BANK BRADESCO
Form 6-K
August 03, 2010

# 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, 2010**

**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____ .

## *Table of Contents*


| | |
|---|---|
| **1 - Press Release** | **3** |
| Highlights | 4 |
| Main Information | 6 |
| Ratings | 8 |
| Summarized Analysis of Adjusted Income | 9 |
| Economic Scenario | 20 |
| Main Economic Indicators | 21 |
| Guidance | 22 |
| Statement of Income Book vs. Managerial vs. Adjusted | 23 |
| **2 - Economic and Financial Analysis** | **27** |
| Balance Sheet | 28 |
| Adjusted Statement of Income Consolidated | 29 |
| Financial Margin Interest and Non-Interest | 29 |
| Financial Margin - Interest | 30 |
| Loan Financial Margin - Interest | 32 |
| Funding Financial Margin - Interest | 48 |
| Securities/Other Financial Margin - Interest | 53 |
| Insurance Financial Margin - Interest | 53 |
| Financial Margin Non-Interest | 54 |
| Insurance, Private Pension and Savings Bonds | 55 |
| Bradesco Vida e Previdência | 59 |
| Bradesco Saúde Consolidated | 61 |
| Bradesco Capitalização | 62 |
| Bradesco Auto/RE | 64 |
| Fee and Commission Income | 66 |
| Administrative and Personnel Expenses | 72 |
| Coverage Ratio | 75 |
| Tax Expenses | 75 |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 76 |
| Other Operating Expenses (Net of Operating Revenues) | 76 |
| Operating Result | 77 |
| Non-Operating Income | 77 |
| **3 - Return to Shareholders** | **79** |
| Sustainability | 80 |
| Investor Relations Area IR | 80 |
| Corporate Governance | 81 |

| | |
|---|---|
| Bradesco Shares | 81 |
| Main Indicators | 83 |
| Dividends / Interest on Shareholders Equity JCP | 84 |
| **4 - Additional Information** | **85** |
| Products and Services Market Share | 86 |
| Compulsory/Liabilities | 87 |
| Investments in Infrastructure, Information Technology and Telecommunication | 88 |
| Market Risk | 88 |
| **5 - Report of Independent Auditors** | **91** |
| Independent Auditor s Report on the Limited Review of Supplementary Accounting Information presented in the Report on Economic and Financial Analysis | 92 |
| **6 - Financial Statements, Independent Auditor s Report, Summary of the Audit Committee s Report and Report of the Fiscal Council** | **93** |
| Consolidated Financial Statements | 94 |


1

## Forward-Looking Statements

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

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

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

Few numbers of this Report were submitted to rounding adjustments.

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

## Highlights

The main figures obtained by Bradesco in the first half of 2010 are presented below:

1. Adjusted Net Income[1] in the period of R$4.602 billion (up 16.4% from R$3.952 billion in the first half of 2009), corresponding to R$2.19 per share in the last 12 months and Return on Average Equity[2] of 22.8%.

2. Adjusted Net Income was composed of R$3.198 billion from financial activities, which represented 69% of the total, and R$1.404 billion from insurance, private pension and savings bond activities, which accounted for 31% of the total.

3. On June 30, 2010, Bradesco's market capitalization stood at R$87.9 billion[3], while the price of preferred shares rose by 10.3%[4] in the last 12 months.

4. Total Assets stood at R$558.100 billion in June 2010, an increase of 15.7% from the balance in the same period of 2009, while Return on Average Assets was 1.7%.

5. The Total Loan Portfolio[5] stood at R$244.788 billion in June 2010, up 15.0% from the same period in 2009. Operations with individuals totaled R$89.648 billion (up 20.7%), while operations with corporate clients totaled R$155.141 billion (up 12.0%).

6. Total Funding and Assets under Management stood at R$767.962 billion, an increase of 18.6% from June 2009.

7. Shareholders' Equity was R$44.295 billion in June 2010, up 18.8% from a year earlier. Meanwhile, the Capital Adequacy Ratio (Basel II) stood at 15.9%, of which 13.9% under Tier I Capital.

8. In the first half of 2010, R$3.290 billion in Interest on Shareholders' Equity and Dividends was paid to shareholders and provisioned, of which R$1.538 billion was related to the net income in the period (R$792 million as monthly and interim dividends and R$746 million provisioned) and R$1.752 billion was related to fiscal year 2009 (R$43 million paid on January 4, 2010 and an additional payment of R$1.709 billion made on March 9, 2010).

9. The Efficiency Ratio[6] stood at 42.0% in June 2010 (41.5% in June 2009).

10. Insurance Premiums Written, Social Security Contributions and Savings Bond Revenue reached a combined total of R$14.359 billion in the first six months of 2010. Technical provisions stood at R$79.308 billion, representing 31.4% of Brazil's insurance industry (period: May 2010). Bradesco's Insurance Group serves nearly 34 million clients, participants and insured individuals.

11. Investments in infrastructure, information technology and telecommunications amounted to R$1.707 billion in the first half of 2010, up 5.6% from the same period of 2009.

12. In the first six months of 2010, taxes and contributions, including social security, paid or provisioned, amounted to R$7.087 billion, of which R$3.203 billion corresponded to taxes withheld and collected from third parties, and R$3.884 billion to taxes levied on the activities of Bradesco Organization in the first half of 2010, equivalent to 84.4% of Adjusted Net Income.

13. Banco Bradesco has an extensive customer service network throughout Brazil, with 6,283 Branches, PAB mini-branches and PAAs (3,476 Branches, 1,215 PABs and 1,592 PAAs). Customers can also use 1,565 PAEs, 31,387 ATMs in the Bradesco Dia&Noite (Day&Night) network, 23,190 Bradesco Expresso service points, 6,177 Banco Postal branches and 8,379 ATMs in the Banco24Horas network.

(1) According to the non-recurring events described on page 8 of the Report on Economic and Financial Analysis; (2) Excludes the effects from asset valuation adjustments registered under Shareholders' Equity; (3) R$96.1 billion based on the total number of shares (less treasury shares) x closing quote for the preferred shares on last day in the period (most liquid share); (4) Considering the reinvestment of dividends/interest on equity; and (5) Includes Sureties and Guarantees, prepayment of credit card receivables and loan assignment (FIDC and CRI); and (6) Last 12 months.

14. In the first half of 2010, salaries plus payroll charges and benefits totaled R$3.682 billion. Benefits provided to the 89,204 employees of Bradesco Organization and their dependents amounted to R$841.433 million, while investments in training and development programs totaled R$37.825 million.

15. In April 2010, Bradesco and Banco do Brasil signed a Memorandum of Understanding to enter into a partnership to manage a Brazilian brand of credit, debt and prepaid cards for both account holders and customers without accounts at the Bank, called "Elo", which will, among other activities, also create new business opportunities for private-label cards.

16. In June 2010, Bradesco completed the acquisition of controlling interest in Ibi Services S. de R.L. México (Ibi México) and RFS Human Management S. de R.L., Ibi México's subsidiary, for approximately R$297 million. The transaction comprises a 20-year partnership with C&A México S. de R.L. (C&A México).

17. In July 2010, Bradesco concluded the acquisition of 2.09% of capital in Cielo S.A. for R$431.7 million, and 10.67% of the capital in Companhia Brasileira de Soluções e Serviços CBSS for R$141.4 million.

18. Main Awards and Recognitions in the second quarter of 2010:

· Bradesco was the first financial institution to win the "Modern Consumer Award of Excellence in Customer Service", in three categories: Retail Bank, Premium Bank and Credit Cards (*Consumidor Moderno* magazine / GKF);

· Grupo Bradesco de Seguros e Previdência was the highlight in the 7th edition of the "Prêmio Segurador Brasil" (Brazilian Insurer Award), receiving recognition in seven categories (*Editora Brasil Notícias*);

· Bradesco is the largest private Brazilian group among the 100 largest companies on the planet (Ranking-Forbes 2000);

· Bradesco is the private company and financial institution with the most valuable brand in Brazil, which was appraised at R$14.9 billion, based on a study conducted by the specialized consulting firm BrandAnalytics/Millward Brown (*IstoÉ Dinheiro* magazine).

· Bradesco is the best stock fund manager according to a survey conducted by Standard & Poor's (*ValorInveste* magazine); and

· The 2008 Bradesco Sustainability Report was the winner of the GRI Reader's Choice Awards 2010 in the Most Effective Report Category (Global Reporting Initiative).

