenses decreased R$22 million in the quarter, basically as a result of: (i) lower expenses with provision for labor proceedings R$40 million; (ii) lower expenses with management and employee profit sharing (PLR) in the amount of R$25 million; which was offset by: (iii) lower expenses, in 1Q08, mainly due to the number of employees in vacation, in the amount of R$36 million; and (iv) higher training expenses R$11 million.

The R$154 million increase in other administrative expenses is mainly due to higher expenses with: (i) Advertising R$38 million, related to promotional selling campaigns of products and services; (ii) Depreciation and Amortization R$36 million, basically due to the decrease in deferred charges from joint control companies; (iii) Third-party

Services and Data Processing R$45 million, basically related to investments in the IT Improvements program, changes of the Fidellity card and higher increase in business volume; and (iv) Assets Leasing R$13 million, due to the new Information Technology Center equipment.

The R$35 million variation of tax expenses is basically due to the: (i) decrease of PIS/Cofins expenses, due to the reduction in the calculation basis for taxable income in 2Q08 in the amount of R$ 14 million; and (ii) higher expenses with IPTU, taxes and sundry fees in 1Q08 in the amount of R$19 million.

(f) Other Operating Revenues and Expenses R$(96) million

The increase in the quarter is due to the: (i) higher sundry losses R$58 million; (ii) increase in interest expenses, net of revenues, in the amount of R$47 million; which was offset: (iii) by the lower expenses with operating provisions in the amount of R$9 million, including the constitution of the provision for restitution of the advanced settlement rate (TLA) in 1Q08.

Highlights

Income

	R$ million					
	1st Half		Variation	2008		Variation
	2007	2008	%	1st Qtr.	2nd Qtr.	%
Adjusted Financial Margin	10,723	12,643	17.9	6,050	6,593	9.0
Provision for Loan Losses Expenses	2,504	3,501	39.8	1,667	1,834	10.0
Fee and Commission Income	5,168	5,578	7.9	2,803	2,775	(1.0)
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	9,536	10,951	14.8	5,285	5,666	7.2
Personnel Expenses	3,109	3,452	11.0	1,737	1,715	(1.3)
Other Administrative Expenses	3,184	3,784	18.8	1,815	1,969	8.5
Operating Income	4,692	5,343	13.9	2,568	2,775	8.1
Adjusted Net Income	**3,506**	**3,909**	**11.5**	**1,907**	**2,002**	**5.0**

Balance Sheet

	R$ million					
	June		Variation	2008		Variation
	2007	2008	%	March	June	%
Total Assets	290,568	403,271	38.8	355,517	403,271	13.4
Securities and Derivative Financial Instruments	103,577	118,956	14.8	105,167	118,956	13.1
Loan Operations (Expanded Concept)	130,819	181,602	38.8	169,408	181,602	7.2
Loan and Leasing Operations (*)	108,191	148,408	37.2	139,019	148,408	6.8
Sureties and Guarantees (Accounted for in Memorandum Accounts)	17,324	27,172	56.8	25,080	27,172	8.3
Credit Cards (Cash purchases and credit purchases from store owners)	5,304	5,623	6.0	5,309	5,623	5.9
Assignment of Credits (Accounted for in Memorandum Accounts)		399			399	
Permanent Assets	3,498	4,023	15.0	3,903	4,023	3.1
Deposits	82,601	122,752	48.6	106,710	122,752	15.0
Borrowings and Onlendings	19,165	24,736	29.1	24,013	24,736	3.0
Technical Provisions	52,900	62,068	17.3	59,722	62,068	3.9
Shareholders Equity	27,515	33,711	22.5	32,909	33,711	2.4

(*) It includes Advances on Foreign Exchange Contracts and Other Credits.

Change in Number of Outstanding Shares

	Common shares	Preferred shares	Total
Number of Outstanding Shares on December 31, 2007	**1,009,337,030**	**1,009,336,926**	**2,018,673,956**
Shares Acquired and not Cancelled	(53,700)	(34,600)	(88,300)
Shares Subscription	13,953,489	13,953,488	27,906,977
50% stock bonus	511,644,460	511,644,407	1,023,288,867
Number of Outstanding Shares on June 30, 2008	**1,534,881,279**	**1,534,900,221**	**3,069,781,500**

Share Performance (*)

		R$				
	1st Half		**Variation**	**2008**		**Variation**
	2007	**2008**	**%**	**1st Qtr.**	**2nd Qtr.**	**%**
Net Income per Share	1.17	1.27	8.5	0.62	0.65	4.8
Dividends/JCP per Common Share (net of Income Tax)	0.392	0.409	4.3	0.198	0.211	6.6
Dividends/JCP per Preferred Share (net of Income Tax)	0.431	0.450	4.4	0.218	0.232	6.4
Book Value per Share (Common and Preferred)	9.17	10.98	19.7	10.72	10.98	2.4
Last Business Day Price Common	32.50	29.30	(9.8)	28.47	29.30	2.9
Last Business Day Price Preferred	31.16	32.99	5.9	32.53	32.99	1.4
Market Value (R$ million) (**)	95,545	95,608	0.1	93,631	95,608	2.1

(*) For comparison purposes, in 2008 there was a 50% stock bonus, which was applied for 2007.
(**) Number of shares (disregarding treasury shares) x closing price of common and preferred shares of the last day of the period.

Cash Generation (*)

	R$ million					
	2007			2008		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Net Income	1,705	1,801	3,506	1,907	2,002	3,909
Equity in Earnings (Losses) of Unconsolidated Companies	(12)	(4)	(16)	(32)	(34)	(66)
Provision for loan losses	1,160	1,344	2,504	1,667	1,834	3,501
Provision/Reversal for Devaluation		1	1	(10)	16	6
Depreciation and Amortization	133	133	266	138	174	312
Other	17	17	34	57	54	111
Total	**3,003**	**3,292**	**6,295**	**3,727**	**4,046**	**7,773**

(*) It considers the Adjusted Net Income.

Value Added with Hedge Adjustment and without Extraordinary Events

	R$ million					
	2007			2008		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Value Added (A+B+C)	**4,320**	**4,645**	**8,965**	**4,921**	**5,037**	**9,958**
A Gross Income from Financial Intermediation	3,859	4,360	8,219	4,383	4,759	9,142
B Fee and Commission Income	2,559	2,609	5,168	2,803	2,775	5,578
C Other Income/Expenses	(2,098)	(2,324)	(4,422)	(2,265)	(2,497)	(4,762)
Distribution of Value Added (D+E+F+G)	**4,320**	**4,645**	**8,965**	**4,921**	**5,037**	**9,958**
D Employees	1,278	1,444	2,722	1,523	1,490	3,013
E Government Contribution	1,337	1,400	2,737	1,491	1,545	3,036
F JCP/Dividends to Shareholders (paid and provisioned)	601	796	1,397	740	719	1,459
G Profit Reinvestment	1,104	1,005	2,109	1,167	1,283	2,450
Distribution of Value Added percentage	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Employees	29.6	31.1	30.4	30.9	29.6	30.3
Government Contribution	30.9	30.2	30.5	30.3	30.6	30.5
JCP/Dividends to Shareholders (paid and provisioned)	13.9	17.1	15.6	15.0	14.3	14.6
Profit Reinvestments	25.6	21.6	23.5	23.8	25.5	24.6

Calculation of Fixed Assets to Shareholders Equity Ratio

	R$ million			
	2007		2008	
	March	June	March	June
Shareholders Equity + Minority Shareholders	**26,090**	**27,577**	**33,068**	**33,873**
Subordinated debts	9,550	10,351	11,269	10,638
Tax Credits	(79)	(79)	(102)	(102)
Exchange Membership Certificates	(88)	(96)	(32)	(32)
Other Adjustments	(26)	(107)	(827)	(895)
Reference Equity (A) (*)	**35,447**	**37,646**	**43,376**	**43,482**
Permanent Assets	9,342	10,238	19,277	24,803
Premises and Equipment and Leasing	(5,702)	(6,664)	(15,286)	(20,690)
Unrealized Leasing Losses	(100)	(104)	(99)	(100)
Other Adjustments	517	(274)	1,342	3,039
Total Premises and Equipment (B) (*)	**4,057**	**3,196**	**5,234**	**7,052**
Fixed Assets to Shareholders Equity Ratio (B/A) %	**11.4**	**8.5**	**12.1**	**16.2**
Margin	**13,666**	**15,627**	**16,454**	**14,690**

(*) For the calculation of Premises and Equipment to Shareholders Equity Ratio, the Exchange Membership Certificates are excluded from the Reference Equity and Premises and Equipment, as per Bacen Resolution 2,283.

Performance Ratios (annualized) percentages

	2007			2008		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Return on Shareholders Equity (total)	28.9	28.9	27.1	25.3	26.0	24.5
Return on Average Shareholders Equity	30.2	29.5	28.8	27.3	26.1	25.8
Return on Shareholders Equity (total) without adjustment to market value reserve TVM and Derivatives	31.5	31.3	29.3	26.5	26.8	25.3
Return on Average Shareholders Equity without adjustment to market value reserve TVM and Derivatives	32.6	32.9	31.5	28.7	27.6	27.2
Return on Shareholders Equity (total) straight-line calculation	26.2	26.2	25.5	23.2	23.8	23.2
Return on Average Shareholders Equity straight-line calculation	27.2	26.7	27.0	24.9	23.8	24.3
Return on Total Assets (total)	2.4	2.5	2.4	2.2	2.0	2.0
Return on Average Total Assets	2.5	2.5	2.5	2.2	2.1	2.1
Shareholders Equity on Total Assets	9.2	9.5	9.5	9.3	8.4	8.4
Capital Adequacy Ratio (Basel) Financial Consolidated (*)	17.8	18.2	18.2	15.6	14.4	14.4
Capital Adequacy Ratio (Basel) Total Consolidated (*)	15.7	16.1	16.1	13.9	12.9	12.9
Fixed Assets to Shareholders' Equity Ratio Financial Consolidated	49.2	47.4	47.4	47.7	47.3	47.3
Fixed Assets to Shareholders' Equity Ratio Total Consolidated	11.4	8.5	8.5	12.1	16.2	16.2
Combined Ratio Insurance	95.9	99.8	97.8	83.9	84.9	84.4
Efficiency Ratio (in the previous 12 months)	42.1	42.0	42.0	41.7	41.3	41.3
Coverage Ratio (Fee and Commission Income / Administrative and Personnel Expenses) (in the previous 12 months)	78.0	79.4	79.4	78.7	77.8	77.8

(*) If we choose the prerogative provided for in article 9 of Bacen Circular 3,367, the indexes of June 2008 would be 17.3% in the financial consolidated and 15.3% in the total consolidated.

Market Share Consolidated percentages

	2007		2008	
	March	**June**	**March**	**June**
Banks Source: Bacen				
Time Deposit	9.4	8.3	10.5	N/A
Savings Deposit	14.2	13.9	13.7	N/A
Demand Deposit	17.5	17.3	18.4	N/A
Loan Operations	12.4	12.5	13.2	13.1 (*)
Online Collection (Balance)	28.8	29.5	31.5	31.7
Number of Branches	16.7	16.7	17.3	17.4(*)
Banks Source: Federal Revenue /Serpro				
DARF Federal Revenue Collection Document	18.2	18.0	20.3	19.8
DAS Brazilian Unified Tax Collection System Document (Simples)	I	I	15.9	16.4
Banks Source: INSS/Dataprev				
GPS Social Pension Plan Voucher	14.1	13.6	14.0	14.0
Benefit Payment to Retirees and Pensioners	19.9	19.7	19.5	19.5
Banks Source: Anbid				
Investment Funds + Portfolios	14.5	14.3	14.1	14.1
Insurance, Private Pension Plans and Certificated Savings Plans Source: Susep and ANS				
Insurance, Private Pension Plans and Certificated Savings Plans Premiums	24.4	24.7	23.7	23.8 (*)
Insurance Premiums (including VGBL)	24.4	24.6	23.3	23.6 (*)
Life Insurance and Personal Accidents Premiums	16.4	15.3	17.3	16.6 (*)
Auto/RE Insurance Premiums	11.3	10.7	10.5	10.7 (*)
Health Insurance Premiums	42.7	43.4	42.0	43.5 (*)
Revenues from Private Pension Plan Contributions (excluding VGBL)	29.0	29.6	32.4	31.0 (*)
Revenues from Certificated Savings Plans	19.0	20.2	18.3	18.3 (*)
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	36.8	36.3	35.8	35.5 (*)
Insurance and Private Pension Plans Source: Fenaprevi				
Income on VGBL Premiums	43.4	41.0	37.6	37.4
Revenues from PGBL Contributions	30.9	28.3	32.4	28.8
Private Pension Plan Investment Portfolios (including VGBL)	41.4	42.0	39.8	39.7
Credit and Debit Card Source: Abecs				
Credit Card Revenue	18.0	18.2	18.4	18.2
Debit Card Revenue	20.1	19.9	18.7	18.8
Leasing Source: Abel				
Active Operations	11.0	11.2	14.7	16.6 (*)

Banco Finasa BMC Source: Bacen				
Finabens (Portfolio)	18.8	17.8	12.9	11.5 (*)
Auto (Portfolio) Including Banco Bradesco	25.4	25.9	25.4	25.4 (*)
Consortium Source: Bacen				
Real Estate	25.9	25.9	27.1	27.8
Auto	20.0	20.6	21.2	22.9
Trucks, Tractors and Agricultural Implements	6.3	6.8	7.0	9.3
International Area Source: Bacen				
Export Market	19.8	20.0	20.8	21.9 (**)
Import Market	16.6	16.6	15.2	16.3 (**)

(*) Reference date: May 2008 (in relation to health insurance, the ANS indexes were estimated).

(**) Previous data.

N/A Not Available

I Inapplicable

Other Information

	June		Variation	2008		Variation
	2007	2008	%	March	June	%
Funding and Assets Managed R$ million	421,602	552,082	30.9	506,808	552,082	8.9
Number of Employees	80,287	84,224	4.9	83,124	84,224	1.3
Number of Branches	3,031	3,193	5.3	3,169	3,193	0.8
Number of Savings Accounts thousand	31,330	32,549	3.9	32,213	32,549	1.0
Credit, Private Label and Debit Cards Base thousand	63,196	77,952	23.3	72,971	77,952	6.8

Bradesco s Shares

Number of Shares (in thousands) Common and Preferred Shares (*)

	December					2008	
	2003	2004	2005	2006	2007	March	June
Common Shares	1,437,054	1,430,107	1,468,350	1,500,214	1,514,006	1,534,934	1,534,882
Preferred Shares	1,416,492	1,416,491	1,469,817	1,502,435	1,514,006	1,534,933	1,534,900
Subtotal Outstanding Shares	**2,853,546**	**2,846,598**	**2,938,167**	**3,002,649**	**3,028,012**	**3,069,867**	**3,069,782**
Treasury Shares	516		696	1,137	3,368	3	88
Total	**2,854,062**	**2,846,598**	**2,938,863**	**3,003,786**	**3,031,380**	**3,069,870**	**3,069,870**

(*) For comparison purposes, there was a 50% stock bonus in 2008, which were applied for previous years. Likewise, 100% stock bonus occurred in 2005 and 2007, as well as 200% in 2003.

On June 30, 2008, Banco Bradesco s capital stock was R$23 billion, composed of 3,069,869,800 shares, of which 1,534,934,979 are common shares and 1,534,934,821 are preferred shares, all non-par and book-entry shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly holds 48.22% of our voting capital and 24.12% of our total capital. Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações. Nova Cidade de Deus Participações is owned by Fundação Bradesco and Elo Participações e Investimento, which has as shareholders the majority of members of Bradesco s Board of Directors and Statutory Executive Board (see page 130).

Number of Shareholders Domiciled in Brazil and Abroad

	2007			2008		
	June	%	Capital Interest	June	%	Capital Interest

Individuals	1,250,814	91.26	26.56	1,268,619	91.37	26.87
Corporations	116,025	8.47	45.62	116.022	8.36	45.78
Subtotal Domiciled in Brazil	**1,366,839**	**99.73**	**72.18**	**1,384,641**	**99.73**	**72.65**
Domiciled Abroad	3,688	0.27	27.82	3,765	0.27	27.35
Total	**1,370,527**	**100**	**100**	**1,388,406**	**100**	**100**

Concerning Bradesco s shareholders, domiciled in Brazil and abroad, on June 30, 2008, 1,384,641 shareholders were domiciled in Brazil, accounting for 99.73% of total shareholders base and holding 72.65% of Bradesco s shares. The number of shareholders domiciled abroad was 3,765, representing 0.27% of total shareholders base and holding 27.35% of Bradesco s shares.

Market Value R$ million

N.B.: the market value considers the closing quotation of the common and preferred shares multiplied by the respective number of shares (excluding treasury shares).

Market Value / Shareholders Equity

Market Value/Shareholders Equity: indicates the number of times Bradesco s market value is higher than its accounting shareholders equity.
Formula used: number of common and preferred shares multiplied by the closing price of common and preferred shares of the last business day of the period. The amount is divided by the accounting shareholders equity of the period.

Dividend Yield percentages (in the previous 12 months)

Dividend Yield: is the ratio between the dividends and/or interest on shareholders capital distributed to shareholders in the previous 12 months and the share price, indicating the investment return related to profit sharing.
Formula used: amount received by shareholders as dividends and/or interest on shareholders capital (gross of income tax) in the previous 12 months divided by the preferred share closing price of the last business day of the period.

Payout Index percentages (in the previous 12 months)

Payout Index: indicates the percentage of net income paid as dividends/interest on shareholders capital.
Formula used: amount received by shareholders as dividends and/or interest on shareholders capital (gross of income tax) divided by the adjusted net income.

Financial Volume Bradesco PN x Ibovespa

Source: Economática

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Adjusted Net Earnings per Share R$ (in the previous 12 months) (*)

(*) For comparison purposes, the amounts were adjusted according to bonus and splits in the period.

Appreciation Index Bradesco PN (BBDC4) x Ibovespa (percentages)

Source: Economática

Bradesco s Share Performance

In 2Q08, Bradesco s preferred shares appreciated by 1.9% (adjusted by dividends), having a lower performance than Ibovespa s, which had a 6.6% appreciation in the period.

The shares of the financial sector companies continued to be affected, in a global scope, by the turbulent scenario involving institutions exposed to the subprime real estate loans in the United States.

Even those banks with a null exposition to subprime, like Bradesco, has suffered effects of this scenario, resulting in a worse risk perception of investors. In Brazil, increasing concerns with inflation s increase and the growth of interest curve also contributed to the weak shares performance of the financial segment in the quarter.

Statement of Income

	R$ million					
	1st Half		Variation	2008		Variation
	2007	**2008**	**%**	**1st Qtr.**	**2nd Qtr.**	**%**
Revenues from Financial Intermediation	**19,819**	**24,462**	**23.4**	**11,693**	**12,769**	**9.2**
Loan Operations	10,649	12,994	22.0	6,571	6,423	(2.3)
Leasing Operations	385	890	131.2	373	517	38.6
Securities Transactions	3,815	4,060	6.4	1,820	2,240	23.1
Insurance, Private Pension Plans and Certificated Savings Plans	3,544	4,144	16.9	1,676	2,468	47.3
Derivative Financial Instruments	502	1,290	157.0	528	762	44.3
Foreign Exchange Transactions	293	382	30.4	396	(14)	
Compulsory Deposits	631	702	11.3	329	373	13.4
Expenses From Financial Intermediation (excluding PDD)	**9,096**	**11,819**	**29.9**	**5,643**	**6,176**	**9.4**
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	6,666	8,536	28.1	3,818	4,718	23.6
Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	2,141	2,736	27.8	1,024	1,712	67.2
Borrowings and Onlendings	284	545	91.9	800	(255)	
Leasing Operations	5	2	(60.0)	1	1	
Financial Margin	**10,723**	**12,643**	**17.9**	**6,050**	**6,593**	**9.0**
Provision for Loan Losses	2,504	3,501	39.8	1,667	1,834	10.0
Gross Income from Financial Intermediation	**8,219**	**9,142**	**11.2**	**4,383**	**4,759**	**8.6**
Other Operating Income/Expenses	**(3,527)**	**(3,799)**	**7.7**	**(1,815)**	**(1,984)**	**9.3**
Fee and Commission Income	5,168	5,578	7.9	2,803	2,775	(1.0)
Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans	**357**	**1,082**	**203.1**	**515**	**567**	**10.1**
(+) Net Premiums Issued	**9,855**	**11,123**	**12.9**	**5,367**	**5,756**	**7.3**
(-) Reinsurance Premiums	(319)	(172)	(46.0)	(82)	(90)	9.8
(=) Retained Premiums from Insurance, Pension Plans and Certificated Savings Plans	**9,536**	**10,951**	**14.8**	**5,285**	**5,666**	**7.2**
Retained Premiums from Insurance	4,121	4,794	16.3	2,268	2,526	11.4
Private Pension Plans Contributions	4,670	5,377	15.1	2,645	2,732	3.3
Income from Certificated Savings Plans	745	780	4.7	372	408	9.7
Variation in Technical Provisions for Insurance,						

Private Pension Plans and Certificated Savings Plans	**(5,072)**	**(5,176)**	**2.1**	**(2,533)**	**(2,643)**	**4.3**
Variation in Technical Provisions for Insurance	(586)	(152)	(74.1)	(55)	(97)	76.4
Variation in Technical Provisions for Private Pension Plans	(4,508)	(5,025)	11.5	(2,480)	(2,545)	2.6
Variation in Technical Provisions for Certificated Savings Plans	22	1	(95.5)	2	(1)	
Retained Claims	(2,931)	(3,422)	16.8	(1,640)	(1,782)	8.7
Certificated Savings Plans Draws and Redemptions	(654)	(673)	2.9	(318)	(355)	11.6
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	**(522)**	**(598)**	**14.6**	**(279)**	**(319)**	**14.3**
Insurance Products Selling Expenses	(414)	(459)	10.9	(222)	(237)	6.8
Private Pension Plans Selling Expenses	(100)	(115)	15.0	(56)	(59)	5.4
Certificated Savings Plans Selling Expenses	(8)	(24)	200.0	(1)	(23)	2,200.0
Personnel Expenses	(3,109)	(3,452)	11.0	(1,737)	(1,715)	(1.3)
Other Administrative Expenses	(3,184)	(3,784)	18.8	(1,815)	(1,969)	8.5
Tax Expenses	(1,167)	(1,175)	0.7	(605)	(570)	(5.8)
Equity in Earnings of Unconsolidated Companies	16	66	312.5	32	34	6.3
Other Operating Income	636	653	2.7	330	323	(2.1)
Other Operating Expenses	(2,244)	(2,767)	23.3	(1,338)	(1,429)	6.8
Operating Income	**4,692**	**5,343**	**13.9**	**2,568**	**2,775**	**8.1**
Non-Operating Income	2	(5)		15	(20)	
Income before Taxes on Income and Profit Sharing	**4,694**	**5,338**	**13.7**	**2,583**	**2,755**	**6.7**
Income Tax and Social Contribution	(1,183)	(1,422)	20.2	(672)	(750)	11.6
Minority Interest in Subsidiaries	(5)	(7)	40.0	(4)	(3)	(25.0)
Net Income	**3,506**	**3,909**	**11.5**	**1,907**	**2,002**	**5.0**
Annualized Return on Shareholders Equity (*) (%)	**31.5**	**27.2**		**28.7**	**27.6**	

(*) Refers to average Shareholders Equity and does not consider the mark-to-market effects on Available-for-Sale Securities.

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Analysis of the Statement of Income   R$ million

Income from Loan and Leasing Operations

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
11,029	13,882	25.9	6,943	6,939	(0.1)

In the period, income was up mainly as result of: (i) the increase in the average volume of the loan portfolio, which totaled R$139,578 in June/08 against R$101,961 in June/07, that is, a 36.9% increase. We highlight the corporate portfolio, with an increase of 39.3%, due to Financing to Export , Working Capital and Leasing products. In the individual portfolio, the growth was 34.2%, with focus on the products connected to consumer financing; (ii) the better credit recovery R$147; partially **mitigated**: (iii) by the decrease in average interest rates, observing the 9.9% CDI variation in 1H08, against 10.8% in 1H07.

Income remained stable in the quarter. The small variation was basically due to: (i) the 10.1% foreign exchange loss variation, which impacted Loans and Financings indexed/denominated in foreign currency, which represent 7.4% of the loan portfolio, impacting the average interest rate of 4.8% in 2Q08, versus 5.1% in 1Q08; **offset:** (ii) by the 7.8% increase in the corporate portfolio, with focus on the Financing to Export , Working Capital and Leasing products; (iii) by the 5.2% increase in the individual portfolio, with focus on products linked to consumer financing and (iv) the better credit recovery R$80.

Income from Securities (TVM) and Derivative Financial Instruments

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
4,317	5,350	23.9	2,348	3,002	27.9

The increase in income in the period is mainly due to: (i) the increase in the average volume of the portfolio (TVM, Derivative Financial Investments and Interbank Investments); partially **offset** by: (ii) the reduction in the average interest rates, observing the 5.5% CDI variation in 1H08, against 6.3% in 1H07; and (iii) the lower non-interest income gains in the amount of R$ 69.

The variation in income in the quarter is mainly due to: (i) the increase in the average portfolio volume (TVM, Derivative Financial Instruments and Interbank Investments); and (ii) the higher non-interest income gains in the amount of R$174.

Income from Insurance, Private Pension Plans and Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
3,544	4,144	16.9	1,676	2,468	47.3

The variation in the period was basically due to: (i) the increase in the average volume portfolio; and (ii) the higher non-interest income of R$32.

The variation in the quarter was substantially due to: (i) the higher non-interest income of R$115; (ii) the increase in the average interest rate, following the higher IGP-M variation of 3.6% in 2Q08, against 2.5% in 1Q08; and (iii) the increase in the average portfolio volume.

Income from Foreign Exchange Transactions

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
293	382	30.4	396	(14)	

For a better analysis, this item should be analyzed deducted from expenses with foreign funding, used to finance import/export operations, in accordance with Note 11a. After these deductions, the result would be R$163 in 1H07 and R$319 in 1H08, basically due to the increase in the foreign exchange portfolio volume.

For a better analysis, this item should be analyzed deducted from expenses with foreign funding used to finance import/export operations, in accordance with Note 11a. After these deductions, the result would be R$135 in 1Q08 and R$184 in 2Q08, basically due to the increase in the foreign exchange portfolio volume.

Income from Compulsory Deposits

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
631	**702**	**11.3**	**329**	**373**	**13.4**

The variation in the period is basically due to: (i) the increase in the average volume of deposits in the period; **mitigated** by: (ii) the average interest rate variation, following CDI variation (used to remunerate the additional compulsory deposit), of 2.9% in 1H08 against 3.3% in 1H07.

The variation is basically due to: (i) the increase in the average volume of time deposits in the quarter; (ii) the average interest rate variation following the CDI variation (used to remunerate the additional compulsory deposit), of 1.5% in 2Q08 against 1.4% in 1Q08.

Expenses with Federal Funds Purchased and Securities Sold under Agreements to Repurchase

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
6,666	**8,536**	**28.1**	**3,818**	**4,718**	**23.6**

The variation in the period is mostly due to: (i) the increase in the average funding volume; **offset** by: (ii) the average interest rates variation, observing the 4.4% CDI variation in 1H08, against 4.7% in 1H07, mainly affecting the time deposits expenses.

The variation in the quarter derives basically from: (i) the increase in the average volume of the portfolio; and (ii) the increase in the average interest rates, following the CDI variation of 2.3% in 2Q08, against 2.1% in 1Q08, affecting mainly time deposit expenses.

Price-level Restatement and Interest on Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
2,141	2,736	27.8	1,024	1,712	67.2

The variation in the period is basically due to: (i) the higher average volume of technical provisions, especially the VGBL product; (ii) the increase in the average interest rates, arising from the higher IGP-M variation and the CDI decrease in the period (indexes which remunerate technical provision) of 4.6% in 1H08 against 4.2% in 1H07.

The variation in the quarter is mostly due to: (i) the increase in the average interest rates, resulting from higher IGP-M and CDI variations in the quarter (indexes which remunerate technical provisions), of 2.8% in 2Q08 against 1.7% in 1Q08 and (ii) the higher average volume of technical provisions, especially the VGBL product.

Borrowings and Onlendings Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
284	545	91.9	800	(255)	

The variation in the period is basically due to: (i) the increase in the average funding volume, mainly represented by Finame and BNDES operations; and (ii) the 2.3% increase of the average interest rate in 1H08 against 1.5% in 1H07 resulting from the higher IGP-M variation.

The variation in the quarter is mainly due to the decrease in average interest rate of (1.0%) in 2Q08 against 3.9% in 1Q08, resulting from the higher exchange loss variation.

Financial Margin

(*) (Financial Margin - Interest)/(Total Assets - Permanent Assets - Purchase and Sale Commitments).

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
10,723	12,643	17.9	6,050	6,593	9.0

The variation of R$1,920 in financial margin is basically due to: (i) the increase in the result of interest-bearing operations of R$1,827, R$2,820 of which due to a growth in the average business volume and R$993 due to the decrease in spreads; and (ii) the higher non-interest income of R$93, basically derived from the higher gains with credit recovery.

The variation of R$543 in financial margin is due to: (i) the growth in the result of interest-bearing operations in the amount of R$179, R$232 of which due to the increase in the average business volume and R$53 to the decrease in spreads; and (ii) the increase in the non-interest income of R$364, basically derived from the higher gains with treasury, TVM and loan recovery.

Provision for Loan Losses Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
2,504	3,501	39.8	1,667	1,834	10.0

The increase in the period of R$997 is compatible with the growth of our loan portfolio (37.2% or R$40,217 in the 12-month period) with the relevant participation of individuals which, due to their characteristic, require higher provisioning volume, whose growth in the period was 34.2% or R$15,265.

The variation in the quarter is compatible with the growth of our loan portfolio and mainly with the 5.2% growth in the operations with individual clients which, due to their characteristic, require higher provisioning volume.

Fee and Commission Income

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
5,168	**5,578**	**7.9**	**2,803**	**2,775**	**(1.0)**

The increase of income in the period is mainly due to the higher volume of operations, **mitigated** by the effect of the fee adjustments related to checking accounts and loan operations of individuals in 2Q08, with focus on: (i) card income R$252; (ii) assets management R$98; (iii) collection R$52; and (iv) custody and brokerage services R$43.

The reduction of income in the quarter is mostly due to: (i) a lower individual loan operation and checking account revenue R$94; **mitigated** by: (ii) a higher volume of card transactions R$36; and (iii) the higher volume of collections R$17.

Retained Premiums from Insurance, Private Pension Plans and Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
9,536	**10,951**	**14.8**	**5,285**	**5,666**	**7.2**

The growth in premiums in the period is detailed in the charts below:

The variation in the quarter is detailed in the charts below:

a) Retained Premiums from Insurance

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
4,121	4,794	16.3	2,268	2,526	11.4

The variation in the period is due to the increase in the production of: (i) Health line R$391, in which premiums presented an increase due to the expansion of the corporate health and dental insurance portfolios, as well as the implementation of annual restatements (medical, hospital and dental costs variation) and technical balance of the policies; (ii) Life line R$177 (mainly in the Moneylender and Group Life lines); (iii) Auto line R$36 (despite the strong competition in auto insurance, the insurance company achieved a growth in premiums higher than the insurance market s for the period up to May 2008). The 1H08 performance exceeded the non-allocation of premiums collected by Indiana in the same period last year. This fact is mainly due to the maintenance of the competitiveness policy, improvement of processes and creation of products destined to specific publics; (iv) basic lines R$24; and (v) other lines R$45.