19. On the sustainability front, Bradesco divides its actions into three pillars: (i) Sustainable Finances, with a focus on banking inclusion, social and environmental variables for loan approvals and offering social and environmental products; (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and (iii) Social and Environmental Investments, focusing on education, the environment, culture and sports. The highlight in this area is Fundação Bradesco, which for 53 years has been developing a broad social and educational program that operates 40 schools across Brazil. In 2010, a R$268.010 million budget will provide over 660 thousand service events, of which 112 thousand were provided to students in its own schools. In addition, the more than 50 thousand basic education students also receive, at no charge, uniforms, school supplies, meals and health and dental assistance. Over 550 thousand students will be served through the Virtual School, its e-learning portal, through the Digital Inclusion Centers (CIDs) and through programs conducted under strategic partnerships, like *Educa+Ação*.

## Key Statistics

| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 | Variation % 2Q10 x 1Q10 | Variation % 2Q10 x 2Q09 |
|---|---|---|---|---|---|---|---|---|---|---|
| Statement of Income for the Period - R$ million | | | | | | | | | | |
| Net Income | 2,405 | 2,103 | 2,181 | 1,811 | 2,297 | 1,723 | 1,605 | 1,910 | 14.4 | 4.7 |
| Adjusted Net Income | 2,455 | 2,147 | 1,839 | 1,795 | 1,996 | 1,956 | 1,806 | 1,910 | 14.3 | 23.0 |
| Total Financial Margin | 8,047 | 7,689 | 7,492 | 7,587 | 7,560 | 7,115 | 5,924 | 5,674 | 4.7 | 6.4 |
| Gross Loan Financial Margin | 5,757 | 5,630 | 5,373 | 5,150 | 4,979 | 4,576 | 4,256 | 4,081 | 2.3 | 15.6 |
| Net Loan Financial Margin | 3,596 | 3,442 | 2,678 | 2,242 | 1,861 | 1,814 | 2,368 | 2,410 | 4.5 | 93.2 |
| Expenses with Allow ance for Loan Losses | (2,161) | (2,188) | (2,695) | (2,908) | (3,118) | (2,762) | (1,888) | (1,671) | (1.2) | (30.7) |
| Fee and Commission Income | 3,253 | 3,124 | 3,125 | 2,857 | 2,911 | 2,723 | 2,698 | 2,698 | 4.1 | 11.7 |
| Administrative and Personnel Expenses | (4,976) | (4,767) | (4,827) | (4,485) | (4,141) | (4,007) | (4,230) | (4,019) | 4.4 | 20.2 |
| Premiums from Insurance, Private Pension Plans Contribution and Income from Savings Bonds | 7,163 | 7,196 | 8,040 | 6,685 | 6,094 | 5,514 | 6,204 | 5,822 | (0.5) | 17.5 |
| Balance Sheet - R$ million | | | | | | | | | | |
| Total Assets | 558,100 | 532,626 | 506,223 | 485,686 | 482,478 | 482,141 | 454,413 | 422,662 | 4.8 | 15.7 |
| Securities | 156,755 | 157,309 | 146,619 | 147,724 | 146,110 | 130,816 | 131,598 | 132,373 | (0.4) | 7.3 |
| Loan Operations (1) | 244,788 | 235,238 | 228,078 | 215,536 | 212,768 | 212,993 | 213,602 | 195,604 | 4.1 | 15.0 |
| - Individuals | 89,648 | 86,012 | 82,085 | 75,528 | 74,288 | 73,694 | 73,646 | 69,792 | 4.2 | 20.7 |
| - Corporate | 155,141 | 149,226 | 145,993 | 140,008 | 138,480 | 139,299 | 139,956 | 125,812 | 4.0 | 12.0 |
| Allowance for Loan Losses (PLL) | (15,782) | (15,836) | (16,313) | (14,953) | (13,871) | (11,424) | (10,263) | (9,136) | (0.3) | 13.8 |
| Total Deposits | 178,453 | 170,722 | 171,073 | 167,987 | 167,512 | 169,104 | 164,493 | 139,170 | 4.5 | 6.5 |
| Technical Provisions | 79,308 | 77,685 | 75,572 | 71,401 | 68,829 | 66,673 | 64,587 | 62,888 | 2.1 | 15.2 |
| Shareholders' Equity | 44,295 | 43,087 | 41,754 | 38,877 | 37,277 | 35,306 | 34,257 | 34,168 | 2.8 | 18.8 |
| Funds Raised and Managed | 767,962 | 739,894 | 702,065 | 674,788 | 647,574 | 640,876 | 597,615 | 570,320 | 3.8 | 18.6 |
| Performance Indicators (%) on Adjusted Net Income (except when otherw ise stated) | | | | | | | | | | |
| Adjusted Net Income per Share - R$ (2) | 2.19 | 2.07 | 2.02 | 2.04 | 2.06 | 2.07 | 2.04 | 2.07 | 5.8 | 6.3 |
| Book Value per Share (Common and Preferred) - R$ | 11.77 | 11.45 | 11.10 | 10.49 | 10.04 | 9.51 | 9.22 | 9.20 | 2.8 | 17.2 |
| Annualized Return on Average Shareholders' Equity (3)(4) | 22.8 | 22.2 | 20.3 | 21.5 | 23.3 | 24.1 | 23.8 | 25.4 | 0.6 p.p | (0.5) p.p |
| Annualized Return on Average Assets (4) | 1.7 | 1.7 | 1.6 | 1.6 | 1.7 | 1.7 | 1.9 | 2.0 | - | - |
| Average Rate - (Adjusted Financial Margin / Total Average Assets - Repos - Permanent Assets) Annualized | 8.2 | 8.1 | 8.1 | 8.3 | 8.2 | 7.8 | 7.0 | 7.4 | 0.1 p.p | - |
| Fixed Assets Ratio - Total Consolidated | 20.9 | 19.8 | 18.6 | 15.4 | 15.1 | 14.1 | 13.5 | 17.6 | 1.1 p.p | 5.8 p.p |
| Combined Ratio - Insurance (5) | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | 86.2 | 89.7 | 84.4 | (0.5) p.p | (0.8) p.p |
| Efficiency Ratio (ER) (2) | 42.0 | 41.2 | 40.5 | 40.9 | 41.5 | 42.5 | 43.3 | 43.0 | 0.8 p.p | 0.5 p.p |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses)(2) | 64.9 | 66.0 | 66.5 | 66.4 | 67.3 | 67.2 | 68.4 | 70.4 | (1.1) p.p | (2.4) p.p |
| Market Capitalization - R$ million (6) | 87,887 | 100,885 | 103,192 | 98,751 | 81,301 | 65,154 | 65,354 | 88,777 | (12.9) | 8.1 |
| Loan Portfolio Quality % (7) | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| PLL / Loan Portfolio | 7.6 | 8.0 | 8.5 | 8.3 | 7.7 | 6.3 | 5.7 | 5.5 | (0.4) p.p | (0.1) p.p |
| Non-Performing Loans (>60 days [8] / Credit Portfolio) | 4.9 | 5.3 | 5.7 | 5.9 | 5.6 | 5.2 | 4.4 | 4.0 | (0.4) p.p | (0.7) p.p |
| Delinquency Ratio (> 90 days [8]/ Loan Portfolio) | 4.0 | 4.4 | 4.9 | 5.0 | 4.6 | 4.2 | 3.4 | 3.4 | (0.4) p.p | (0.6) p.p |
| Coverage Ratio (> 90 days [8]) | 188.5 | 180.8 | 174.6 | 166.5 | 169.1 | 152.4 | 165.6 | 163.6 | 7.7 p.p | 19.4 p.p |
| Coverage Ratio (> 60 days [8]) | 155.8 | 151.3 | 148.6 | 139.4 | 137.9 | 122.3 | 130.7 | 135.7 | 4.5 p.p | 17.9 p.p |
| Operating Limits % | | | | | | | | | | |
| Capital Adequacy Ratio - Total Consolidated [9] | 15.9 | 16.8 | 17.8 | 17.7 | 17.0 | 16.0 | 16.1 | 15.6 | (0.9) p.p | (1.1) p.p |
| - Tier I | 13.9 | 14.3 | 14.8 | 14.3 | 14.3 | 13.2 | 12.9 | 12.5 | (0.4) p.p | (0.4) p.p |
| - Tier II | 2.1 | 2.6 | 3.1 | 3.5 | 2.8 | 2.9 | 3.3 | 3.3 | (0.5) p.p | (0.7) p.p |
| - Deductions | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.2) | - | - |

| | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 | Sep08 | Variation % Jun10 x Mar10 | Variation % Jun10 x Jun09 |
|---|---|---|---|---|---|---|---|---|---|---|
| Structural Information - Units | | | | | | | | | | |
| Service Points | 49,154 | 46,570 | 44,577 | 42,563 | 41,003 | 39,275 | 38,027 | 35,924 | 5.5 | 19.9 |
| - Branches | 3,476 | 3,455 | 3,454 | 3,419 | 3,406 | 3,375 | 3,359 | 3,235 | 0.6 | 2.1 |
| - Advanced Service Branch (PAAs) (10) | 1,592 | 1,451 | 1,371 | 1,338 | 1,260 | 1,183 | 1,032 | 902 | 9.7 | 26.3 |
| - Mini-Branches (PABs) (10) | 1,215 | 1,200 | 1,190 | 1,194 | 1,192 | 1,184 | 1,183 | 1,185 | 1.3 | 1.9 |
| - Electronic Service Branch (PAEs) (10) | 1,565 | 1,564 | 1,551 | 1,539 | 1,528 | 1,512 | 1,523 | 1,561 | 0.1 | 2.4 |
| - External ATM Network Terminals | 3,827 | 3,664 | 3,577 | 3,569 | 3,516 | 3,389 | 3,296 | 3,074 | 4.4 | 8.8 |
| - Banco24Horas ATM Network Terminals (11) | 7,358 | 6,912 | 6,486 | 5,980 | 5,558 | 5,068 | 4,732 | 4,378 | 6.5 | 32.4 |
| - Banco Postal (Postal Bank) | 6,177 | 6,110 | 6,067 | 6,038 | 6,011 | 5,959 | 5,946 | 5,924 | 1.1 | 2.8 |
| - Bradesco Expresso (Correspondent Banks) | 23,190 | 21,501 | 20,200 | 18,722 | 17,699 | 16,710 | 16,061 | 14,562 | 7.9 | 31.0 |
| - Bradesco Promotora de Vendas (Correspondent Banks) | 743 | 702 | 670 | 753 | 822 | 884 | 883 | 1,078 | 5.8 | (9.6) |
| - Credicerto Promotora de Vendas (Branches) | - | - | - | - | - | - | - | 13 | - | - |
| - Branches/Subsidiaries Abroad | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 12 | - | - |
| ATM terminals | 39,766 | 38,772 | 37,957 | 37,178 | 36,430 | 35,443 | 34,524 | 32,942 | 2.6 | 9.2 |
| - Own | 31,387 | 30,909 | 30,657 | 30,414 | 30,191 | 29,764 | 29,218 | 28,092 | 1.5 | 4.0 |
| - Banco24Horas | 8,379 | 7,863 | 7,300 | 6,764 | 6,239 | 5,679 | 5,306 | 4,850 | 6.6 | 34.3 |
| Credit and Debit Card (12)- in millions | 137.8 | 135.6 | 132.9 | 88.4 | 86.3 | 85.2 | 83.2 | 81.6 | 1.6 | 59.7 |
| Employees (13) | 89,204 | 88,080 | 87,674 | 85,027 | 85,871 | 86,650 | 86,622 | 85,577 | 1.3 | 3.9 |
| Employees and Interns | 8,913 | 9,605 | 9,589 | 9,606 | 9,439 | 9,292 | 9,077 | 8,971 | (7.2) | (5.6) |
| Foundation Employees (14) | 3,734 | 3,713 | 3,654 | 3,696 | 3,645 | 3,674 | 3,575 | 3,622 | 0.6 | 2.4 |
| Clients - in millions | | | | | | | | | | |
| Checking Accounts | 21.9 | 21.2 | 20.9 | 20.7 | 20.4 | 20.2 | 20.1 | 20.0 | 3.3 | 7.4 |
| Savings Accounts (15) | 37.1 | 36.2 | 37.7 | 35.1 | 33.9 | 34.2 | 35.8 | 33.8 | 2.5 | 9.4 |
| Insurance Group | 33.9 | 33.8 | 30.8 | 30.3 | 29.1 | 28.6 | 27.5 | 26.8 | 0.3 | 16.5 |
| - Policyholders | 29.3 | 29.2 | 26.3 | 25.8 | 24.6 | 24.1 | 23.0 | 22.4 | 0.3 | 19.1 |
| - Pension Plan Participants | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | - | - |
| - Savings Bond Clients | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | - | 4.0 |
| Bradesco Financiamentos | 3.5 | 3.8 | 4.0 | 4.1 | 4.0 | 4.2 | 4.9 | 4.9 | (7.9) | (12.5) |

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

(2) In the last 12 months;

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

(4) Adjusted net income in the period;

(5) Excluding additional provisions;

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

(7) Excludes Sureties and Guarantees, advanced payment of credit card receivables and loan assignments (mortgage-backed receivables - FIDC and receivables-backed investment funds - CRI);

(8) Credits overdue;

(9) As of the third quarter of 2008, calculated in accordance with the new Basel Capital Accord (BIS II);

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

(11) Considering overlapping service points within the Bank's own network: In June 2010 - 1,547, March 2010 - 1,490, December 2009 - 1,455, September 2009 - 1,452, June 2009 - 1,431, March 2009 - 1,379, December 2008 - 1,313, September 2008 - 1,218;

(12) Includes Prepaid, Private Label, *Pague Fácil* and Banco Ibi as of the fourth quarter of 2009;

(13) Considering Ibi Promotora Employees: in June 2010 2,142, March 2010 2,187 and December 2009 2,126;

(14) Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports and Recreation Center (ADC Bradesco); and

(15) Number of accounts.

7

## Ratings

### Main Ratings

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

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

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

On June 30, 2010 the agency Fitch Ratings revised Bradesco's long-term Issuer Default Ratings from "Stable" to "Positive". The Insurer Financial Strength rating attributed to Bradesco Seguros of "BBB+" was also revised from "Stable" to "Positive". These events occurred after Brazil s credit outlook was upgraded from "Stable" to "Positive" on the 28th day of the same month.

### Book Net Income vs. Adjusted Net Income

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

| | | | | R$ million |
|---|---|---|---|---|
| | 1H10 | 1H09 | 2Q10 | 1Q10 |
| **Net Income - Book** | **4,508** | **4,020** | **2,405** | **2,103** |
| **Non-Recurring Events** | **94** | **(68)** | **50** | **44** |
| - Partial Sale - Cielo | - | (1,999) | - | - |
| - Additional PLL (1) | - | 1,480 | - | - |
| - Records of Tax Credits | (242) | - | - | (242) |
| - Provision for Tax Contingencies | 397 | - | - | 397 |
| - Provision for Civil Contingencies - Economic Plans | 111 | 414 | 75 | 36 |
| - Tax Effects | (172) | 37 | (25) | (147) |
| **Adjusted Net Income** | **4,602** | **3,952** | **2,455** | **2,147** |

| | | | | |
|---|---|---|---|---|
| **ROAE% (*)** | **22.3** | **23.7** | **24.2** | **21.7** |
| **ROAE(ADJUSTED) % (*)** | **22.8** | **23.3** | **24.7** | **22.2** |

(*) Annualized.

(1) Considering R$1.3 billion in the second quarter of 2009 and R$177 million in the first quarter of 2009, both from credit cards.

8

## Summarized Analysis of Adjusted Income

To improve the understanding, comparability and analysis of Bradesco s results, we use the Adjusted Statement of Income for the analyses and comments contained in this Report on Economic and Financial Analysis, which is obtained from adjustments made to the Book Statement of Income, and detailed at the end of this Press Release. Note that the Adjusted Statement of Income is the base adopted for the analyses and comments made in chapters 1 and 2 of this report.