N.B.: in order to comply with Susep Circular Letter 356, Individual Life redemption was reclassified to technical provision variation .

The variation in the quarter is due to the increase in the production of: (i) the Health line R$194, in which premiums presented an increase due to the expansion of the corporate health and dental insurance portfolios, as well as the implementation of annual restatements (medical, hospital and dental costs variation) and technical balance of the policies; (ii) the Auto line R$28 (maintenance of the competitiveness policy and expansion of the active broker base); (iii) the Life line R$25; and (iv) Basic lines R$11.

N.B.: in order to comply with Susep Circular Letter 356, Individual Life redemption was reclassified to technical provision variation .

b) Private Pension Plans Contributions

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
4,670	5,377	15.1	2,645	2,732	3.3

The increase in the period is due to the higher commercialization of the following products: (i) VGBL R$684; and (ii) PGBL/Traditional R$23.

N.B.: in order to comply with Susep Circular Letter 356, VGBL redemption was reclassified to technical provision variation .

The variation in the quarter is due to: (i) the commercialization of the VGBL products R$285; **offset**: (ii) by the lower production of PGBL/Traditional products R$198.

N.B.: in order to comply with Susep Circular Letter 356, VGBL redemption was reclassified to technical provision variation .

c) Income on Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
745	780	4.7	372	408	9.7

The variation is due to: (i) the increase in the volume of new sales of Sole Payment plans; and (ii) the increase in Monthly Payment plans.

The variation is due to the large volume of new sales of Sole Payment plans.

Variation in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(5,072)	(5,176)	2.1	(2,533)	(2,643)	4.3

The variation in the period is detailed in the charts below:

The variation in the quarter is detailed in the charts below:

a) Variation in Technical Provisions for Insurance

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(586)	(152)	(74.1)	(55)	(97)	76.4

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The higher the sale of premiums, the higher the recording of technical provisions, considering an average period of 12 months. The higher constitutions of technical provisions in 1H08 were: (i)in the Life line R$134; (ii) Health line R$32; (iii) basic lines R$21; **offset:** (iv) by the reversal of provision in the Auto line R$36.

N.B.: in order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions to this item.

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The higher the sale of premiums, the higher the recording of technical provisions, considering an average period of 12 months. The higher constitutions of technical provisions in 2Q08 were: (i) in the Life Line R$79; and (ii) Health line, R$16.

N.B.: In order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions to this item.

b) Variation in Technical Provisions for Private Pension Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(4,508)	(5,025)	11.5	(2,480)	(2,545)	2.6

Variations in technical provisions are directly related to production. The variations in the period are due to: (i) the higher recording of provision for VGBL products R$537; **mitigated:** (ii) by the smaller number of provisions for PGBL/Traditional products R$20.

N.B.: In order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions.

Variations in technical provisions are directly related to production. The variations in the quarter are due to the higher recording of provision for VGBL products R$298; **mitigated:** by the smaller number of provisions for PGBL/Traditional products R$233.

N.B.: In order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions.

c) Variation in Technical Provisions for Certificated Savings Plans

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
22	1	(95.5)	2	(1)	

The variation in the period is mainly due to the reversion of technical provision for contingency.

The variation in the quarter is mainly due to the reversion of technical provision for contingency in the 1Q08.

Retained Claims

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(2,931)	(3,422)	16.8	(1,640)	(1,782)	8.7

The increase of claims in the period is due to the increase in production and the resulting growth in the volume of reported claims: (i) in the Health line R$469, (ii) in Basic lines R$34; (iii) Life line R$13; (iv) other lines R$41; **mitigated:** by the decrease in reported claims: (v) in the Auto line R$66.

N.B.: claim ratios were recalculated due to new resolutions in Susep Circular Letter 356.

The increase of claims in the quarter is due to the increase in production and the resulting growth in the volume of reported claims: (i) in the Health line R$149; (ii) in the Auto line R$22: (iii) in Basic lines R$10; **mitigated:** by the decrease in reported claims: (iv) in the Life line R$35; and (v) other lines R$4.

N.B.: claim ratios were recalculated due to new resolutions in Susep Circular Letter 356.

Certificated Savings Plans Draws and Redemptions

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(654)	(673)	2.9	(318)	(355)	11.6

The redemptions are directly related to revenue. The variation in the period is due to the increase in revenues.

The redemptions are directly related to production. The variation in the quarter is due to lower revenues.

Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(522)	(598)	14.6	(279)	(319)	14.3

The variation in the period is detailed in the charts below:

The variation in the quarter is detailed in the charts below:

a) Insurance Products Selling Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(414)	**(459)**	**10.9**	**(222)**	**(237)**	**6.8**

The variation in the period is due to the increase of insurance production, mainly in the Health line R$24 and Life lines R$17.
N.B.: selling ratios were recalculated due to new resolutions in the Susep Circular Letter 356.

The increase in 2Q08 is mainly due to the Auto line R$7 and Life lines R$4.
N.B.: selling ratios were recalculated due to new resolutions in the Susep Circular Letter 356.

b) Private Pension Plans Selling Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(100)	**(115)**	**15.0**	**(56)**	**(59)**	**5.4**

The variation in the period is basically a result of the increase in sales of private pension plan products and, consequently, in selling expenses.

The variation in the quarter is basically a result of the increase in production in 2Q08 and the consequent increase in selling expenses.

c) Certificated Savings Plans Selling Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(8)	(24)	200.0	(1)	(23)	2,200.0

The variation in the period is due to selling actions and the reclassification of expenses from campaigns from item Administrative Expenses to item Selling Expenses , as they refer to selling cost expenses, pursuant to Susep account plan.

The variation in the quarter is due to selling actions and the reclassification of expenses from campaigns from item Administrative Expenses to item Selling Expenses , as they refer to selling cost expenses, pursuant to Susep account plan.

Personnel Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(3,109)	(3,452)	11.0	(1,737)	(1,715)	1.3

The growth in the period is basically due to: (i) the expansion of the customer service network and the consequent hiring of employees, as well as the increase in salary levels resulting from the 2007 collective bargaining agreement (6.0%), benefits and others R$269; (ii) the higher expenses with provisions for labor proceedings R$53; and (iii) the higher expenses with management and employee profit sharing R$20.

Personnel Expenses, in 2Q08, have suffered a reduction of R$22, highlighting: (i) the lower expenses with provisions for labor proceedings R$40; (ii) the lower expenses with management and employee profit sharing R$25; **offset** by: (iii) the higher training expenses R$11; and (iv) the lower expenses in the amount of R$ 36, basically due to the number of employees in vacation in 1Q08.

Other Administrative Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(3,184)	(3,784)	18.8	(1,815)	(1,969)	8.5

The increase in the period is basically due to: (i) the organic growth; (ii) the increase in the volume of businesses; (iii) the contractual adjustments; and (iv) the investments in the improvement and optimization of the technological platform (IT Improvements Project).

The increase in the quarter is mainly due to: (i) the increase in advertising expenses R$38, related to products and services promotional selling campaigns; (ii) the higher expenses with depreciation and amortization R$36, basically due to the decrease in deferred charges from joint control companies; (iii) expenses with third-party services and data processing R$45, basically due to investments in the IT Improvements program, changes in the Fidellity Cards and higher increase in business volume; and (iv) new leasing agreements R$13, arising from equipment to the new Information Technology Center.

Tax Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(1,167)	(1,175)	0.7	(605)	(570)	(5.8)

The increase in the period mainly derives from: (i) the PIS/Cofins higher expenses in the amount of R$120 in view of the increase of taxable income; (ii) the ISS higher expenses R$7; **mitigated:** (iii) by the lower CPMF expenses R$121, in view of the extinguishment of this contribution in 2008.

The variation in the quarter is essentially due to: (i) the lower PIS/Cofins expenses, due to the decrease in calculation basis of taxable income in 2Q08 R$14; and (ii) the higher IPTU, Tax and Sundry Fees expenses in 1Q08, in the amount of R$ 19.

Equity in Earnings (Losses) of Unconsolidated Companies

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
16	**66**	**312.5**	**32**	**34**	**6.3**

The variation in the period is due to the higher results in affiliated companies in 1H08, basically through IRB-Brasil Resseguros.

The variation in the quarter mainly derives from higher results in affiliated companies in 2Q08, basically through IRB-Brasil Resseguros.

Other Operating Income

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
636	**653**	**2.7**	**330**	**323**	**(2.1)**

The increase in the period is mainly due to higher interest income R$19.

The variation in the quarter is mainly due to: (i) the lower income in the sale of goods R$10; (ii) the lower interest income R$7; **mitigated:** (iii) by the higher reversals of operating provisions R$16.

Other Operating Expenses

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(2,244)	(2,767)	23.3	(1,338)	(1,429)	6.8

The increase in the period is mostly due to: (i) the increase in provision for civil contingency expenses R$134; (ii) the higher expenses with loan placement R$105; (iii) the increase in expenses from the amortization of prepaid expenses arising from operational agreements R$85; (iv) the increase in sundry losses R$51; and (v) the increase in search and seizure expenses R$33.

The variation in the quarter basically derives from: (i) the increase in sundry losses R$58; (ii) the higher interest expenses R$40; (iii) the increase in expenses with search and seizure R$12; (iv) the increase in expenses from the amortization of prepaid expenses arising from operational agreements R$8; **mitigated:** (v) by the lower expenses with operating provisions R$22.

Operating Income

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
4,692	5,343	13.9	2,568	2,775	8.1

The increase in the period derives from: (i) the higher financial margin R$1,920; (ii) the increase in the income from insurance, private pension plans and certificated savings plans operations R$725; (iii) the higher fee and commission income R$410; and (iv) the increase in the equity in earnings (losses) of unconsolidated companies R$50; **mitigated** by: (v) the higher provision for loan losses R$997; (vi) the higher personnel and administrative expenses R$943; (vii) the higher operating expenses (net of income) R$506; and (viii) the higher tax expenses R$8.

N.B.: for a more detailed analysis of the variation of each item, we recommend the reading of each specific item mentioned hereof.

The variation in the quarter derives from: (i) the higher financial margin R$543; (ii) the increase in the income from insurance, private pension plans and certificated savings plans R$52; (iii) the lower tax expenses R$35; and (iv) the increase in the equity in earnings (losses) of unconsolidated companies R$2; **mitigated** by: (v) the increase in personnel and administrative expenses R$132; (vi) the higher expenses with provision for loan losses R$167; (vii) the higher operating expenses (net of income) R$98; and (viii) the lower fee and commission income R$28.

N.B.: for a more detailed analysis of the variation of each item, we recommend the reading of each specific item mentioned hereof.

Non-Operating Income

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
2	(5)		15	(20)	

The variation in the period is basically due to: (i) the higher constitution of non-operating provisions, mitigated: (ii) by better results calculated in the sale of assets and investments.

The variation in the quarter is basically due to: (i) the lower results in sale of securities, assets and investments; and (ii) the higher constitution of non-operating provisions.

Income Tax and Social Contribution

1st Half/2007	1st Half/2008	Variation %	1st Qtr./2008	2nd Qtr./2008	Variation %
(1,183)	(1,422)	20.2	(672)	(750)	11.6

The variation in income tax and social contribution expenses in the period reflects tax charge on earnings before taxes, adjusted by additions and exclusions, according to Note 34.

The variation in income tax and social contribution expenses in the quarter reflects tax charge on earnings before taxes, adjusted by additions and exclusions, according to Note 34.

Comparative Balance Sheet

	R$ million					
Assets	**June**		**Variation %**	**2008**		**Variation %**
	2007	**2008**		**March**	**June**	
Current and Long-Term Assets	**287,070**	**399,248**	**39.1**	**351,614**	**399,248**	**13.5**
Funds Available	**4,916**	**5,134**	**4.4**	**5,702**	**5,134**	**(10.0)**
Interbank Investments	**27,394**	**73,692**	**169.0**	**48,675**	**73,692**	**51.4**
Securities and Derivative Financial Instruments	**103,577**	**118,956**	**14.8**	**105,167**	**118,956**	**13.1**
Interbank and Interdepartmental Accounts	**20,257**	**26,163**	**29.2**	**24,615**	**26,163**	**6.3**
Restricted Deposits:						
Brazilian Central Bank	19,278	24,580	27.5	23,216	24,580	5.9
Others	979	1,583	61.7	1,399	1,583	13.2
Loan and Leasing Operations	**94,671**	**131,791**	**39.2**	**123,108**	**131,791**	**7.1**
Loan and Leasing Operations	101,617	140,324	38.1	131,106	140,324	7.0
Allowance for loan losses	(6,946)	(8,533)	22.8	(7,998)	(8,533)	6.7
Other Receivables and Assets	**36,255**	**43,512**	**20.0**	**44,347**	**43,512**	**(1.9)**
Foreign Exchange Portfolio	12,047	12,243	1.6	14,256	12,243	(14.1)
Other Receivables and Assets	24,295	31,388	29.2	30,197	31,388	3.9
Allowance for Other Loan Losses	(87)	(119)	36.8	(106)	(119)	12.3
Permanent Assets	**3,498**	**4,023**	**15.0**	**3,903**	**4,023**	**3.1**
Investments	**585**	**784**	**34.0**	**743**	**784**	**5.5**
Premises and Equipment and Leased Assets	**2,216**	**2,435**	**9.9**	**2,345**	**2,435**	**3.8**
Deferred Charges	**697**	**804**	**15.4**	**815**	**804**	**(1.3)**
Total	**290,568**	**403,271**	**38.8**	**355,517**	**403,271**	**13.4**
Liabilities						
Current and Long-Term Liabilities	**262,817**	**369,190**	**40.5**	**322,260**	**369,190**	**14.6**
Deposits	**82,601**	**122,752**	**48.6**	**106,710**	**122,752**	**15.0**
Demand Deposits	21,019	25,843	23.0	25,846	25,843	
Savings Deposits	28,406	34,150	20.2	33,290	34,150	2.6
Interbank Deposits	231	485	110.0	310	485	56.5
Time Deposits	32,360	61,343	89.6	46,430	61,343	32.1
Other Deposits	585	931	59.1	834	931	11.6
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**53,756**	**98,278**	**82.8**	**69,540**	**98,278**	**41.3**
Funds from Issuance of Securities	**6,645**	**5,469**	**(17.7)**	**7,239**	**5,469**	**(24.5)**
Securities Issued Abroad	3,162	2,931	(7.3)	3,600	2,931	(18.6)
Other Funds	3,483	2,538	(27.1)	3,639	2,538	(30.3)
Interbank and Interdepartmental Accounts	**1,926**	**2,458**	**27.6**	**2,160**	**2,458**	**13.8**
Borrowings and Onlendings	**19,165**	**24,736**	**29.1**	**24,013**	**24,736**	**3.0**
Borrowings	6,540	8,275	26.5	7,962	8,275	3.9
Onlendings	12,625	16,461	30.4	16,051	16,461	2.6

Derivative Financial Instruments	**2,124**	**1,598**	**(24.8)**	**1,624**	**1,598**	**(1.6)**
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	**52,900**	**62,068**	**17.3**	**59,722**	**62,068**	**3.9**
Other Liabilities	**43,700**	**51,831**	**18.6**	**51,252**	**51,831**	**1.1**
Foreign Exchange Portfolio	6,405	5,546	(13.4)	7,319	5,546	(24.2)
Taxes and Social Security Contributions, Social and Statutory Payables	10,936	12,598	15.2	10,810	12,598	16.5
Subordinated Debt	13,203	16,709	26.6	16,567	16,709	0.9
Sundry	13,156	16,978	29.1	16,556	16,978	2.5
Deferred Income	**173**	**208**	**20.2**	**190**	**208**	**9.5**
Minority Interest in Subsidiaries	**63**	**162**	**157.1**	**158**	**162**	**2.5**
Shareholders Equity	**27,515**	**33,711**	**22.5**	**32,909**	**33,711**	**2.4**
Total	**290,568**	**403,271**	**38.8**	**355,517**	**403,271**	**13.4**

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Equity Analysis R$ million

Funds Available

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
4,916	**5,134**	**4.4**	**5,702**	**5,134**	**(10.0)**

The variation in the period is due to: (i) the higher volume in local currency R$279; **offset** by: (ii) the decrease in the volume of funds available in foreign currency R$61.

The variation in the quarter is due to: (i) the lower volume in local currency R$259; and (ii) the lower volume of funds available in foreign currency R$309.

Interbank Investments

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
27,394	**73,692**	**169.0**	**48,675**	**73,692**	**51.4**

The variation in the period derives from: (i) the increase in the financed position in the amount of R$31,062; (ii) the increase in own portfolio position R$10,435; (iii) the increase in the short position R$2,907; and (iv) the increase in interest-earning deposits in other banks R$1,894.

The variation in the quarter is due to: (i) the increase in the financed position in the amount of R$21,906; (ii) the increase in own portfolio position R$3,182; (iii) the increase in interest-earning deposits in other banks R$489; **offset** by: (iv) the decrease in short position R$560.

Securities (TVM) and Derivative Financial Instruments

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
103,577	118,956	14.8	105,167	118,956	13.1

The increase in the period is substantially due to: (i) the additional funds derived from the increase in funding, particularly technical provisions for insurance, private pension plans and certificated savings plans; (ii) the variation in average interest rates, observing the 11.8% CDI variation in the twelve-month period between June/07 and June/08; partially **mitigated** by: (iii) the redemption/maturity of securities. The portfolio profile (excluded from purchase and sale commitments), based on the Management s intent, is distributed as follows: Trading Securities 65.3%; Available-for-Sale Securities 12.4%; and Held-to-Maturity Securities 22.3%. In June/08, 53.6% of the total portfolio (excluded from purchase and sale commitments) was represented by Government Bonds, 19.1% by Corporate Securities and 27.3% by PGBL and VGBL fund quotas.

The increase is mainly due to: (i) the additional funds arising from higher funding, especially technical provisions for insurance, private pension plans and certificated savings plans, as well as the funding of deposits; (ii) the variation in average interest rates, observing the 3.2% CDI variation in 2Q08; partially **mitigated** by: (iii) the redemption/ maturity of securities.

Interbank and Interdepartmental Accounts

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
20,257	26,163	29.2	24,615	26,163	6.3

The variation in the period is due to: (i) the increase in volume of compulsory demand deposits R$1,330, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R$22,047 in June/07 to R$25,500 in June/08; (ii) the increase in the volume of compulsory of savings accounts deposits in the amount of R$1,155, due to the increase in the balance of the savings deposits by 20.2% in the period; (iii) the increase in the additional compulsory on deposits R$2,817; (iv) the increase in items Check Payment Services, Correspondent Relations and Financial Housing System in the amount of R$652; **offset** by: (v) the decrease in the volume of interdepartmental accounts, in the amount of R$48.

The variation in the quarter is due to: (i) the increase in additional compulsory deposits R$1,610 due to the average volume increase; (ii) the increase in items Check Payment Services, Correspondent Relations and Financial Housing System in the amount of R$240; (iii) the increase in the volume of compulsory of savings deposits R$171; **offset** by: (iv) the reduction in the volume of compulsory demand deposits R$418, due to the decrease in the calculation basis; and (v) the decrease in item Interdepartmental Accounts in the amount of R$55.

Loan and Leasing Operations

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
108,191	148,408	37.2	139,019	148,408	6.8

The increase in the period is due to the individual client portfolio, with a 34.2% growth, particularly in the products Leasing , up by 441.3%, Vehicles , up by 15.6%, Personal Loan , up by 21.2%, Credit Card , up by 68.4%, Rural , up by 72.2% and Real Estate Financing up by 64.2%. The 39.3% growth recorded in the corporate portfolio is the result of the 44.0% increase in micro, small and medium-sized companies portfolio, coupled with a 34.3% increase in the portfolio of large companies (Corporate). In the corporate portfolio we point out Financing to Export operations, up by 66.3%, BNDES Onlendings up by 20.2%, Working Capital with an increase of 100.5%, Leasing , up by 112.8% and Real Estate Financing , up by 44.6%. In June/08, the portfolio was distributed at 59.6% for corporate (24.2% of which was directed to industry, public and private sectors, 14.3% to commerce, 19.1% to services, 1.3% to agribusiness and 0.7% to financial intermediation)and 40.4% for individuals. In terms of concentration, the 100 largest borrowers accounted for 21.4% of the portfolio in June/07 and for 20.7% in June/08. The Performing Loan Portfolio reached the amount of R$137,154 in June/08. Out of this total, 28.8% is falling due within up to 90 days.

N.B.1: this item includes advances on foreign exchange contracts and other receivables and does not include the allowance for loan losses, as described in Note 10.

N.B.2: for a better understanding of these operations, see item loan operations , on page 80.

The variation in the quarter is due to the 7.8% growth recorded in the corporate portfolio resulting from the 7.8% increase in the portfolio of micro, small and medium-sized companies and also the growth of 7.8% in the portfolio of large companies (Corporate). It is worth pointing out the increase of 18.9% in Working Capital , 13.3% in Financing to Export and 24.3% in Leasing . There was a 5.2% growth in individual portfolio, especially in the Leasing products, with a 45.5% increase, Rural , with a 10.3% increase, Credit Card Financing , up by 7.2% and Real Estate Financing , up by 11.1%. In terms of concentration, the 100 largest borrowers accounted for 20.5% of the portfolio in March/08 and 20.7% in June/08.

N.B.1: this item includes advances on exchange contracts and other receivables and does not take into account the allowance for loan losses, as described in Note 10.

N.B.2: for a better understanding of these operations, see item loan operations , on page 80.

Allowance for loan losses (PDD)

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
(7,033)	(8,652)	23.0	(8,104)	(8,652)	6.8

The variation in the PDD balance for the period was mostly due to a 37.2% increase in the volume of loan operations. PDD ratio in relation to the loan portfolio went from 6.5% in June/07 to 5.8% in June/08. Provision coverage ratios in relation to the portfolio of non-performing loans, respectively, rated between E and H, decreased from 148.4% in June/07 to 147.2% in June/08 and, between D and H, reduced from 125.6% in June/07 to 124.0% in June/08. The preventive maintenance of current provision levels made all performance indicators remain in high levels. In the period, PDD in the amount of R$6,495 was recorded, R$62 was incorporated arising from acquired institutions and R$4,938 was written off. The exceeding PDD volume in relation to the minimum required increased from R$1,110 in June/07 to R$1,183 in June/08.

The increase in the PDD balance in the quarter basically reflects a 6.8% growth of the loan portfolio in the quarter, particularly, the individual client portfolio with a 5.2% growth. The PDD ratio in relation to the loan portfolio remained stable at 5.8% in March/08 and June/08. The provision coverage ratios in relation to the portfolio of non-performing loans, respectively, rated from E to H, went from 146.9% in March/08 to 147.2% in June/08, and those rated from D to H went from 122.1% in March/08 to 124.0% in June/08. The preventive maintenance of current provision levels made all performance indicators remain in high levels. In 2Q08, PDD in the amount of R$1,834 was recorded and R$1,286 was written off. The exceeding PDD volume in relation to the minimum required went from R$1,154 in March/08 to R$1,183 in June/08.

Other Receivables and Assets

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
35,895	43,122	20.1	43,894	43,122	(1.8)

The variation in the period is mainly due to: (i) the increase in tax credit balances R$2,023, basically as a result of temporary provisions; (ii) the increase in the balance of debtors by guarantee deposits R$1,606; (iii) the increase in prepaid expenses R$1,268 (of which basically R$402 were related to commission in the placement of financing and R$881 were related to the agreement in the provision of banking services); (iv) the increase in the balance of securities trading of R$882; and (v) the increase of foreign exchange operations R$196.

N.B.: balances are deducted (net of corresponding PDD) of R$360 in June/07 and of R$390 in June/08, allocated to the Loan and Leasing Operations and Allowance for loan losses items.

The variation in the quarter is mainly due to: (i) the decrease of exchange operations R$2,013; **mitigated** by: (ii) the higher tax credit balances R$615, basically due to temporary provisions; and (iii) the increase in the balance of securities trading R$515.

N.B.: balances are deducted (net of corresponding PDD) of R$453 in March/08 and R$390 in June/08, allocated to the Loan and Leasing Operations and Allowance for loan losses items.

Permanent Assets

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
3,498	4,023	15.0	3,903	4,023	3.1

The variation in the period is due to: (i) the increase in investments in affiliated companies R$132, basically resulting from the equity in the earnings of unconsolidated companies; and (ii) the increase in premises and equipment and leased assets and deferred charges R$325.

The variation in the quarter is due to: (i) the increase in investments in affiliated companies R$34, basically resulting from the equity in the earnings of unconsolidated companies; and (ii) the increase in premises and equipment and leased assets R$78.

Deposits

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
82,601	122,752	48.6	106,710	122,752	15.0

The increase in the period is detailed in the charts below:

The variation in the quarter is detailed in the charts below:

a) Demand Deposits

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
21,019	25,843	23.0	25,846	25,843	

The evolution of R$4,824 in the period is composed of the increase in funds from individuals R$2,869 and from corporate clients R$1,955.

The R$3 variation in the quarter is due to: (i) the decrease in funds resulting from corporate clients R$553; **offset**: (ii) by the increase in funds resulting from individuals R$550.

b) Savings Deposits

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
28,406	34,150	20.2	33,290	34,150	2.6

The increase is mainly due to: (i) the deposits made in the period; and (ii) the deposit remuneration (TR + 0.5% p.m.), which reached 7.3% in the twelve-month period between June/07 and June/08.

The variation is mainly due to: (i) the deposit remuneration (TR + 0.5% p.m.), which reached 1.8% in 2Q08; and (ii) the deposits occurred in the quarter.

c) Time Deposits

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
32,360	**61,343**	**89.6**	**46,430**	**61,343**	**32.1**

The increase in the period is mostly due to: (i) the remuneration of deposits; and: (ii) the increase in the volume raised in the period, resulting from institutional investors.

The increase in the quarter is mainly due to: (i) the income appropriated; and (ii) the increase in the volume raised in the quarter, resulting from institutional investors.

d) Interbank Deposits and Other Deposits

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
816	**1,416**	**73.5**	**1,144**	**1,416**	**23.8**

The variation in the period results from: (i) the increase in Other Deposits Investment Account in the amount of R$346; and (ii) from the increase in the volume of Interbank Deposits in the amount of R$254.

The variation in the quarter is due to: (i) the increase in Other Deposits Investment Account in the amount of R$97; and (ii) the increase in the volume of Interbank Deposits in the amount of R$175.

Federal Funds Purchased and Securities Sold under Agreements to Repurchase

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
53,756	98,278	82.8	69,540	98,278	41.3

The variation in the period derives from: (i) the increase in funding volume, using as base government and private securities of its own portfolio in R$9,926; (ii) the increase of third-party portfolio R$33,414; and (iii) the increase of the free movement portfolio R$1,182.

N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, at the amount of R$11,577 in June/07 and R$13,922 in June/08.

The variation in the quarter derives from: (i) the increase in the third-party portfolio R$22,206; (ii) the increase in funding volume, using as base its own portfolio R$6,813; **offset**: (iii) by the decrease in the free movement portfolio R$281.

N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R$10,995 in March/08 and R$13,922 in June/08.

Funds from Issuance of Securities

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
6,645	5,469	(17.7)	7,239	5,469	(24.5)

The variation in the period basically derives from: (i) the decrease in the balance of debentures R$1,119 repurchased from clients and redirected to purchase and sale commitments; (ii) the exchange loss variation of 17.4% in the twelve-month period between June/07 and June/08 and **offset**: (iii) by the increase in the volume of funding of securitization securities of the future flow MTN100.

The decrease in the quarter mainly derives from: (i) debentures repurchased from clients and redirected to purchase and sale commitments R$1,182; and (ii) the 9.0% exchange loss variation in the quarter.

Interbank and Interdepartmental Accounts

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
1,926	2,458	27.6	2,160	2,458	13.8

The variation in the period is mostly due to the higher volume of collection of third parties in transit.

The variation in the quarter is mainly due to the higher volume of collection of third parties in transit.

Borrowings and Onlendings

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
19,165	24,736	29.1	24,013	24,736	3.0

The variation in the period is basically due to the increase in the volume of funds from foreign and local borrowings and onlendings at the amount of R$2,919 and R$2,652, respectively (mainly by means of Finame operations), influenced by exchange loss variation of 17.4% in the twelve-month period between June/07 and June/08, which affected the foreign currency indexed and/or denominated borrowings and onlendings liabilities, the balances of which were R$6,917 in June/07 and R$9,705 in June/08.

The variation in the quarter mainly results from the increase in the volume of funds from foreign and local borrowings and onlendings at the amount of R$109 and R$614 respectively (mainly by means of Finame operations), influenced by the exchange loss variation of 9.0% in 2Q08, which affected the foreign currency indexed and/or denominated borrowings and onlendings liabilities, the balances of which were R$9,650 in March/08 and R$9,705 in June/08.

Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
52,900	**62,068**	**17.3**	**59,722**	**62,068**	**3.9**

The increase in the period is basically due to: (i) the increase in sales of supplementary pension plans and insurance policies; and (ii) the price-level restatement and interest of technical provisions. The main variations occurred: (a) in the private pension plan segment, in the VGBL R$5,464 and PGBL/Traditional R$2,647 plans; and (b) in the insurance segments, in the Health line R$588, and in the Life line R$311.

The increase in the quarter is basically due to: (i) the price-level restatement and interest of technical provisions; and (ii) the increase in sales of supplementary pension plans and insurance policies. The main variations occurred: (a) in the private pension plan segment, in the VGBL R$1,362 and PGBL/Traditional R$840 plans; and (b) in the insurance segment, in the Life line R$58.

Other Liabilities, Derivative Financial Instruments and Deferred Income

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
52,125	**61,212**	**17.4**	**60,420**	**61,212**	**1.3**

The variation in the period mostly derives from: (i) the issuance of Subordinated Debt R$2,585; (ii) the increase in the balance of items Tax and Social Security R$1,586; (iii) the increase in Credit Cards operations R$243; (iv) the increase in the Exchange Portfolio R$587; (v) the increase in Collection of Taxes and Other Contributions R$722; (vi) the increase in the Provision for Contingent Liabilities R$951; and (vii) the increase in Provision for unsettled payments R$525.
N.B.: excludes advances on foreign exchange contracts of R$6,128 and R$7,575, allocated to the specific item in loan operations in June/07 and June/08, respectively.

The variation in the quarter is mainly due to the increase in the items: (i) Tax and Social Security R$1,194; (ii) Social and Statutory R$595; (iii) Provision for unsettled payments R$528; **mitigated**: (iv) by the decrease in the Exchange Portfolio R$1,551.
N.B.: excludes advances on foreign exchange contracts of R$7,354 in March/08 and R$7,575 in June/08, allocated to the specific item in loan operations.

Minority Interest in Subsidiaries

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
63	**162**	**157.1**	**158**	**162**	**2.5**

The variation in the period is mainly due to: (i) the minority shareholders of Andorra Holdings S.A. R$151; **offset**: (ii) by the sale of Indiana Seguros S.A. in December/07 R$52.

Item Minority Interest in Subsidiaries remained almost stable in the quarter.