R$ million

| Adjusted Statement of Income | 1H10 | 1H09 | Variation 1H10 x 1H09 | | 2Q10 | 1Q10 | Variation 2Q10 x 1Q10 | |
|---|---|---|---|---|---|---|---|---|
| | | | Amount | % | | | Amount | % |
| **Financial Margin** | **15,736** | **14,675** | **1,061** | **7.2** | **8,047** | **7,689** | **358** | **4.7** |
| - Interest | 15,069 | 13,193 | 1,876 | 14.2 | 7,663 | 7,406 | 257 | 3.5 |
| - Non-Interest | 667 | 1,482 | (815) | (55.0) | 384 | 283 | 101 | 35.7 |
| PLL | (4,349) | (5,880) | 1,531 | (26.0) | (2,161) | (2,188) | 27 | (1.2) |
| **Gross Income from Financial Intermediation** | **11,387** | **8,795** | **2,592** | **29.5** | **5,886** | **5,501** | **385** | **7.0** |
| Income fromInsurance, Private Pension Plan and Savings Bond Operations (*) | 1,369 | 1,066 | 303 | 28.4 | 786 | 583 | 203 | 34.8 |
| Fee and Commission Income | 6,377 | 5,634 | 743 | 13.2 | 3,253 | 3,124 | 129 | 4.1 |
| Personnel Expenses | (4,358) | (3,760) | (598) | 15.9 | (2,238) | (2,120) | (118) | 5.6 |
| Other Administrative Expenses | (5,385) | (4,388) | (997) | 22.7 | (2,738) | (2,647) | (91) | 3.4 |
| Tax Expenses | (1,483) | (1,202) | (281) | 23.4 | (734) | (749) | 15 | (2.0) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 48 | 19 | 29 | 152.9 | 19 | 29 | (10) | (34.5) |
| Other Operating Income/Expenses | (1,138) | (871) | (267) | 30.7 | (588) | (550) | (38) | 6.9 |
| **Operating Income** | **6,817** | **5,293** | **1,524** | **28.8** | **3,646** | **3,171** | **475** | **15.0** |
| Non-Operating Income | (8) | 109 | (117) | - | (12) | 4 | (16) | - |
| Income Tax / Social Contribution | (2,171) | (1,440) | (731) | 50.8 | (1,161) | (1,010) | (151) | 15.0 |
| Minority Interest | (36) | (10) | (26) | - | (18) | (18) | - | - |
| **Adjusted Net Income** | **4,602** | **3,952** | **650** | **16.4** | **2,455** | **2,147** | **308** | **14.3** |

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

**Adjusted Net Income and Profitability**

In the second quarter of 2010, Bradesco's Adjusted Net Income was R$2,455 million, an increase of 14.3% or R$308 million from the previous quarter, which was primarily impacted by: (i) the growth in financial margin; (ii) higher fee and commission income; and (iii) higher income from the insurance, private pension and savings bond operations. In the six months ended June 30, 2010, adjusted net income reached R$4,602 million, up 16.4% or R$650 million from the same period in 2009.

The main causes of this result are described below in the analysis of main income statement items, with the consolidation of Banco Ibi's income accounts as of November 2009.

Shareholders Equity was R$44,295 million on June 30, 2010, increasing 18.8% from the same period a year ago. The Capital Adequacy Ratio reached 15.9%, of which 13.9% was under Tier I Capital, and was mainly impacted by the exclusion of the portion related to the build in the Allowance for Loan Losses (PLL).

Total assets stood at R$558,100 million in June 2010, up 15.7% in the last 12 months, driven by the expansion in operations and increased business volume, led by growth in the loan portfolio. Return on Average Assets (ROAA) remained stable at around 1.7%.

**Efficiency Ratio (ER)**

On a quarterly analysis, ER showed an improvement from 41.9% in the first quarter of 2010 to 41.5% in the second quarter of 2010, due basically to the improvement in financial margin and revenues from the insurance, private pension and savings bond areas.

Regarding the 12-month accumulated ER, the increases seen in the last two quarters are primarily due to outstanding treasury gains in the first and second quarters of 2009, which improved the indicator performance in those periods.

ER calculated on an "adjusted-to-risk" basis better show that this indicator better reflect the reality of presented results, since a clear deterioration of the indicator can be seen over 2009, as a result of the increase in provision for loans; whereas a recovery can be seen as of this year, due to an improvement in delinquency and subsequent reduction in related provision expenses.

(1) Efficiency Ratio (ER) = (Personnel Expenses Employee Profit Sharing (PLR) + Administrative Expenses / Financial Margin + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income - Other Operating Expenses). Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation) and (ii) revenue net of related taxes (not considering Claims Expenses from the Insurance Group), our Efficiency Ratio in the second quarter of 2010 was 42.6%.

(2) Includes PLL expenses, adjusted by discounts granted, by credit recuperation, by income from the sale of foreclosed assets, among other.

**Financial Margin**

The R$358 million increase between the second quarter of 2010 and the first quarter of 2010 was due to:

· the R$257 million increase in income from interest-earning operations, which was basically explained by: (i) greater average volume of loan operations; and (ii) increases in the average rates of securities/other operations and funding; and

· higher income from non-interest margin, of R$101 million.

In the comparison of the first half of 2010 with the same period of 2009, financial margin improved by R$1,061 million, or 7.2%, driven by:

· the growth in income from interest-earning operations of R$1,876 million, mainly due to increased income from loan operations, which was positively impacted by the higher business volumes and margins;

and offset by:

· reduced non-interest margin, of R$815 million, reflecting fewer gains from treasury/securities.

**Total Loan Portfolio**

In June 2010, Bradesco s loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed securities) totaled R$244.8 billion. This expansion of 4.1% in the quarter is explained by increases of 4.2% in the Individuals portfolio, 6.7% in the SME portfolio and 1.7% in the Large Corporate portfolio.

In the comparison of the first six months of 2010 with the same period of 2009, the portfolio expanded by 15.0%, with growth of 21.4% in the SME portfolio, 20.7% in the Individuals portfolio and 5.0% in the Large Corporate portfolio.

In the Individuals segment, the products registering the strongest growth in the last 12 months were: payroll-deductible loans, credit cards (impacted by the acquisition of Banco Ibi in October 2009), BNDES/Finame onlending operations and vehicle CDC financing. In the Corporate segment, growth was led by BNDES/Finame onlending operations, real estate financing corporate plans, working capital and operations abroad.

Considering other operations with credit risk from the commercial area(1) mainly impacting operations with large corporate clients (debentures and promissory notes), which totaled nearly R$13.8 billion in June 2010 (R$10.5 billion in December 2009), total loan operations would be nearly R$258.6 billion in June 2010 (R$238.6 billion in December 2009), for growth of 8.4% in 2010 and 15.3% in the last 12 months.

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

**Allowance for Loan Losses (PLL)**

In the second quarter of 2010, expenses with the allowance for loan losses continued to decrease, even after taking into account loan portfolio growth of 4.1%. The reduction in relation to the previous quarter was mainly due to the increased efforts to recover credits, in addition to the decline in delinquency resulting from improved macroeconomic conditions in Brazil. PLL expenses dropped 26.0% in the first half of 2010 versus the same period in 2009, while loan operations grew 15.0% in the same period, thus showing the quality improvement in Bradesco's loan portfolio.

**Delinquency Ratio > 90 days**

The delinquency ratio for credits more than 90 days overdue decreased for the third consecutive quarter, from 5.1% in September 2009 to 4.0% in June 2010, benefitted by the improved domestic economic scenario, which fueled growth with quality in the loan portfolio and greater recovery of credits. This improvement was seen in all segments and, given the current economic scenario and the same levels of employment and consumption, there are expectations for an improved indicator, however, in lower levels.

**Coverage Ratio**

The graph below presents the evolution in the coverage ratio of the Allowance for Loan Losses for loans more than 90 days overdue. In June 2010, overdue loans decreased by 4.4%, or R$389 million, leading the coverage ratio to reach 188.5%, the highest level in the data series.

The balance of the Allowance for Loan Losses of R$15.8 billion in June 2010 was composed of: R$12.8 billion in provisions required by the Central Bank of Brazil and R$3.0 billion in additional provisions, which is considered an adequate level of provisioning. Note that item that increased the most was generic provision, which has preventive features due to the change in customer ratings, not pegged to possible delays.

**Results of Insurance, Private Pension and Savings Bond Operations**

Net Income in the second quarter of 2010 was R$701 million, for Return on Average Equity of 28.3%, and remained practically stable in comparison with the R$703 million recorded in the first quarter of 2010.