Shareholders Equity

June/2007	June/2008	Variation %	March/2008	June/2008	Variation %
27,515	**33,711**	**22.5**	**32,909**	**33,711**	**2.4**

The variation in the period is due to: (i) the appropriation of reported net income in the amount of R$8,108; (ii) the increase in capital in the amount of R$1,990; (iii) the goodwill calculated in the sale of the remaining shares from the subscription in the amount of R$7; (iv) the share fraction reserve 1; which was **offset** by: (v) the reduction of the market value adjustment reserve of TVM and Derivatives R$966, mainly due to the reclassification of TVM from Available-for-Sale category to Held-to-Maturity category; (vi) the interest on shareholders capital/dividends paid and provisioned R$2,885; and (vii) the acquisition of own shares for treasury R$59.

The variation in the quarter is due to: (i) the appropriation of reported net income in the amount of R$2,002; (ii) the share fraction reserve 1; which was **offset** by: (iii) the increase in the market value adjustment reserve of TVM and Derivatives R$480, mainly due to the reclassification of TVM from Available-for-Sale category to Held-to-Maturity category; (iv) the interest on shareholders capital/dividends paid and provisioned R$718; and (v) the acquisition of own treasury shares R$3.

2-Main Statement of Income Information

Consolidated Statement of Adjusted Income R$ thousand

	2008		**2007**				**2006**	
	2nd Quarter	**1st Quarter**	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**	**4th Quarter**	**3rd Quarter**
Revenues from Financial Intermediation	**12,768,540**	**11,693,673**	**11,162,847**	**10,612,598**	**10,248,772**	**9,568,771**	**9,671,491**	**9,582,502**
Loan Operations	6,422,633	6,571,120	6,073,076	5,650,541	5,416,011	5,232,598	5,197,274	5,231,678
Leasing Operations	517,740	372,536	283,874	248,354	192,700	191,817	192,898	174,990
Operations with Securities	2,239,185	1,820,337	1,807,151	2,026,424	2,018,989	1,795,217	1,835,694	1,753,091
Interest Income from Insurance, Private Pension Plans and Certificated Savings Plans	2,467,555	1,676,345	2,068,229	1,889,168	1,859,454	1,685,144	1,840,259	1,591,834
Derivative Financial Instruments	761,901	528,615	390,459	371,879	303,746	198,570	192,399	328,799
Foreign Exchange Transactions	(14,203)	395,881	231,895	121,888	143,305	149,264	98,051	167,557
Compulsory Deposits	373,729	328,839	308,163	304,344	314,567	316,161	314,916	334,553
Expenses from Financial Intermediation (Excluding PDD)	**6,175,442**	**5,643,869**	**5,165,547**	**5,033,028**	**4,545,323**	**4,549,686**	**4,625,777**	**4,715,231**
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	4,717,570	3,818,055	3,523,771	3,536,178	3,370,988	3,295,194	3,143,366	3,386,251
Price-level Restatement and Interest on Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans	1,711,644	1,024,234	1,287,681	1,188,122	1,096,964	1,043,589	1,138,529	907,865
Borrowings and Onlendings	(254,877)	800,385	352,835	306,355	74,374	209,212	341,753	418,939
	1,105	1,195	1,260	2,373	2,997	1,691	2,129	2,176

Leasing Operations								
Financial Margin	**6,593,098**	**6,049,804**	**5,997,300**	**5,579,570**	**5,703,449**	**5,019,085**	**5,045,714**	**4,867,271**
Allowance for Loan Losses Expenses	1,834,342	1,666,837	1,555,779	1,438,305	1,343,964	1,159,661	1,189,941	1,168,044
Gross Income from Financial Intermediation	**4,758,756**	**4,382,967**	**4,441,521**	**4,141,265**	**4,359,485**	**3,859,424**	**3,855,773**	**3,699,227**
Other Operating Income/Expenses	**(1,981,631)**	**(1,815,336)**	**(1,960,671)**	**(1,683,978)**	**(1,949,496)**	**(1,577,991)**	**(1,675,438)**	**(1,542,072)**
Fee and Commission Income	2,774,673	2,803,529	2,895,760	2,742,006	2,608,536	2,559,188	2,423,752	2,342,847
Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans	**568,164**	**514,757**	**146,407**	**208,341**	**115,334**	**241,430**	**345,135**	**325,144**
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	5,666,383	5,285,116	6,052,442	5,268,063	4,892,880	4,643,550	5,486,088	4,344,061
Net Premiums Written	5,756,330	5,366,960	6,174,894	5,448,219	5,054,748	4,801,108	5,662,096	4,714,041
Reinsurance Premiums	(89,947)	(81,844)	(122,452)	(180,156)	(161,868)	(157,558)	(176,008)	(369,980)
Variation in Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans	(2,642,347)	(2,533,242)	(3,643,969)	(2,952,534)	(2,659,549)	(2,413,358)	(2,902,447)	(1,993,374)
Retained Claims	(1,782,118)	(1,639,572)	(1,594,955)	(1,488,084)	(1,503,530)	(1,427,886)	(1,626,391)	(1,460,137)
Certificated Savings Plans Draws and Redemptions	(354,756)	(318,260)	(378,480)	(345,729)	(352,506)	(301,043)	(343,384)	(305,545)
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(318,998)	(279,285)	(288,631)	(273,375)	(261,961)	(259,833)	(268,731)	(259,861)
Personnel Expenses	(1,715,129)	(1,736,553)	(1,820,181)	(1,640,132)	(1,649,408)	(1,459,826)	(1,460,199)	(1,584,533)
	(1,968,592)	(1,814,994)	(1,972,778)	(1,755,090)	(1,644,146)	(1,539,500)	(1,671,274)	(1,506,957)

Other Administrative Expenses								
Tax Expenses	(569,391)	(605,595)	(622,899)	(599,256)	(581,290)	(585,370)	(577,132)	(532,175)
Equity in Earnings (Losses) of Unconsolidated Companies	33,656	32,169	9,771	16,403	4,505	11,589	30,257	7,587
Other Operating Income	323,851	329,782	424,016	374,964	298,938	337,274	430,410	418,941
Other Operating Expenses	(1,428,863)	(1,338,431)	(1,020,767)	(1,031,214)	(1,101,965)	(1,142,776)	(1,196,387)	(1,012,926)
Operating Income	**2,777,125**	**2,567,631**	**2,480,850**	**2,457,287**	**2,409,989**	**2,281,433**	**2,180,335**	**2,157,155**
Non-Operating Income	**(20,604)**	**14,831**	**21,425**	**1,710**	**4,129**	**(2,714)**	**(29,038)**	**40,570**
Income before Tax on Income and Profit Sharing	**2,756,521**	**2,582,462**	**2,502,275**	**2,458,997**	**2,414,118**	**2,278,719**	**2,151,297**	**2,197,725**
Income Tax and Social Contribution	**(750,375)**	**(672,009)**	**(644,495)**	**(605,489)**	**(612,311)**	**(570,335)**	**(530,168)**	**(584,759)**
Minority Interest in Subsidiaries	**(3,715)**	**(3,591)**	**(3,678)**	**(3,018)**	**(1,450)**	**(3,067)**	**(1,580)**	**(2,393)**
Net Income	**2,002,431**	**1,906,862**	**1,854,102**	**1,850,490**	**1,800,357**	**1,705,317**	**1,619,549**	**1,610,573**
Return on (average) Shareholders Equity without market value adjustment reserve TVM and Derivatives	**27.6%**	**28.7%**	**29.4%**	**31.4%**	**32.9%**	**32.5%**	**34.3%**	**32.5%**
Financial Margin Interest (*)	**8.1%**	**8.4%**	**8.5 %**	**8.6%**	**8.7%**	**8.6%**	**8.9%**	**9.4%**

(*) (Financial Margin - Interest)/(Total Assets - Permanent Assets - Purchase and Sale Commitments).

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	2008	Years				
	1st Half	2007	2006	2005	2004	2003
Revenues from Financial Intermediation	**24,462,213**	**41,592,988**	**38,375,859**	**34,268,623**	**27,210,965**	**28,573,144**
Loan Operations	12,993,753	22,372,226	20,408,469	17,158,864	13,000,941	12,691,851
Leasing Operations	890,276	916,745	653,260	444,389	300,850	307,775
Operations with Securities	4,059,522	7,647,781	7,025,986	7,073,266	5,975,474	8,443,246
Interest Income on Insurance, Private Pension Plans and Certificated Savings Plans	4,143,900	7,501,995	6,887,472	6,171,213	5,142,434	5,359,939
Derivative Financial Instruments	1,290,516	1,264,654	1,344,438	1,307,818	922,827	(413,134)
Foreign Exchange Transactions	381,678	646,352	729,647	617,678	691,302	797,702
Compulsory Deposits	702,568	1,243,235	1,326,587	1,495,395	1,177,137	1,385,765
Expenses from Financial Intermediation (Excluding PDD)	**11,819,311**	**19,293,584**	**18,536,698**	**17,719,666**	**13,980,085**	**15,291,477**
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	8,535,625	13,726,131	12,666,708	12,421,171	9,341,527	11,039,960
Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	2,735,878	4,616,356	4,004,823	3,764,530	3,215,677	3,120,342
Borrowings and Onlendings	545,508	942,776	1,857,009	1,525,270	1,405,389	1,118,194
Leasing Operations	2,300	8,321	8,158	8,695	17,492	12,981
Financial Margin	**12,642,902**	**22,299,404**	**19,839,161**	**16,548,957**	**13,230,880**	**13,281,667**
Allowance for Loan Losses Expenses	3,501,179	5,497,709	4,412,413	2,507,206	2,041,649	2,449,689
Gross Income from Financial Intermediation	**9,141,723**	**16,801,695**	**15,426,748**	**14,041,751**	**11,189,231**	**10,831,978**
Other Operating Income (Expenses)	**(3,796,967)**	**(7,172,136)**	**(6,759,505)**	**(6,543,186)**	**(7,071,120)**	**(7,278,870)**
Fee and Commission Income	5,578,202	10,805,490	8,897,882	7,348,879	5,824,368	4,556,861
Operating Income on Insurance, Private Pension Plans and Certificated Savings Plans	**1,082,921**	**711,512**	**1,025,221**	**620,991**	**(60,645)**	**(148,829)**
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	10,951,499	20,856,935	18,008,226	13,647,089	13,283,677	11,726,088
Net Premiums Written	11,123,290	21,478,969	19,021,852	16,824,862	15,389,170	12,817,805
Reinsurance Premiums and Redeemed Premiums	(171,791)	(622,034)	(1,013,626)	(3,177,773)	(2,105,493)	(1,091,717)
Variation of Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans	(5,175,589)	(11,669,410)	(8,711,991)	(5,010,940)	(6,094,753)	(6,032,934)
Retained Claims	(3,421,690)	(6,014,455)	(6,026,651)	(5,825,292)	(5,159,188)	(3,980,419)
Certificated Savings Plans Draws and Redemptions	(673,016)	(1,377,758)	(1,221,626)	(1,228,849)	(1,223,287)	(1,099,554)

Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(598,283)	(1,083,800)	(1,022,737)	(961,017)	(867,094)	(762,010)
Personnel Expenses	(3,451,682)	(6,569,547)	(5,932,406)	(5,311,560)	(4,969,007)	(4,779,491)
Other Administrative Expenses	(3,783,586)	(6,911,514)	(5,870,030)	(5,142,329)	(4,937,143)	(4,814,204)
Tax Expenses	(1,174,986)	(2,388,815)	(2,149,905)	(1,827,337)	(1,464,446)	(1,054,397)
Equity in Earnings (Losses) of Unconsolidated Companies	65,825	42,268	72,324	76,150	163,357	5,227
Other Operating Income	653,633	1,435,192	1,420,217	1,096,968	1,198,532	1,697,242
Other Operating Expenses	(2,767,294)	(4,296,722)	(4,222,808)	(3,404,948)	(2,826,136)	(2,741,279)
Operating Income	**5,344,756**	**9,629,559**	**8,667,243**	**7,498,565**	**4,118,111**	**3,553,108**
Non-Operating Income	**(5,773)**	**24,550**	**(8,964)**	**(106,144)**	**(491,146)**	**(841,076)**
Income before Tax on Income and Profit Sharing	**5,338,983**	**9,654,109**	**8,658,279**	**7,392,421**	**3,626,965**	**2,712,032**
Income Tax and Social Contribution	**(1,422,384)**	**(2,432,630)**	**(2,286,765)**	**(1,869,516)**	**(554,345)**	**(396,648)**
Minority Interest in Subsidiaries	**(7,306)**	**(11,213)**	**(9,007)**	**(8,831)**	**(12,469)**	**(9,045)**
Net Income	**3,909,293**	**7,210,266**	**6,362,507**	**5,514,074**	**3,060,151**	**2,306,339**
Return on (average) Shareholders Equity without market value adjustment reserve TVM and Derivatives	**27.2%**	**28.3%**	**31.1%**	**32.7%**	**22.5%**	**19.2%**
Financial Margin Interest (*)	**8.1%**	**8.3%**	**9.0%**	**9.0%**	**8.2%**	**9.0%**

(*) (Financial Margin Interest)/(Total Assets Permanent Assets Purchase and Sale Commitments).

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Profitability

Bradesco s Adjusted Net Income reached R$3,909 million in 1H08, against R$3,506 million recorded in the same period of 2007, an 11.5% increase. Shareholders Equity amounted to R$33,711 million on June 30, 2008, with a growth of 22.5% compared to the balance as of June 30, 2007. Accordingly, the return on Average Shareholders Equity (ROAE) reached 27.2% (*). Closing 1H08, Total Assets added up to R$403,271 million, growing 38.8% when compared to the balance of June 30, 2007. The annualized Return on Total Average Assets (ROAA) in 1H08 was 2.1% . Earnings per share reached R$1.27.

In 2Q08, the result was R$2,002 million, representing an increase of R$95 million or 5.0% compared to the Adjusted Net Income of 1Q08. Still in this semester, the Return on Average Shareholders Equity (ROAE) reached 27.6% (*) and the annualized Return on Average Total Assets (ROAA), in 2Q08, was 2.1% . The earnings per share reached R$0.65.

Also in 2Q08, there was an increase in the income composing the Financial Margin, in the amount of R$543 million, mainly composed of higher non interest results, which reached R$870 million, a R$364 million increase compared to the 1st quarter of 2008, mainly coming from higher gains of operations of treasury, TVM and Credit Recoveries. Interest result reached R$5,723 million, with a growth of R$179 million (with R$232 million related to business volume increase and R$53 million related to spread reduction).

The Operating Result from Insurance, Private Pension Plans and Certificated Savings Plans had, in the 2nd quarter of 2008, an increase of R$52 million, motivated, basically, by higher revenues with premiums (11.4%) combined with a lower claim ratio (73.1% against 73.4% in the previous quarter).

In 2Q08, the provision for loan losses expenses was R$1,834 million, an increase of R$167 million when compared to the previous quarter. This variation is due to the growth of our loan portfolio and mainly to the growth in the operations with individual clients, which requires a higher provision volume due to its characteristic.

The Efficiency Ratio of the 12-month period ended on June 30, 2008 was 41.3%, with an improvement of 0.4 percentage point when compared to the ratio of the 12-month period ended on March 31, 2008, which was 41.7% and 0.7 percentage point when compared to the 12-month period ended on June 30, 2007, mainly justified by the combination of strict expense control with permanent efforts for increase in revenue.

The Coverage Ratio accumulated in the last 12 months (fee and commission income)/ (personnel expenses + administrative expenses) decreased 0.9 percentage point (from 78.7% to 77.8%) compared to March 2008 and 1.6 percentage point when compared to the ratio of 79.4% ascertained in the 12-month period ended in June 2007, mainly influenced by investments in our technological platform and in the expansion of our service network and by the effect of the fee adjustment charged from individuals as from 2008.

(*) not considering the mark-to-market effects of Available-for-Sale Securities in the Shareholders Equity.