In the first six months of 2010, Net Income was R$1.404 billion, up 9.0% from the same period in 2009 (R$1.288 billion), for Return on Average Equity of 27.4%.

(1) Excludes additional provisions.

R$ million (except w hen indicated otherw ise)

| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 | Variation % 2Q10 x 1Q10 | Variation % 2Q10 x 2Q09 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Income | 701 | 703 | 602 | 607 | 638 | 650 | 550 | 629 | (0.3) | 9.9 |
| Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*) | 7,163 | 7,196 | 8,040 | 6,685 | 6,094 | 5,514 | 6,204 | 5,822 | (0.5) | 17.5 |
| Technical Provisions | 79,308 | 77,685 | 75,572 | 71,400 | 68,828 | 66,673 | 64,587 | 62,888 | 2.1 | 15.2 |
| Financial Assets | 88,515 | 86,928 | 83,733 | 79,875 | 76,451 | 73,059 | 71,309 | 73,059 | 1.8 | 15.8 |
| Claims Ratio | 71.8 | 73.3 | 74.3 | 77.2 | 73.3 | 73.7 | 78.0 | 72.4 | (1.5) p.p | (1.5) p.p |
| Combined Ratio | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | 86.2 | 89.7 | 84.4 | (0.5) p.p | (0.8) p.p |
| Policyholders / Participants and Clients (in thousands) | 33,908 | 33,768 | 30,822 | 30,339 | 29,178 | 28,590 | 27,482 | 26,858 | 0.4 | 16.2 |
| Market Share fromPremiums fromInsurance, Private Pension Plan Contribution and Income from Savings Bonds (**) | 24.6 | 25.2 | 24.4 | 23.5 | 23.1 | 23.0 | 23.8 | 23.9 | (0.6) p.p | 1.5 p.p |

Note: For comparison purposes, we excluded from the calculation of ratios for the first quarter of 2010 the build in Technical Provisions for benefits to be granted Remission (Health), and also excluded from the calculation of combined ratios the effects of RN 206/09, which had an effect on health revenues;

(*) Excludes the effects of RN 206/09 (ANS) in the total amount of R$372 million (Health), which as of January 2010 extinguished the PPNG (SES), with income from premiums accounted *pro-rata temporis*. Note that this accounting change did not affect Earned Premiums; and

(**) 2Q10 considers data for May 2010.

In the second quarter of 2010, total revenue from the Insurance Group (insurance premiums written, private pension contributions and savings bond income) remained stable from the previous quarter, especially important improvements recorded in Health and Saving Bonds segments, which offset the seasonal effect of the Life and Pension Plan products.

In the first half of 2010, production grew by 23.7% from the same period in 2009, driven by the high performance of the products Auto; Vida VGBL and Private Pension, and Health, which increased by 28.2%, 24.1% and 22.3% respectively.

Net Income in the second quarter of 2010 remained stable in comparison with the previous quarter, reflecting: (i) the positive impacts generated by the decline in claims in the health, life and basic lines segments; and (ii) lower selling costs; which were offset by: (iii) the behavior of the financial result in the second quarter of 2010, mainly returns on stock funds and multi-asset funds, which were lower than in the previous quarter.

In the first six months of 2010, Net Income was 9.0% higher than in the same period of 2009, reflecting: (i) revenue growth of 23.7% (Brazil's insurance industry grew by 16.0% in the year to May); (ii) reduced claims; and (iii) expenses remaining at the same levels seen in 2009, despite the collective bargaining agreement in January 2010.

The combination of these factors led the efficiency ratio to remain stable and the combined ratio to decline, from 85.8 in June 2009 to 84.9 in June 2010.

Based on figures for the year through May 2010, Net Income from the Insurance Group represented 36.9% of Net Income in Brazil s entire insurance industry and 47.4% of the net income of insurers associated with private banks. (Source: Insurance Superintendence Susep). The technical provisions of the Insurance Group corresponded to 31.4% of the insurance industry in May 2010, according to the Insurance Superintendent (Susep) and the National Supplementary Health Agency (ANS).

In terms of solvency, Grupo Bradesco de Seguros e Previdência is in compliance with Susep rules that took effect on January 1, 2008, and also with international standards (Solvency II). The financial leverage ratio stood at 2.6 times Shareholders Equity.

**Fee and Commission Income**

In the second quarter of 2010, Fee and Commission Income totaled R$3,253 million, up 4.1% from the previous quarter. This income growth in the quarter was the result of: (i) greater loan operation volumes; (ii) a net increase in the number of checking accounts; and (iii) higher income from credit cards and asset management; which offset: (iv) reduced income from underwriting operations in the period. In the comparison of the first six months of 2010 with the same period a year ago, the increase in income of 13.2% was basically the result of: (i) the strong performance of credit card operations, Banco Ibi income, merged in November 2009; (ii) higher asset management income; and (iii) the increase in loan operation income, which was basically driven by increased business volume and a larger client base, which expanded by some 1.5 million accounts in the last 12 months.

**Personnel Expenses**

In the second quarter of 2010, the R$118 million increase from the previous quarter was composed of the variations in the following components:

· structural R$96 million, essentially related to: (i) lower concentration of vacations in the second quarter of 2010; and (ii) higher expenses with salaries and compulsory social charges, reflecting the organic growth in the period, with an increase in the number of service points and the associated new hires; and · non-structural R$22 million, basically related to higher expenses with provisions for labor claims and training.

In the comparison of the first six months of this year with the same period of last year, the R$598 million increase is explained by:

· the R$342 million increase in the structural" portion, related primarily to: (i) higher expenses with salaries, charges and benefits, which were impacted by wage increases (6% increase resulting from the 2009 collective bargaining agreement); and (ii) the Banco Ibi merger; and

· the R$256 million increase in the non-structural portion, resulting basically from: (i) the higher expenses with employee profit sharing; (ii) higher build in provisions for labor claims; and (iii) higher expenses with severance.

Note: Structural Expenses = Salaries + Compulsory Social Charges + Benefits + Private Pension.
Non-Structural Expenses = Employee Profit Sharing (PLR) + Training + Labor Provision + Severance Expenses.

**Administrative Expenses**

In the second quarter of 2010, the 3.4% increase in administrative expenses in relation to the first six months of 2010 was mainly due to higher expenses with: (i) transportation; (ii) depreciation and amortization; and (iii) data processing; which was partially offset by: (iv) lower expenses with asset leasing. It is important to bear in mind that the business model (use of non-bank correspondents) results in higher variable expenses that, in most cases, are offset by increased income.

In the comparison with the first half of last year, the 22.7% increase is essentially due to: (i) the expansion in the Customer Service Network; (ii) the higher business volume; (iii) contract adjustments; and (iv) the impact of the Banco Ibi merger.

**Other Income and Operating Expenses**

Other operating expenses, net of other operating income, increased by R$38 million in the first quarter of 2010 in comparison with the previous quarter, mainly due to: (i) higher general expenses; which were partially offset by: (ii) the lower build in operating provisions.

In the comparison of the first six months of 2010 with same period a year ago, the R$267 million increase in other operating expenses net of other operating income basically reflects higher expenses with: (i) the build in operating provisions, especially for civil contingencies; (ii) goodwill amortization; and (iii) the operating expenses resulting from the Banco IBI merger in November 2009.

**Income Tax and Social Contribution**

In the second quarter of 2010, expenses with income tax and social contribution increased by R$151 million from the prior quarter, basically reflecting greater taxable income.

In the comparison of the first six months of 2010 with same period a year earlier, the increase of 50.8%, or R$731 million, was due to the higher operating income in the period.

Tax credits from prior periods, which result from the increase in the Social Contribution tax rate to 15%, are recorded in the financial statements up to the limit of the corresponding consolidated tax obligations. The unused balance currently stands at R$613 million. More details are available in note 34 to the Financial Statements.

**Unrealized Gains**

Unrealized gains totaled R$9,226 million in the second quarter of 2010, down R$1.685 million from the previous quarter. The variation reflected the drop recorded in capital markets (Ibovespa: - 13.4%), which affected equity investments, in particular our interest in Cielo.

## Economic Scenario

The world economy has shown significant instability throughout the first half of this year. On the one hand, various signs point to consistent, albeit slow recoveries in production, consumption and employment. On the other hand, the high debt levels held by governments intensified fears of a more serious fiscal crisis in Europe, with repercussions in the region's banking system. Meanwhile, China has been adopting a series of measures to slow its economy, especially the construction industry, which could lead to lower demand for commodities and in turn adversely affect Brazil. In our view, the balance of these factors remains favorable, since, despite concerns with sovereign debt, European governments in general are currently implementing fiscal adjustments to assure balance in the medium term, and have developed mechanisms to extend loans to member countries and to improve liquidity in the banking industry, while a slowdown in the Chinese economy would help promote more balanced growth in the world economy. This situation should keep the more-adverse scenario at bay for the time being, with gradual but solid growth in the global economy most likely prevailing.

In Brazil, the start of the year registered some of the most formidable growth rates in economic activity, consumption and employment growth in recent years, which were fueled by the fiscal and monetary stimuli implemented in 2009 and the positive medium-term prospects. Investment remains one of the most important sources for sustaining GDP growth in the future, assuring job and income growth that, combined with the availability of credit, translates into a very favorable consumption outlook. This strong economic growth led to some increases in inflation, in the external deficit and, as a result, in interest rates, which were hiked in an attempt to rebalance supply and demand and avoid acceleration in inflation and external deficit. For the coming quarters, we expect more moderate GDP growth in Brazil, though still robust and sufficient to maintain and expand the gains in employment and income levels, along with a healthy growth rate for the country's economy in the medium term.

Given the strong GDP growth in the first quarter, we have revised upward our forecast for the year to 7.5%, which is the third-highest GDP growth rate in our sample of countries. Annual inflation measured by the IPCA consumer price index should remain at around 5.5%, while annual IGP- M inflation should end the year at 8.4%, responding to the stronger demand growth. Brazil's central bank should continue hiking the Selic basic interest rate to end the year at 11.25% in order to better align the excess supply with demand. However, despite the rate hikes, the country's strong social mobility, expansion in credit and lower unemployment should assure more reasonable growth prospects for the leading sectors of Brazil's economy.

## Main Economic Indicators

| Main Indicators (%) | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
|---|---|---|---|---|---|---|---|---|
| Interbank Deposit Certificate (CDI) | 2.22 | 2.02 | 2.12 | 2.18 | 2.37 | 2.89 | 3.32 | 3.21 |
| Ibovespa | (13.41) | 2.60 | 11.49 | 19.53 | 25.75 | 8.99 | (24.20) | (23.80) |
| USD Commercial Rate | 1.15 | 2.29 | (2.08) | (8.89) | (15.70) | (0.93) | 22.08 | 20.25 |
| General Price Index - Market (IGP-M) | 2.84 | 2.77 | (0.11) | (0.37) | (0.32) | (0.92) | 1.23 | 1.54 |
| CPI (IPCA IBGE) | 1.00 | 2.06 | 1.06 | 0.63 | 1.32 | 1.23 | 1.09 | 1.07 |
| Federal Government Long-Term Interest Rate (TJLP) | 1.47 | 1.47 | 1.48 | 1.48 | 1.54 | 1.54 | 1.54 | 1.54 |
| Reference Interest Rate (TR) | 0.11 | 0.08 | 0.05 | 0.12 | 0.16 | 0.37 | 0.63 | 0.55 |
| Savings Accounts | 1.62 | 1.59 | 1.56 | 1.63 | 1.67 | 1.89 | 2.15 | 2.06 |
| Business Days (number) | 62 | 61 | 63 | 65 | 61 | 61 | 65 | 66 |
| Indicators (Closing Rate) | **Jun10** | **Mar10** | **Dec09** | **Sep09** | **Jun09** | **Mar09** | **Dec08** | **Sep08** |
| USD Commercial Selling Rate (R$) | 1.8015 | 1.7810 | 1.7412 | 1.7781 | 1.9516 | 2.3152 | 2.3370 | 1.9143 |
| Euro (R$) | 2.2043 | 2.4076 | 2.5073 | 2.6011 | 2.7399 | 3.0783 | 3.2382 | 2.6931 |
| Country Risk (points) | 248 | 185 | 192 | 234 | 284 | 425 | 428 | 331 |
| Basic Selic Rate Copom (% p.a.) | 10.25 | 8.75 | 8.75 | 8.75 | 9.25 | 11.25 | 13.75 | 13.75 |
| BM&F Fixed Rate (% p.a.) | 11.86 | 10.85 | 10.46 | 9.65 | 9.23 | 9.79 | 12.17 | 14.43 |

### Forecasts through 2012

| % | 2010 | 2011 | 2012 |
|---|---|---|---|
| USD - Commercial Rate (year-end) - R$ | 1.80 | 1.90 | 1.95 |
| Extended Consumer Price Index (IPCA) | 5.5 | 4.7 | 4.5 |
| General Price Index - Market (IGP-M) | 8.4 | 4.9 | 4.5 |
| Selic (year-end) | 11.25 | 11.25 | 11.00 |
| Gross Domestic Product (GDP) | 7.5 | 4.5 | 4.4 |

## Guidance

**Bradesco's Outlook for 2010**

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

| | |
|---|---|
| **Loan Portfolio** | **21 to 25%** |
| Individuals | 16 to 20% |
| Corporate | 25 to 29% |
| SMEs | 28 to 32% |
| Large Corporate | 22 to 26% |
| **Products** | |
| Vehicles | 10 to 14% |
| Cards | 9 to 13% |
| Real Estate Financing (origination) | R$7.5 bi |
| Payroll Deductible Loans | 32 to 36% |
| **Financial Margin**(1) | **14 to 18%** |
| **Fee and Commission Income** | **7 to 11%** |
| **Operating Expenses** (2) | **9 to 13%** |
| **Insurance Premiums** | **16 to 20%** |

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

(2) Administrative and Personnel Expenses

22

## Statement of Income Book vs. Managerial vs. Adjusted

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

**Second quarter of 2010**

R$ million

| | 2Q10 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Accounting Statement of Income | Reclassifications | | | | | | | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **8,527** | **(102)** | **41** | **(18)** | **(447)** | **-** | **-** | **-** | **46** | **8,047** | **-** | **8,047** |
| PLL | (2,319) | - | - | - | 268 | (110) | - | - | - | (2,161) | - | (2,161) |
| **Gross Income from Financial Intermediation** | **6,208** | **(102)** | **41** | **(18)** | **(179)** | **(110)** | **-** | **-** | **46** | **5,886** | **-** | **5,886** |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 786 | - | - | - | - | - | - | - | - | 786 | - | 786 |
| Fee and Commission Income | 3,193 | - | - | - | - | - | 60 | - | - | 3,253 | - | 3,253 |
| Personnel Expenses | (2,238) | - | - | - | - | - | - | - | - | (2,238) | - | (2,238) |
| Other Administrative Expenses | (2,662) | - | - | - | - | - | - | (76) | - | (2,738) | - | (2,738) |
| Tax Expenses | (729) | - | - | - | - | - | - | - | (5) | (734) | - | (734) |
| Companies | 19 | - | - | - | - | - | - | - | - | 19 | - | 19 |
| Other Operating Income/Expenses | (937) | 102 | (41) | 18 | 179 | - | (60) | 76 | - | (663) | 75 | (588) |
| **Operating Income** | **3,640** | **-** | **-** | **-** | **-** | **(110)** | **-** | **-** | **41** | **3,571** | **75** | **3,646** |
| Non-Operating Income | (122) | - | - | - | - | 110 | - | - | - | (12) | - | (12) |
| Income Tax / Social Contribution and Minority Interest | (1,113) | - | - | - | - | - | - | - | (41) | (1,154) | (25) | (1,179) |
| **Net Income** | **2,405** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,405** | **50** | **2,455** |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin";

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

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

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

(5) Losses from the Sale of Foreclosed Assets - BNDU classified under the item "Non-Operating Income", were reclassified to the item "PDD Expenses - Allowance for Loan Losses";