Income by Business Segment

Income Breakdown   in percentage

N.B: The Balance Sheet and the Statement of Income by Business Segment can be found in Note 5.

Variation in the Main Statement of Income Items

1st Half of 2008 compared to 1st Half of 2007   R$ million

(1) Composition: Premiums and Contributions net of variations in Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans deducted from Claims, Draws, Redemptions and Commissions, not including Financial Income from Insurance activities and price-level restatement and interest on Technical Provisions, which are included in the Financial Margin.
(2) Composition: Tax Expenses, Equity in the Earnings of Affiliated Companies, Other Operating Income, Other Operating Expenses, Non-Operating Income and Minority Interest in Subsidiaries.

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Variation in the Main Statement of Income Items

2nd Quarter of 2008 compared to the 1st Quarter of 2008 R$ million

(1) Composition: Premiums and Net Contributions of variations in Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans deducted from Claims, Draws, Redemptions and Commissions, not including Financial Income on Insurance activities and price-level restatement and interest on Technical Provisions, which are included in the Financial Margin.
(2) Composition: Tax Expenses, Equity in the Earnings of Affiliated Companies, Other Operating Income, Other Operating Expenses, Non-Operating Income and Minority Interest in Subsidiaries.

Variation in Items Composing the Financial Margin

1st Half of 2008 compared to 1st Half of 2007 R$ million

N.B.: It is considered the revenue generated by each product comprising the financial margin, except the opportunity cost which, most of the time, is represented by the CDI variation.

Variation in Items Composing the Financial Margin

2nd Quarter of 2008 compared to the 1st Quarter of 2008   R$ million

N.B.: It is considered the revenue generated by each product comprising the financial margin, except the opportunity cost which, most of the time, is represented by the CDI variation.

Analysis of the Adjusted Financial Margin and Average Rates

Income x Loan Operations

R$ million	1st Half		2008	
	2007	2008	1st Quarter	2nd Quarter
Loan Operations	91,289	120,348	117,858	122,640
Leasing Operations	4,291	11,453	9,682	13,075
Advances on Exchange	5,894	7,237	7,068	7,465
Other Receivables	487	540	555	534
1 Total (Quarterly Average Balance)	101,961	139,578	135,163	143,714
2 Income (Loan, Leasing and Exchange Operations) (*)	11,158	14,063	6,981	7,082
3 Exponentially Annualized Average Rate (2/1)	23.1%	21.2%	22.3%	21.2%

(*) Includes Income from Loan Operations, Net Results from Leasing Operations and Results of the adjusted Exchange (Note 11a).

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Income on TVM x Securities (TVM)

R$ million	1st Half		2008	
	2007	2008	1st Quarter	2nd Quarter
Securities	99,454	112,858	109,809	112,061
Interbank Investments	28,328	53,330	43,149	61,184
Purchase and Sale Commitments	(50,778)	(80,484)	(71,587)	(83,909)
Derivative Financial Instruments	(1,166)	(1,391)	(1,288)	(1,611)
4 Total (Quarterly Average Balance)	75,838	84,313	80,083	87,725
5 Income on Securities (Net of Purchase and Sale Commitments Expenses) (*)	5,053	5,488	2,193	3,295
6 Exponentially Annualized Average Rate (5/4)	13.8%	13.4%	11.4%	15.9%

(*) Includes Interest Income from Insurance, Private Pension Plans and Certificated Savings Plans, Derivative Financial Instruments and Foreign Exchange Adjustment (Note 11a).

Income from Financial Intermediation x Total Assets

R$ million	1st Half		2008	
	2007	2008	1st Quarter	2nd Quarter
7 Total Assets Permanent Assets Purchase and Sale Commitments (Quarterly Average Balance)	225,060	282,309	272,978	291,523
8 Income from Financial Intermediation	19,818	24,462	11,694	12,769
9 Exponentially Annualized Average Rate (8/7)	18.4%	18.1%	18.3%	18.7%

Expenses x Funding

R$ million	1st Half		2008	
	2007	**2008**	**1st Quarter**	**2nd Quarter**
Deposits	83,556	109,262	102,517	114,732
Funds from Acceptance and Issuance of Securities	6,053	6,401	6,868	6,354
Interbank and Interdepartmental Accounts	2,036	2,385	2,349	2,309
Subordinated Debt	12,433	16,375	16,209	16,638
10 Total Funding (Quarterly Average Balance)	104,078	134,423	127,943	140,033
11 Expenses (*)	3,231	3,833	1,681	2,152
12 Exponentially Annualized Average Rate (11/10)	6.3%	5.8%	5.4%	6.3%

(*) Funding Expenses except Purchase and Sale Commitment expenses, less Income on Compulsory Deposits and Foreign Exchange Adjustment (Note 11a).

Expenses x Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans

R$ million	1st Half		2008	
	2007	**2008**	**1st Quarter**	**2nd Quarter**
13 Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans (Quarterly Average Balance)	50,894	60,105	59,124	60,895
14 Expenses (*)	2,141	2,735	1,024	1,712
15 Exponentially Annualized Average Rate (14/13)	8.6%	9.3%	7.1%	11.7%

(*) Price-Level Restatement and Interest on Technical Provisions from Insurance, Private Pension Plans and Certificated Savings Plans.

Expenses x Borrowings and Onlendings (Local and Foreign)

R$ million	1st Half		2008	
	2007	**2008**	**1st Quarter**	**2nd Quarter**
Borrowings	6,425	8,101	8,014	8,118
Onlendings	11,981	15,952	15,697	16,256
16 Total Borrowings and Onlendings (Quarterly Average Balance)	18,406	24,053	23,711	24,374
17 Expenses from Borrowings and Onlendings (*)	117	339	419	(80)
18 Exponentially Annualized Average Rate (17/16)	1.3%	2.8%	7.3%	(1.3%)

(*) Includes Foreign Exchange Adjustment (Note 11a).

Financial Margin x Total Assets

R$ million	1st Half		2008	
	2007	**2008**	**1st Quarter**	**2nd Quarter**
19 Total Assets Permanent Assets Purchase and Sale Commitments (Quarterly Average Balance)	225,060	282,309	272,978	291,523
20 Financial Margin (*)	10,723	12,643	6,050	6,593
21 Exponentially Annualized Average Rate (20/19)	9.8%	9.2%	9.2%	9.4%

(*) Gross Income from Financial Intermediation excluding PDD.

Financial Market Indicators

Analysis of the Financial Margin

a) Financial Margin Adjustment

We separately show the hedge fiscal effect referring to investments abroad in the compared periods which, in terms of Net Income, simply annuls the fiscal effect (IR/CS and PIS/Cofins) of this hedge strategy.

The fiscal effect is caused by the fact that the foreign exchange variation of investments abroad is not deductible when there is loss and not taxable when there is gain, while the derivatives income is taxable when it generates gain and deductible when it generates loss.

Thus, the gross hedge income is reflected in the Financial Margin, in the Results from Derivative Financial Instruments item and its respective taxes are included in the Tax Expenses and Income Tax and Social Contribution items, as shown below:

Hedge Fiscal Effect of Investments Abroad R$ million

Effect in the Items	Effect in the 1st Half of 2007				Effect in the 1st Half of 2008			
	Financial Margin	**Tax Expenses**	**IR/CS**	**Net Income**	**Financial Margin**	**Tax Expenses**	**IR/CS**	**Net Income**
Partial Result of the Hedge of Investments Abroad	1,382	(64)	(448)	870	1,315	(61)	(426)	828
Foreign Exchange Variation of Investments Abroad	(870)			(870)	(828)			(828)
Total	**512**	**(64)**	**(448)**		**487**	**(61)**	**(426)**	

Effect in the Items	Effect in the 1st Quarter of 2008				Effect in the 2nd Quarter of 2008			
	Financial Margin	**Tax Expenses**	**IR/CS**	**Net Income**	**Financial Margin**	**Tax Expenses**	**IR/CS**	**Net Income**
Partial Result of the Hedge of Investments Abroad	124	(6)	(40)	78	1,191	(55)	(386)	750
Foreign Exchange Variation of Investments Abroad	(78)			(78)	(750)			(750)

Total	**46**	**(6)**	**(40)**	**441**	**(55)**	**(386)**

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For a better understanding of the Financial Margin in the periods, the effects of the referred hedge and the foreign exchange variation of investments abroad in the financial margin and sales results were excluded, as follows:

Adjusted Financial Margin

	R$ million					
	1st Half		Variation	2008		Variation
	2007	2008		1st Quarter	2nd Quarter	
Reported Financial Margin	**11,589**	**13,130**	**1,541**	**6,096**	**7,034**	**938**
(-) Sale of Arcelor	(354)		354			
(-) Hedge/Foreign Exchange Variation	(512)	(487)	25	(46)	(441)	(395)
Adjusted Financial Margin	**10,723**	**12,643**	**1,920**	**6,050**	**6,593**	**543**
Average Adjusted Financial Margin Rate (*)	**9.8%**	**9.2%**		**9.2%**	**9.4%**	

(*) (Adjusted Financial Margin)/(Total Average Assets - Permanent Assets - Purchase and Sale Commitments).

b) Adjusted Financial Margin Variation

In 1H08, the financial margin reached R$12,643 million, representing a 17.9% increase when compared to the R$10,723 million recorded in 1H07. When comparing 2Q08 with 1Q08, there was a 9.0% increase in the financial margin. The analytical opening of the financial margin result between interest and non-interest results is shown below:

Adjusted Financial Margin Breakdown

	R$ million					
	1st Half		Variation	2008		Variation
	2007	2008		1st Quarter	2nd Quarter	
Interest due to volume			2,820			232
Interest due to spreads			(993)			(53)
(=) Financial Margin Interest	9,440	11,267	1,827	5,544	5,723	179
(+) Financial Margin Non-Interest	1,283	1,376	93	506	870	364
(=) Adjusted Financial Margin	**10,723**	**12,643**	**1,920**	**6,050**	**6,593**	**543**

In 1H08, the interest financial margin amounted to R$11,267 million versus R$9,440 million recorded in 1H07, accounting for an increase of 19.4% or R$1,827 million. This variation had an impact due to the increase in the balance of operations, which positively contributed to the financial margin in R$2,820 million. This result offset the effect in the margin due to the decrease of spreads in the amount of R$993 million.

Comparing 2Q08 with 1Q08, there was a R$179 million increase in the interest financial margin. This variation was positively impacted in R$232 million due to the increase in investments, while the decrease in spreads had a negative effect of R$53 million.

Below, we show the interest financial margin entry among the main business lines of Bradesco:

	R$ million					
	1st Half			2008		
	2007	2008	Variation	1st Quarter	2nd Quarter	Variation
Loan	6,208	7,799	1,591	3,830	3,969	139
Funding	1,104	1,185	81	572	613	41
Insurance	1,164	1,103	(61)	557	546	(11)
TVM, Treasury and Others	964	1,180	216	585	595	10
(=) Financial Margin Interest	**9,440**	**11,267**	**1,827**	**5,544**	**5,723**	**179**

Among the main business lines, we can observe a strong increase distributed among all segments, resulting from the excellent strategic positioning of Banco Bradesco. Comparing 2Q08 with 1Q08, we can observe that the highest result of the financial margin interest is concentrated on loan operations, reaching an evolution of R$139 million. Comparing 1H08 with the same period of 2007, the evolution was of R$1,591 million.

The loan products had a special highlight in the financing to companies, mainly those destined to support the increase of production and commercialization financing operations, with greater relevance for the working capital modality.

Individual consumer financing continued to grow by means of the use of Private Label cards and leasing operations.

The significant growth of the international trade provided an increase of R$1.6 billion in financing to Brazilian exports and imports.

Continuing with the increase policy to real estate financing, the evolution of loans granted in the period is associated to the production contracted in previous periods. It is important to point out that the contracted operations of rural loan had a considerable growth in volume of R$1.1 billion compared to the previous quarter.

Comparing 1H08 with the same period of 2007, funding had a variation of R$81 million or a 7.3% growth, while the balance of funding increased R$30 billion or 29.12% . In the 2nd quarter compared to the previous one, there was a variation of R$41 million or a 7.2% growth, while the balance had an increase of R$12 million growth or 9.4% .

Below, the increase in the interest financial margin compared to the quarterly history since 2005 can be observed:

Adjusted Interest Financial Margin

(*) (Financial Margin - Interest)/(Total Assets - Permanent Assets - Purchase and Sale Commitments)

According to the previous graph, we can observe that the annualized rate of the financial margin of interest results reached 8.1% in 2Q08, a decrease when compared to the previous quarter. The business increase (loan and funding) was essential to the margin growth by R$179 million, even with the spread drop.

The adjusted financial margin coming from non-interest results reached R$870 million in 2Q08, against R$506 million in the 1st quarter of 2008. The result increase comes from the higher credit recovery and growing gains in the position of securities and treasury. Comparing 1H08 with 1H07, a growth of R$93 million is observed, coming from the higher credit recovery.

Allowance for Loan Losses (PDD)

PDD Growth

	R$ million					
	2007			2008		
	1st Quarter	2nd Quarter	1st Half	1st Quarter	2nd Quarter	1st Half
Opening Balance	**6,646**	**6,775**	**6,646**	**7,826**	**8,104**	**7,826**
Amount Recorded	1,160	1,344	2,504	1,667	1,834	3,501
Amount Written-off	(1,031)	(1,095)	(2,126)	(1,389)	(1,286)	(2,675)
Balance from Acquired Institutions		9	9			
Closing Balance	**6,775**	**7,033**	**7,033**	**8,104**	**8,652**	**8,652**
Specific Allowance	3,772	3,856	3,856	4,598	4,807	4,807
Generic Allowance	1,900	2,067	2,067	2,352	2,662	2,662
Exceeding Allowance	1,103	1,110	1,110	1,154	1,183	1,183
Credit Recovery	**178**	**218**	**396**	**232**	**312**	**543**

PDD over Loan and Leasing Operations

	R$ million			
	2007		2008	
	March	June	March	June
PDD (A)	6,775	7,033	8,104	8,652
Loan Operations (B)	101,473	108,191	139,019	148,408
PDD over Loan Operations (A/B)	6.7%	6.5%	5.8%	5.8%

Coverage Ratio PDD/Non-performing Loans (E to H)

	R$ million	
	2007	2008

	March	June	March	June
(1) Total Allowances	6,775	7,033	8,104	8,652
(2) Non-Performing Loans (E-H)	4,569	4,740	5,518	5,878
Coverage Ratio (1/2)	148.3%	148.4%	146.9%	147.2%

Coverage Ratio Non Performing Loans (NPL) (*)

	R$ million			
	2007		2008	
	March	**June**	**March**	**June**
(1) Total Allowances	6,775	7,033	8,104	8,652
(2) Non Performing Loans	4,673	4,880	5,915	6,333
NPL Ratio (1/2)	145.0%	144.1%	137.0%	136.6%

(*) Loan Operations Overdue for more than 59 days and which do not generate income under the accrual method of accounting.

For further information on PDD, see pages 158 to 160 of this Report.

Fee and Commission Income

	R$ million					
	2007			**2008**		
	1st Quarter	**2nd Quarter**	**1st Half**	**1st Quarter**	**2nd Quarter**	**1st Half**
Card Income	557	581	1,138	677	713	1,390
Checking Account	574	583	1,157	578	576	1,154
Loan Operations	441	468	909	499	407	906
Assets under Management	334	345	679	385	392	777
Collection	204	211	415	225	242	467
Interbank Fee	76	79	155	83	86	169
Custody and Brokerage Services	49	57	106	72	77	149
Consortium Management	53	57	110	72	78	150
Tax Payment	70	66	136	59	59	118
Other	201	162	363	153	145	298
Total	**2,559**	**2,609**	**5,168**	**2,803**	**2,775**	**5,578**

In 1H08, Fee and Commission Income increased by 7.9%, which represents a hike of R$410 million when compared to the same period of the previous year.