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

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

(8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

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

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

**First quarter of 2010**

R$ million

| | 1Q10 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Accounting Statement of Income | Reclassifications | | | | | | | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | | | | |
| **Financial Margin** | **8,002** | **(105)** | **35** | **(60)** | **(240)** | **-** | **-** | **-** | **57** | **7,689** | **-** | **7,689** |
| PLL | (2,159) | - | - | - | 70 | (99) | - | - | - | (2,188) | - | (2,188) |
| **Gross Income from Financial Intermediation** | **5,843** | **(105)** | **35** | **(60)** | **(170)** | **(99)** | **-** | **-** | **57** | **5,501** | **-** | **5,501** |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 583 | - | - | - | - | - | - | - | - | 583 | - | 583 |
| Fee and Commission Income | 3,080 | - | - | - | - | - | 44 | - | - | 3,124 | - | 3,124 |
| Personnel Expenses | (2,120) | - | - | - | - | - | - | - | - | (2,120) | - | (2,120) |
| Other Administrative Expenses | (2,564) | - | - | - | - | - | - | (83) | - | (2,647) | - | (2,647) |
| Tax Expenses | (743) | - | - | - | - | - | - | - | (6) | (749) | - | (749) |
| Companies | 29 | - | - | - | - | - | - | - | - | 29 | - | 29 |
| Other Operating Income/Expenses | (1,322) | 105 | (35) | 60 | 170 | - | (44) | 83 | - | (983) | 433 | (550) |
| **Operating Income** | **2,786** | **-** | **-** | **-** | **-** | **(99)** | **-** | **-** | **51** | **2,738** | **433** | **3,171** |
| Non-Operating Income | (95) | - | - | - | - | 99 | - | - | - | 4 | - | 4 |
| Income Tax / Social Contribution and Minority Interest | (588) | - | - | - | - | - | - | - | (51) | (639) | (389) | (1,028) |
| **Net Income** | **2,103** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,103** | **44** | **2,147** |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin" ;

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

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

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

(5) Losses from the Sale of Foreclosed Assets BNDU classified under the item "Non-Operating Income" were reclassified to the item "PDD Expenses - Allowance for Loan Losses";

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

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

(8)

The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

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

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

**First half of 2010**

R$ million

| | 1H10 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Accounting Statement of Income | Reclassifications (1) | (2) | (3) | (4) | (5) | (6) | (7) | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |
| **Financial Margin** | **16,529** | **(207)** | **76** | **(78)** | **(687)** | **-** | **-** | **-** | **103** | **15,736** | **-** | **15,736** |
| PLL | (4,478) | - | - | - | 338 | (209) | - | - | - | (4,349) | - | (4,349) |
| **Gross Income from Financial Intermediation** | **12,051** | **(207)** | **76** | **(78)** | **(349)** | **(209)** | **-** | **-** | **103** | **11,387** | **-** | **11,387** |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 1,369 | - | - | - | - | - | - | - | - | 1,369 | - | 1,369 |
| Fee and Commission Income | 6,273 | - | - | - | - | - | 104 | - | - | 6,377 | - | 6,377 |
| Personnel Expenses | (4,358) | - | - | - | - | - | - | - | - | (4,358) | - | (4,358) |
| Other Administrative Expenses | (5,226) | - | - | - | - | - | - | (159) | - | (5,385) | - | (5,385) |
| Tax Expenses | (1,472) | - | - | - | - | - | - | - | (11) | (1,483) | - | (1,483) |
| Companies | 48 | - | - | - | - | - | - | - | - | 48 | - | 48 |
| "Other Operating" Income/Expenses | (2,259) | 207 | (76) | 78 | 349 | - | (104) | 159 | - | (1,646) | 508 | (1,138) |
| **Operating Income** | **6,426** | **-** | **-** | **-** | **-** | **(209)** | **-** | **-** | **92** | **6,309** | **508** | **6,817** |
| Non-Operating Income | (217) | - | - | - | - | 209 | - | - | - | (8) | - | (8) |
| Income Tax / Social Contribution and Minority Interest | (1,701) | - | - | - | - | - | - | - | (92) | (1,793) | (414) | (2,207) |
| **Net Income** | **4,508** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **4,508** | **94** | **4,602** |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin" ;

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

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

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

(5) Losses from the Sale of Foreclosed Assets - BNDU classified under the item "Non-Operating Income" were reclassified to the item "PDD Expenses - Allowance for Loan Losses";

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

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

(8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

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

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

**First half of 2009**

R$ million

| | 1H09 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Accounting Statement of Income | Reclassifications (1) | (2) | (3) | (4) | (5) | (6) | (7) | Fiscal Hedge (8) | Managerial Statement of Income | Non-Recurring Effects (9) | Adjusted Statement of Income |
| **Financial Margin** | **16,748** | **(229)** | **35** | **(300)** | **(493)** | **-** | **-** | **-** | **(1,086)** | **14,675** | **-** | **14,675** |
| PLL | (7,324) | - | - | - | (36) | - | - | - | - | (7,360) | 1,480 | (5,880) |
| **Gross Income from Financial Intermediation** | **9,424** | **(229)** | **35** | **(300)** | **(529)** | **-** | **-** | **-** | **(1,086)** | **7,315** | **1,480** | **8,795** |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 1,066 | - | - | - | - | - | - | - | - | 1,066 | - | 1,066 |
| Fee and Commission Income | 5,698 | - | - | - | - | (123) | 59 | - | - | 5,634 | - | 5,634 |
| Personnel Expenses | (3,760) | - | - | - | - | - | - | - | - | (3,760) | - | (3,760) |
| Other Administrative Expenses | (4,326) | - | - | - | - | 123 | - | (185) | - | (4,388) | - | (4,388) |
| Tax Expenses | (1,320) | - | - | - | - | - | - | - | 118 | (1,202) | - | (1,202) |
| Companies | 19 | - | - | - | - | - | - | - | - | 19 | - | 19 |
| Other Operating Income/Expenses | (2,231) | 229 | (35) | 300 | 326 | - | (59) | 185 | - | (1,285) | 414 | (871) |
| **Operating Income** | **4,570** | **-** | **-** | **-** | **(203)** | **-** | **-** | **-** | **(968)** | **3,399** | **1,894** | **5,293** |
| Non-Operating Income | 1,905 | - | - | - | 203 | - | - | - | - | 2,108 | (1,999) | 109 |
| Income Tax / Social Contribution and Minority Interest | (2,455) | - | - | - | | - | - | - | 968 | (1,487) | 37 | (1,450) |
| **Net Income** | **4,020** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **4,020** | **(68)** | **3,952** |

(1) Commission Expenses on the placement of loans and financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin" ;

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

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

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

(5) Outsourced services expenses classified under item "Other Administrative Expenses" were reclassified to item "Fee and Commission Income";