The main items that influenced in the increase of Fee and Commission Income between the periods were:

the growth of 22.1%, represented by the increase of R$252 million in Card Income, related to the increase of 23.3% of the cards base, from 63,196 thousand to 77,952 thousand, as well as the 23.6% increase of the number of transactions, from 364,767 thousand to 450,915 thousand;

the 14.3% growth in assets under management, from R$161.3 billion on June 30, 2007 to R$184.4 billion on June 30, 2008, was the main reason for the R$98 million growth in the item Assets under Management ;

the 40.6% growth, represented by the increase of R$43 million in Custody and Brokerage Service , related to the increase in business volume; and

the 12.5% growth represented by the R$52 million hike in the item Collection , related to the increase in business volume.

In the comparison between 2Q08 and 1Q08, the R$28 million decrease was due to:

the 18.4% decrease of loan operations income due to the effect of the fee adjustment;

the 5.3% increase represented by the R$36 million increase in item Card Revenue , related to the 6.8% increase in the card base, from 72,971 thousand to 77,952 thousand, as well as the 2.8% increase in the number of transactions, from 222,322 thousand to 228,593 thousand; and

the 7.6% increase represented by the R$ 17 million increase in item Collection , due to the increase in business volume.

Administrative and Personnel Expenses

	R$ million					
	2007			2008		
	1st Quarter	2nd Quarter	1st Half	1st Quarter	2nd Quarter	1st Half
Administrative Expenses						
Third-Party Services	343	386	729	446	480	926
Communication	220	232	452	260	254	514
Advertising	107	129	236	122	160	282
Depreciation and Amortization	133	133	266	138	174	312
Financial System Services	123	129	252	145	154	299
Transportation	124	124	248	133	138	271
Data Processing	89	98	187	97	108	205
Rentals	96	100	196	107	109	216
Maintenance and Repairs	68	70	138	89	86	175
Assets Leasing	45	46	91	74	87	161
Materials	45	48	93	46	46	92
Security and Vigilance	45	48	93	51	52	103
Water, Electricity and Gas	45	45	90	47	45	92
Travel	14	17	31	19	23	42
Other	43	39	82	41	53	94
Total	**1,540**	**1,644**	**3,184**	**1,815**	**1,969**	**3,784**
Personnel Expenses						
Structural	**1,235**	**1,300**	**2,535**	**1,384**	**1,420**	**2,804**
Compensation/Social Charges	920	976	1,896	1,033	1,098	2,131
Benefits	315	324	639	351	322	673
Non Structural	**225**	**349**	**574**	**353**	**295**	**648**
Management and Employee Profit Sharing (PLR)	154	203	357	201	176	377
Provision for Labor Claims	29	102	131	112	72	184
Training	10	19	29	11	22	33
Termination Cost	32	25	57	29	25	54
Total	**1,460**	**1,649**	**3,109**	**1,737**	**1,715**	**3,452**
Total Administrative and Personnel Expenses	**3,000**	**3,293**	**6,293**	**3,552**	**3,684**	**7,236**

In 1H08, Administrative and Personnel Expenses reached R$7,236 million, representing a R$943 million increase when compared to the R$6,293 million reached in 1H07. The nominal variation of Administrative Expenses between the periods showed a R$600 million increase, reaching R$3,784 million, mainly due to: (i) the organic growth; (ii) the increase in business volume; (iii) the contractual adjustments in the period; and (iv) the investments in the improvement and optimization of the technological platform (IT Improvements Project).

Personnel Expenses increased R$343 million when compared to the same period in 2007, reaching R$3,452 million. The portion considered as Structural increased R$269 million, mainly the expansion of the customer service network and the consequent hiring of employees, as well as the increase in the salary levels, resulting from the 2007 collective bargaining agreement (6.0%), benefits and others. In relation to the portion considered as Non-structural , the increase was R$89 million, mainly due to: (i) the higher expenses with employee and management profit sharing (PLR) in the amount of R$20 million; and (ii) the higher expenses with provisions for labor proceedings of R$53 million.

When compared to the previous quarter, Administrative and Personnel Expenses increased R$132 million, a growth of 3.7%, from R$3,552 million in the 1st quarter of 2008 to R$3,684 million in the 2nd quarter of 2008.

When compared to the previous quarter, Administrative Expenses increased R$154 million, basically due to expenses with: (i) Advertisement R$38 million, basically due to products and services promotional selling campaigns; (ii) Depreciation and Amortization R$36 million, basically due to the decrease in deferred charges from joint control companies; (iii) Third-party Services and Data Processing R$45 million, basically as a result from investments in the IT Improvements program, change of the Fidellity card and higher increase in business volume; and (iv) Asset Leasing R$13 million, due to equipment for the new Information Technology Center.

Personnel Expenses decreased R$22 million when compared to the previous quarter, going from R$1,737 million in 1Q08 to R$1,715 million in 2Q08. In the portion considered as Structural , there was a R$36 million increase explained, basically, by the higher level of vacation concentration in the 1st quarter of 2008, whereas the Non-structural portion had a R$73 million decrease, pointing out: (i) lower expenses with management and employee profit sharing (PLR) in the amount of R$25 million; (ii) lower level of provisions for labor proceedings in the amount of R$40 million; **offset** (iii) by higher training expenses in the amount of R$11 million.

Operating Efficiency

	R$ million (*)						
	Years					2008	
	2003	**2004**	**2005**	**2006**	**2007**	**1st Quarter**	**2nd Quarter**
Personnel Expenses	4,779	4,969	5,312	5,932	6,570	6,847	6,913
Employee Profit Sharing	(170)	(182)	(287)	(415)	(521)	(554)	(554)
Other Administrative Expenses	4,814	4,937	5,142	5,870	6,912	7,187	7,512
Total (1)	**9,423**	**9,724**	**10,167**	**11,387**	**12,961**	**13,480**	**13,871**
Financial Margin	13,282	13,231	16,550	19,838	22,300	23,331	24,220
Fee and Commission Income	4,557	5,824	7,349	8,898	10,806	11,050	11,216
Insurance, Private Pension Plans and Certificated Savings Plans Subtotal	**(149)**	**(60)**	**621**	**1,025**	**711**	**985**	**1,436**
Insurance, Private Pension Plans and Certificate Savings Plans Retained Premiums	11,726	13,284	13,647	18,008	20,857	21,499	22,272
Technical Provisions Variation from Insurance, Private Pension Plans and Certificated Savings Plans	(6,033)	(6,095)	(5,011)	(8,712)	(11,670)	(11,790)	(11,774)
Retained Claims	(3,980)	(5,159)	(5,825)	(6,026)	(6,014)	(6,226)	(6,505)
Certificated Savings Plans Draws and Redemptions	(1,100)	(1,223)	(1,229)	(1,222)	(1,378)	(1,395)	(1,397)
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(762)	(867)	(961)	(1,023)	(1,084)	(1,103)	(1,160)
Equity in Earnings (Losses) of Unconsolidated Companies	5	163	76	72	42	62	92
Other Operating Expenses	(2,741)	(2,826)	(3,405)	(4,223)	(4,297)	(4,493)	(4,820)
Other Operating Income	1,697	1,198	1,097	1,420	1,436	1,429	1,453
Total (2)	**16,651**	**17,530**	**22,288**	**27,030**	**30,998**	**32,364**	**33,597**
Efficiency Ratio (%) = (1/2)	**56.6**	**55.5**	**45.6**	**42.1**	**41.8**	**41.7**	**41.3**

(*) Amounts accumulated over the last twelve months based on the statement of adjusted income.

Efficiency Ratio in percentage

Operating Efficiency

In the 12-month period ended in June 2008, the Efficiency Ratio was 41.3%, presenting a 0.5 percentage point increase steady over the 12-month period ended in December 2007. It is also worth mentioning the financial margin increase by R$889 million, basically stemming from the interest component, stimulated by an increment in business volume, with highlights to an increase in the volume of loan operations for individuals, mainly focused on consumer financing, the profitability of which is higher if compared to the corporate loans, and to an increased fee and commission income, in R$166 million, as a result of the increase in the average volume of operations.

The Coverage Ratio of the twelve-month period ended in June 2008, which had been showing an ongoing improvement, decreased 0.9% (from 78.7% to 77.8%) when compared to March 2008, mainly influenced by investments in our technological platform, the expansion of our service network and the effect of the fee adjustment charged from individuals as of 2008. When compared to the 79.4% ratio assessed in the 12-month period ended in June 2007, a 1.6 percentage point decrease is observed.

Administrative + Personnel Expenses and Fee and Commission Income

Other Indicators

3-Main Balance Sheet Information

Consolidated Balance Sheet R$ thousand

Assets	June	December				
	2008	**2007**	**2006**	**2005**	**2004**	**2003**
Current and Long-Term Assets	**399,248,182**	**337,514,243**	**262,054,823**	**204,325,065**	**180,038,498**	**171,141,348**
Funds Available	**5,134,195**	**5,486,606**	**4,761,972**	**3,363,041**	**2,639,260**	**2,448,426**
Interbank Investments	**73,692,184**	**37,622,125**	**25,989,190**	**25,006,158**	**22,346,721**	**31,724,003**
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	67,421,911	32,014,861	20,617,520	19,615,744	15,667,078	26,753,660
Interest-earning Deposits in Other Banks	6,285,660	5,617,413	5,372,658	5,390,726	6,682,608	4,970,343
Allowance for Losses	(15,387)	(10,149)	(988)	(312)	(2,965)	
Securities and Derivative Financial Instruments	**118,956,263**	**114,451,709**	**97,249,959**	**64,450,808**	**62,421,658**	**53,804,780**
Own Portfolio	96,064,949	84,079,171	72,052,850	59,324,858	51,255,745	42,939,043
Subject to Repurchase Agreements	9,034,373	11,731,427	15,352,073	1,051,665	4,807,769	5,682,852
Derivative Financial Instruments	2,073,421	1,207,040	549,065	474,488	397,956	232,311
Restricted Deposits Brazilian Central Bank	7,313,606	8,273,662	440,235	2,506,172	4,512,563	3,109,634
Privatization Currencies	100,682	79,535	70,716	98,142	82,487	88,058
Subject to Collateral Provided	4,014,368	4,070,210	765,129	995,483	1,365,138	1,752,882
Securities from Unrestricted Purchase and Sale Commitments	354,864	5,010,664	8,019,891			
Interbank Accounts	**26,072,407**	**24,036,514**	**19,124,806**	**16,922,165**	**16,087,102**	**14,012,837**
Unsettled Receipts and Payments	954,607	36,332	50,945	39,093	22,075	20,237
Restricted Deposits:						
Restricted Deposits - Brazilian Central Bank	24,580,053	23,538,587	18,664,706	16,444,866	15,696,154	13,580,425
National Treasury - Rural Credit	578	578	578	578	578	578
SFH	458,765	452,899	405,465	396,089	335,320	391,871
Correspondent Banks	78,404	8,118	3,112	41,539	32,975	19,726
Interdepartmental Accounts	**90,980**	**429,362**	**186,338**	**172,831**	**147,537**	**514,779**
Internal Transfer of Funds	90,980	429,362	186,338	172,831	147,537	514,779
Loan Operations	**117,221,248**	**108,295,627**	**79,714,969**	**68,328,802**	**51,890,887**	**42,162,718**
Loan operations:						
Public Sector	726,856	763,973	784,870	821,730	536,975	186,264
Private Sector	124,602,638	115,001,602	85,315,248	72,205,630	55,242,348	45,768,970
Allowance for Loan Losses	(8,108,246)	(7,469,948)	(6,385,149)	(4,698,558)	(3,888,436)	(3,792,516)
Leasing Operations	**14,569,741**	**7,962,395**	**3,751,558**	**2,411,299**	**1,556,321**	**1,306,433**
Leasing Receivables:						
Public Sector	121,388	134,197	152,125	66,237		

Private Sector	25,009,353	13,802,117	7,231,519	4,896,717	3,237,226	2,859,533
Unearned Income from Leasing	(10,136,163)	(5,728,551)	(3,472,246)	(2,444,596)	(1,576,690)	(1,438,534)
Allowance for Leasing Losses	(424,837)	(245,368)	(159,840)	(107,059)	(104,215)	(114,566)
Other Receivables	**39,950,600**	**35,829,910**	**29,302,217**	**22,106,013**	**21,664,592**	**24,098,765**
Receivables on Sureties and Guarantees Honored	20,961	12,181	38		811	624
Foreign Exchange Portfolio	12,243,328	9,836,732	7,946,062	6,937,144	7,336,806	11,102,537
Receivables	308,095	371,427	175,570	183,015	197,120	331,064
Securities Trading	1,396,102	1,378,130	709,034	1,124,197	357,324	602,543
Insurance Premiums Receivable	1,341,014	1,276,612	1,257,298	1,073,002	988,029	889,358
Sundry	24,760,212	23,065,328	19,315,264	12,941,687	12,937,408	11,324,857
Allowance for Other Loan Losses	(119,112)	(110,500)	(101,049)	(153,032)	(152,906)	(152,218)
Other Assets	**3,560,564**	**3,399,995**	**1,973,814**	**1,563,948**	**1,284,420**	**1,068,607**
Other Assets	564,667	389,856	369,099	367,688	477,274	586,994
Provisions for Devaluations	(212,324)	(179,097)	(189,591)	(180,941)	(230,334)	(257,185)
Prepaid Expenses	3,208,221	3,189,236	1,794,306	1,377,201	1,037,480	738,798
Permanent Assets	**4,022,504**	**3,670,161**	**3,492,450**	**4,357,865**	**4,887,970**	**4,956,342**
Investments	**784,213**	**604,076**	**696,582**	**984,970**	**1,101,174**	**862,323**
Interest in Affiliated Companies:						
Local	559,348	467,944	403,033	438,819	496,054	369,935
Other Investments	576,299	487,365	651,568	895,836	971,311	857,985
Allowance for Losses	(351,434)	(351,233)	(358,019)	(349,685)	(366,191)	(365,597)
Premises and Equipment	**2,424,982**	**2,284,078**	**2,136,783**	**1,985,571**	**2,270,497**	**2,291,994**
Premises and Equipment	1,095,637	1,076,053	1,055,640	1,115,987	1,357,063	1,398,735
Other Premises and Equipment	4,573,790	4,347,693	4,101,918	3,644,874	3,604,741	3,480,636
Accumulated Depreciation	(3,244,445)	(3,139,668)	(3,020,775)	(2,775,290)	(2,691,307)	(2,587,377)
Leased Assets	**9,241**	**11,421**	**16,136**	**9,323**	**18,951**	**34,362**
Leased Assets	16,057	20,777	25,142	23,161	58,463	63,812
Accumulated Depreciation	(6,816)	(9,356)	(9,006)	(13,838)	(39,512)	(29,450)
Deferred Assets	**804,068**	**770,586**	**642,949**	**1,378,001**	**1,497,348**	**1,767,663**
Organization and Expansion Costs	1,965,808	1,850,219	1,593,771	1,315,881	1,170,866	1,124,058
Accumulated Amortization	(1,161,740)	(1,079,633)	(950,822)	(785,364)	(699,710)	(572,620)
Goodwill on Acquisition of Subsidiaries, Net of Amortization				847,484	1,026,192	1,216,225
Total	**403,270,686**	**341,184,404**	**265,547,273**	**208,682,930**	**184,926,468**	**176,097,690**

The Notes are an integral part of the Financial Statements.

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Liabilities	June	December				
	2008	2007	2006	2005	2004	2003
Current and Long-Term Liabilities	**369,190,142**	**310,482,501**	**240,673,011**	**189,163,465**	**169,596,632**	**162,406,307**
Deposits	**122,752,336**	**98,323,446**	**83,905,213**	**75,405,642**	**68,643,327**	**58,023,885**
Demand Deposits	25,843,131	28,495,555	20,526,800	15,955,512	15,297,825	12,909,168
Savings Deposits	34,149,450	32,812,974	27,612,587	26,201,463	24,782,646	22,140,171
Interbank Deposits	485,275	372,473	290,091	145,690	19,499	31,400
Time Deposits	61,343,105	35,717,178	34,924,541	32,836,656	28,459,122	22,943,146
Other Deposits	931,375	925,266	551,194	266,321	84,235	
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**98,278,134**	**73,633,649**	**47,675,433**	**24,638,884**	**22,886,403**	**32,792,725**
Own Portfolio	42,280,082	37,864,704	36,595,268	12,690,952	8,248,122	6,661,473
Third-party Portfolio	52,764,502	29,578,200	3,471,383	11,947,932	14,430,876	17,558,740
Unrestricted Portfolio	3,233,550	6,190,745	7,608,782		207,405	8,572,512
Funds from Issuance of Securities	**5,468,722**	**6,496,782**	**5,636,279**	**6,203,886**	**5,057,492**	**6,846,896**
Exchange Acceptances	28,566	406				
Mortgage Notes	1,026,778	901,641	857,697	847,508	681,122	1,030,856
Debentures	1,482,324	2,594,921	2,603,194	2,624,899		7,291
Securities Issued Abroad	2,931,054	2,999,814	2,175,388	2,731,479	4,376,370	5,808,749
Interbank Accounts	**400,313**	**16,632**	**5,814**	**139,193**	**174,066**	**529,332**
Interbank Onlendings						159,098
Correspondent Banks	400,313	16,632	5,814	139,193	174,066	370,234
Interdepartmental Accounts	**2,057,534**	**2,521,233**	**2,225,711**	**1,900,913**	**1,745,721**	**1,782,068**
Third-party Funds in Transit	2,057,534	2,521,233	2,225,711	1,900,913	1,745,721	1,782,068
Borrowings	**8,275,061**	**8,065,830**	**5,777,906**	**7,135,327**	**7,561,395**	**7,223,356**
Local Borrowings Official Institutions	283	450	778	1,088	1,376	2,070
Local Borrowings Other Institutions	410	373	44,447	18	11,756	4,010
Foreign Currency Borrowings	8,274,368	8,065,007	5,732,681	7,134,221	7,548,263	7,217,276
Local Onlendings Official Institutions	**15,271,389**	**14,086,436**	**11,640,969**	**9,427,571**	**8,355,398**	**7,554,266**
National Treasury	29,782	50,881	99,073	52,318	72,165	51,398
BNDES	6,137,587	6,147,703	5,532,018	4,237,973	3,672,007	3,403,462
CEF	103,003	101,280	69,909	59,588	395,820	459,553
Finame	9,000,231	7,785,347	5,938,037	5,075,232	4,211,762	3,638,966
Other Institutions	786	1,225	1,932	2,460	3,644	887
Foreign Onlendings	**1,189,880**	**1,257,281**	**170**	**183**	**42,579**	**17,161**
Foreign Onlendings	1,189,880	1,257,281	170	183	42,579	17,161
Derivative Financial Instruments	**1,597,723**	**951,733**	**519,004**	**238,473**	**173,647**	**52,369**
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	**62,067,739**	**58,526,265**	**49,129,214**	**40,862,555**	**33,668,654**	**26,408,952**

Other Liabilities	**51,831,311**	**46,603,214**	**34,157,298**	**23,210,838**	**21,287,950**	**21,175,297**
Collections and Tax Payments and Other Contributions	2,287,737	228,722	175,838	156,039	204,403	130,893
Foreign Exchange Portfolio	5,545,971	3,467,189	2,386,817	2,206,952	3,011,421	5,118,801
Social and Statutory Payables	1,390,186	2,195,653	190,916	1,254,651	900,266	851,885
Fiscal and Pension Plans Activities	11,208,212	9,839,791	8,014,520	5,041,312	4,495,387	4,781,458
Securities Trading	780,780	657,700	422,232	893,957	312,267	595,958
Financial and Development Funds	4,517	1,851	876			
Subordinated Debt	16,708,734	15,850,464	11,949,457	6,719,305	5,972,745	4,994,810
Sundry	13,905,174	14,361,844	11,016,642	6,938,622	6,391,461	4,701,492
Deferred Income	**207,444**	**189,147**	**180,460**	**52,132**	**44,600**	**31,774**
Deferred Income	207,444	189,147	180,460	52,132	44,600	31,774
Minority Interest in Subsidiaries	**162,182**	**155,412**	**57,440**	**58,059**	**70,590**	**112,729**
Shareholder s Equity	**33,710,918**	**30,357,344**	**24,636,362**	**19,409,274**	**15,214,646**	**13,546,880**
Capital:						
Domiciled in Brazil	21,731,113	17,693,485	13,162,481	11,914,375	6,959,015	6,343,955
Domiciled Abroad	1,268,887	1,306,515	1,037,519	1,085,625	740,985	656,045
Realizable Capital					(700,000)	
Capital Reserves	63,171	55,624	55,005	36,032	10,853	8,665
Profit Reserves	9,677,868	9,963,593	8,787,106	5,895,214	7,745,713	6,066,640
Adjustment to Market Value TVM and Derivatives	972,987	1,469,976	1,644,661	507,959	458,080	478,917
Treasury Shares	(3,108)	(131,849)	(50,410)	(29,931)		(7,342)
Shareholders' Equity Managed by the Parent Company	**33,873,100**	**30,512,756**	**24,693,802**	**19,467,333**	**15,285,236**	**13,659,609**
Total	**403,270,686**	**341,184,404**	**265,547,273**	**208,682,930**	**184,926,468**	**176,097,690**

The Notes are an integral part of the Financial Statements.

Total Assets by Currency and Maturity

Total Assets by Currency R$ million

Total Assets by Maturity R$ million

Securities

Summary of the Classification of Securities

	R$ million					
	Financial	**Insurance/ Certificated Savings Plans**	**Pension Plans**	**Other Activities**	**Total**	**%**
Trading Securities	35,318	4,284	28,854	222	68,678	65.4
Available-for-Sale Securities	9,035	1,497	2,441	8	12,981	12.4
Held-to-Maturity Securities	792	6,274	16,309		23,375	22.2
Subtotal	**45,145**	**12,055**	**47,604**	**230**	**105,034**	**100.0**
Purchase and Sale Commitments	2,902	2,530	8,490		13,922	
Total on June 30, 2008	**48,047**	**14,585**	**56,094**	**230**	**118,956**	
Total on March 31, 2008	**36,874**	**14,052**	**53,954**	**287**	**105,167**	
Total on June 30, 2007	**40,723**	**12,611**	**49,229**	**1,014**	**103,577**	

Composition of Securities by Issuance

	R$ million			
Securities	**2007**		**2008**	
	March	**June**	**March**	**June**
Government	49,607	49,061	46,225	56,364
Private	14,376	16,982	18,994	20,040
PGBL/VGBL	22,980	25,957	28,952	28,630
Subtotal	**86,963**	**92,000**	**94,171**	**105,034**
Purchase and Sale Commitments:	**10,571**	**11,577**	**10,996**	**13,922**
Funds	5,420	7,777	5,316	6,267
PGBL/VGBL	5,151	3,800	5,680	7,655
Total	**97,534**	**103,577**	**105,167**	**118,956**

Classification of Securities by Segment - in percentage

Loan Operations

At the end of 2Q08, the consolidated balance of loan operations (according to the concept defined by Bacen which does not include debentures, guarantees, loans to be granted, letters of credit, interbank deposit certificates etc.)

reached a total of R$148.4 billion, representing a 6.8% increase in the quarter and a 37.2% growth over the past 12 months.

We point out the operations directed to corporate clients, which had a significant increase due to the greater need of funds from companies both for working capital and for investments.

Loan Operations - Total Portfolio

In June 2008, the balance of foreign currency indexed and /or denominated loans and onlendings (excluding ACCs) reached the total of U$6.9 billion, showing a drop of 0.8% in dollars in the quarter and of 9.7% in reais, due to the lower volume of operations carried out in the domestic market, mainly in onlending operations. Over the past twelve months, the growth was 21.9% and 0.7%, respectively.

Real Estate Loan

At the end of June 2008, the balance of real estate financings was R$4.0 billion, a 7.8% increase when compared to the balance of the previous quarter, while compared to the balance of twelve months ago the growth was 54.0% . The number of operations contracted in this quarter showed a 48.2% growth when compared to the same period of last year. When we compare 1H08 with the same period last year, the increase is equivalent to 86.1% . Among the actions carried out to encourage the portfolio growth, it is worth pointing out the term extension of operations and the creation of the website www.bradescoimoveis.com.br, not only to help those interested in the acquisition of their own house, but also to strengthen the partnership with construction companies, developers and real estate agencies, which are clients of the Organization.

BNDES

It is worth pointing out Bradesco s leadership in BNDES onlending operations for the fifth consecutive year. Out of the total operations sold up to May 2008, 49.3% of the amount, representing 90.7% of contracts, were directed to SMEs, including operations carried out for individuals.

Rural

We also point out the website www.bradescorural.com.br, which has the purpose of providing the agribusiness sector with information related to financial products and services, as well as disclosing prices of the main commodities, information on the weather in Brazilian regions and news inherent to the sector.

Loan Operations By Purpose

The balance of the loan portfolio for individuals showed a growth of 5.2% in the quarter and 34.2% in the last twelve months. The main products responsible for the increase in the in the portfolio balance in the quarter were leasing of vehicles, rural loan and credit card financing, whereas over the past twelve months we point out products directed to consumption financing (CDC/leasing of vehicles and personal loan).

Loan Operations - Individual

In the following graph, the types related to the consumer financing for individuals were considered (CDC/Leasing of vehicles, personal loan, financing of assets and credit card; in the latter the amounts related to cash purchases and credit purchases from store owners, which are not in the total loan operations, are included). The balance reached the amount of R$52.9 billion in March 2008, representing a 5.2% growth in the quarter and 31.9% in the last twelve months. We point out the vehicle financing (CDC/Leasing) and the payroll-deductible and consigned loans which, due to their guarantees and characteristics, provide the portfolio with an adequate loan risk level. Thus, these two portfolios represented, at the end of 2Q08, 68.9% of the total consumer financing balance.

Loan Operations - Consumer Financing

The growth in loans granted to companies was 7.8% in the quarter and 39.3% in the last twelve months. The main products responsible for the balance portfolio increase in the quarter and in the last twelve months were working capital, leasing of vehicles and export financing.

Loan Operations - Corporate

The following graph shows the growth of the five main types of products destined to corporate entities services, which represented 65.9% of the total loan portfolio in June 2008.

Loan Operations - Main Types - Corporate

Below we present the loan portfolio by type of client, pointing out the increase of the share in the loan portfolio to corporate clients, both in the quarter and in the 12 months ended in June 2008.

Loan Operations   Client Characteristic

Client Characteristic	**R$ billion**							
	2007		**2008**				**Variation %**	
	June	**%**	**March**	**%**	**June**	**%**	**Quarter**	**Last 12 months**
Large Companies	30.9	28.6	38.5	27.7	41.5	28.0	7.8	34.3
Micro, Small and Medium-Sized Companies	32.6	30.1	43.5	31.3	47.0	31.6	7.8	44.0
Individuals	44.7	41.3	57.0	41.0	59.9	40.4	5.2	34.2
Total	**108.2**	**100.0**	**139.0**	**100.0**	**148.4**	**100.0**	**6.8**	**37.2**

In the table below, the evolution of the share by business segment in the total portfolio of the Conglomerate is observed, we highlight in the quarter the Retail, Corporate and BMC segments and, in the last twelve months, the Companies segment.

Loan Operations   By Business Segment

Business Segment	**R$ billion**							
	2007		**2008**				**Variation %**	
	June	**%**	**March**	**%**	**June**	**%**	**Quarter**	**Last 12 months**
Corporate	34.9	32.3	42.2	30.4	45.3	30.5	7.3	29.8
Retail/Postal/Prime	36.7	33.9	46.5	33.4	50.3	33.9	8.2	37.0
Finasa	20.7	19.1	26.2	18.9	27.2	18.3	3.7	31.5
BMC			2.7	2.0	2.9	2.0	7.5	
Middle Market	14.2	13.1	18.6	13.4	19.7	13.3	5.8	38.6
Other	1.7	1.6	2.8	1.9	3.0	2.0	8.5	80.2
Total	**108.2**	**100.0**	**139.0**	**100.0**	**148.4**	**100.0**	**6.8**	**37.2**

We highlight in the quarter, the growth in the share in leasing operations and rural and agroindustrial financings. The growth of the balance of operations with sureties and guarantees provided also deserves registration, mainly those carried out with clients of the Corporate segment.

We present below the total loan operations, including sureties and guarantees and credit card (cash purchases and credit purchases from store owners), which presented a growth of 7.0% in the quarter and 38.5% over the past twelve months.

Loan Operations By Type

Types	R$ million 2007 March	2007 June	2008 March	2008 June
Discounted Trade Receivables and Other Loans (1)	46,609	50,143	63,212	66,779
Financings	36,678	38,723	47,202	48,009
Rural and Agroindustrial Loans	7,711	7,903	9,536	10,541
Leasing Operations	4,113	4,848	11,156	14,995
Advances on Foreign Exchange Contracts	5,851	6,128	7,354	7,575
Subtotal of Loans Operations	**100,962**	**107,745**	**138,460**	**147,899**
Other Loans	511	446	559	509
Total Loan Operations (2)	**101,473**	**108,191**	**139,019**	**148,408**
Sureties and Guarantees Recorded in Memorandum Accounts	15,969	17,325	25,080	27,172
Credit Cards (3)	4,913	5,304	5,309	5,623
Loan Granting (FIDC)				399
Total	**122,355**	**130,820**	**169,408**	**181,602**

(1) It includes revolving credit of credit card.
(2) According to concept defined by the Brazilian Central Bank.
(3) Cash purchases and credit purchases from store owners.

In 2Q08 the Net Financial Margin grew by 1.8%, while in the last twelve months it had an increase of 16.3% when compared to the same period of the previous year, as shown in the graph below:

Loan Operations Net Financial Margin

The total delinquency ratio was stable in the quarter, despite the slight growth in individuals, mainly in the modalities credit card financing and CDC of vehicles. The total ratio had a decrease when compared to the last twelve-month period, due to the improvement in the delinquency ratio of Micro, Small and Medium-Sized Companies.

Loan Operations Delinquency over 90 days (in percentage)

For the 37.2% growth of the Organization s loan portfolio in the last year, it was fundamental the search for new clients borrowers of loans, which in June 2008 represented 25.5% of the balance of outstanding operations, according to the table below:

Loan Operations Portfolio Movement Between June 2007 and 2008

The new loan borrowers and the remaining ones in June 2007 show good quality of loan, which means the adequacy and consistency of the loan evaluation policy and instruments used as shown in the tables below:

Loan Operations - Portfolio Movement by Rating Between June 2007 and 2008

Ratings	Loan Borrowers Remaining from June 2007		New Loan Borrowers between July 2007 and June 2008		Total Loan in June 2008	
	R$ million	**%**	**R$ million**	**%**	**R$ million**	**%**
AA C	112,668	93.2	25,995	94.2	138,663	93.4
D	1,770	1.5	405	1.5	2,175	1.5
E H	6,372	5.3	1,198	4.3	7,570	5.1
Total	120,810	100.0	27,598	100.0	148,408	100.0

Aiming at facilitating the follow-up of the quantitative and qualitative performance of the Conglomerate s loan portfolio, we present below a comparative summary of the main figures and indicators:

Loan Operations - Portfolio Indicators

	R$ million (except percentages)			
Items	**2007**		**2008**	
	March	**June**	**March**	**June**
Total Loan Operations	101,473	108,191		