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

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

(8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and

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

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

## Consolidated Balance Sheet and Adjusted Statement of Income

### Balance Sheet

| | | | | | | | | R$ million |
|---|---|---|---|---|---|---|---|---|
| | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 | Sep08 |
| **Assets** | | | | | | | | |
| **Current and Long-Term Assets** | **547,868** | **522,709** | **496,028** | **477,458** | **474,301** | **474,124** | **446,802** | **416,161** |
| Funds Available | 6,877 | 8,705 | 6,947 | 8,571 | 9,001 | 7,533 | 9,295 | 7,259 |
| Interbank Investments | 96,478 | 97,165 | 110,797 | 97,487 | 89,636 | 93,342 | 74,191 | 57,351 |
| Securities and Derivative Financial Instruments | 156,755 | 157,309 | 146,619 | 147,724 | 146,110 | 130,816 | 131,598 | 132,373 |
| Interbank and Interdepartmental Accounts | 50,427 | 36,674 | 18,723 | 17,718 | 16,620 | 15,691 | 13,804 | 27,081 |
| Loan and Leasing Operations | 191,248 | 181,490 | 172,974 | 163,699 | 160,174 | 160,975 | 160,500 | 153,335 |
| Allow ance for Loan Losses (PLL) | (15,782) | (15,836) | (16,313) | (14,953) | (13,871) | (11,424) | (10,263) | (9,136) |
| Other Receivables and Assets | 61,864 | 57,202 | 56,281 | 57,212 | 66,631 | 77,191 | 67,677 | 47,898 |
| **Permanent Assets** | **10,232** | **9,917** | **10,195** | **8,228** | **8,177** | **8,017** | **7,611** | **6,501** |
| Investments | 1,553 | 1,537 | 1,549 | 1,392 | 1,359 | 1,400 | 1,048 | 823 |
| Premises and Leased Assets | 3,427 | 3,244 | 3,418 | 3,272 | 3,300 | 3,286 | 3,250 | 2,309 |
| Intangible Assets | 5,252 | 5,136 | 5,228 | 3,564 | 3,518 | 3,331 | 3,313 | 3,369 |
| **Total** | **558,100** | **532,626** | **506,223** | **485,686** | **482,478** | **482,141** | **454,413** | **422,662** |
| **Liabilities** | | | | | | | | |
| **Current and Long-Term Liabilities** | **512,790** | **488,431** | **463,350** | **446,152** | **444,574** | **446,225** | **419,561** | **387,640** |
| Deposits | 178,453 | 170,722 | 171,073 | 167,987 | 167,512 | 169,104 | 164,493 | 139,170 |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 131,134 | 128,172 | 113,273 | 102,604 | 99,710 | 91,659 | 79,977 | 87,464 |
| Funds from Issuance of Securities | 12,729 | 8,550 | 7,482 | 7,111 | 7,694 | 9,280 | 9,011 | 6,535 |
| Interbank and Interdepartmental Accounts | 2,777 | 2,063 | 2,950 | 2,257 | 1,904 | 2,287 | 2,914 | 2,538 |
| Borrow ing and Onlending | 35,033 | 30,208 | 27,328 | 27,025 | 29,081 | 30,420 | 31,947 | 31,979 |
| Derivative Financial Instruments | 1,097 | 2,469 | 531 | 1,669 | 2,599 | 2,294 | 2,042 | 2,326 |
| Provisions for Insurance, Private Pension Plans and Savings Bonds | 79,308 | 77,685 | 75,572 | 71,401 | 68,829 | 66,673 | 64,587 | 62,888 |
| Other Liabilities | 72,259 | 68,562 | 65,141 | 66,098 | 67,245 | 74,508 | 64,590 | 54,740 |
| **Deferred Income** | **337** | **292** | **321** | **297** | **272** | **273** | **274** | **227** |
| **Minority Interest in Subsidiaries** | **678** | **816** | **798** | **360** | **355** | **337** | **321** | **627** |
| **Shareholders' Equity** | **44,295** | **43,087** | **41,754** | **38,877** | **37,277** | **35,306** | **34,257** | **34,168** |
| **Total** | **558,100** | **532,626** | **506,223** | **485,686** | **482,478** | **482,141** | **454,413** | **422,662** |

## Consolidated Balance Sheet and Adjusted Statement of Income

### Adjusted Statement of Income

| | | | | | | | | R$ million |
|---|---|---|---|---|---|---|---|---|
| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
| **Financial Margin** | **8,047** | **7,689** | **7,492** | **7,587** | **7,560** | **7,115** | **5,924** | **5,674** |
| Interest | 7,663 | 7,406 | 7,144 | 6,891 | 6,771 | 6,422 | 5,944 | 5,815 |
| Non-Interest | 384 | 283 | 348 | 696 | 789 | 693 | (20) | (141) |
| PLL | (2,161) | (2,188) | (2,695) | (2,908) | (3,118) | (2,762) | (1,888) | (1,671) |
| **Gross Income from Financial Intermediation** | **5,886** | **5,501** | **4,797** | **4,679** | **4,442** | **4,353** | **4,036** | **4,003** |
| Income from Insurance, Private Pension Plan and Savings Bond Operations (*) | 786 | 583 | 484 | 433 | 529 | 537 | 544 | 629 |
| Fee and Commission Income | 3,253 | 3,124 | 3,125 | 2,857 | 2,911 | 2,723 | 2,698 | 2,698 |
| Personnel Expenses | (2,238) | (2,120) | (2,081) | (2,126) | (1,908) | (1,852) | (1,932) | (1,889) |
| Other Administrative Expenses | (2,738) | (2,647) | (2,746) | (2,359) | (2,233) | (2,155) | (2,298) | (2,130) |
| Tax Expenses | (734) | (749) | (694) | (639) | (615) | (587) | (498) | (540) |
| Equity in the Earnings (Losses) of Unconsolidated Companies | 19 | 29 | 82 | 39 | 13 | 6 | 47 | 23 |
| Other Operating Revenues and Expenses | (588) | (550) | (539) | (539) | (459) | (412) | (259) | (223) |
| - Other Operating Revenues | 294 | 265 | 279 | 209 | 311 | 198 | 212 | 318 |
| - Other Operating Expenses | (882) | (815) | (818) | (748) | (770) | (610) | (471) | (541) |
| **Operating Income** | **3,646** | **3,171** | **2,428** | **2,345** | **2,680** | **2,613** | **2,338** | **2,571** |
| Non-Operating Income | (12) | 4 | (62) | 63 | 37 | 72 | 96 | 45 |
| Income Tax and Social Contribution | (1,161) | (1,010) | (519) | (607) | (717) | (723) | (611) | (696) |
| Minority Interest | (18) | (18) | (8) | (6) | (4) | (6) | (17) | (10) |
| **Adjusted Net Income** | **2,455** | **2,147** | **1,839** | **1,795** | **1,996** | **1,956** | **1,806** | **1,910** |

(*) Results from Insurance, Private Pension and Savings Bond Operations = Retained insurance, Private Pension Plan and Savings Bond Premiums Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds Retained ClaimsDrawing and Redemption of Savings Bonds Selling Expenses with Insurance, Private Pension Plans and Savings Bonds.

## Financial Margin Interest and Non-Interest

### Financial Margin Breakdown

## Financial Margin Interest and Non-Interest

**Average Financial Margin Rate**

| | Financial Margin | | | | | R$ million |
|---|---|---|---|---|---|---|
| | | | | | Variation | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Half-year | Quarter |
| Interest - due to volume | | | | | 1,561 | 271 |
| Interest - due to spread | | | | | 315 | (14) |
| - Financial Margin - Interest | 15,069 | 13,193 | 7,663 | 7,406 | 1,876 | 257 |
| - Financial Margin - Non-Interest | 667 | 1,482 | 384 | 283 | (815) | 101 |
| **Financial Margin** | **15,736** | **14,675** | **8,047** | **7,689** | **1,061** | **358** |
| **Average Margin Rate (*)** | **8.1%** | **8.0%** | **8.2%** | **8.1%** | | |

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

Financial margin in the second quarter of 2010 was R$8,047 million. Comparing the second quarter with the previous quarter, there was a R$358 million increase, or 4.7%. This variation is mainly from the interest financial margin, which was positively impacted by the increase in the average volume of operations, contributing with R$271 million, partially offset by the decrease in the average spread of R$14 million.

Compared with the first half of 2009, the interest financial margin grew by 7.2% or R$1,061 million in the period. This growth is mainly due to the R$1,876 million increase in interest margin, of which R$1,561 million correspond to an increase in the volume of operations, partially from the acquisition of Banco Ibi and R$315 million from the improvement on the operations mix, proof of the expressive growth in operations with individuals. The effect was mitigated by an R$815 million decrease in "non-interest financial margin resulting from reduced treasury/securities gains versus the substantial gains obtained in the first half of 2009.

## Financial Margin - Interest

**Interest Financial Margin - Breakdown**

| | Interest Financial Margin Breakdown | | | | | R$ million |
|---|---|---|---|---|---|---|
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation | |
| | | | | | Half-year | Quarter |
| Loans | 11,387 | 9,555 | 5,757 | 5,630 | 1,832 | 127 |
| Funding | 1,267 | 1,382 | 674 | 593 | (115) | 81 |
| Insurance | 1,341 | 1,185 | 597 | 744 | 156 | (147) |
| Securities/Other | 1,074 | 1,071 | 635 | 439 | 3 | 196 |
| **Financial Margin** | **15,069** | **13,193** | **7,663** | **7,406** | **1,876** | **257** |

The performance of the interest financial margin was fueled by increased loan operations, the strategy of which to support the business was focused on individuals and corporate customers, especially SMEs.

The interest financial margin reached R$7,663 million in the second quarter of 2010 versus the R$7,406 million posted in the first quarter of 2010, a positive impact of R$257 million or 3.5%. This growth was led by the Securities/Other and Loans lines, complete details of which can be found in item "Securities/Other Financial Margin Interest and Loan Financial Margin Interest .

In the first half of 2010, interest financial margin grew by 14.2% or R$1,876 million, compared with the first half of 2009, led by the Loans line, highlighting the merger of Banco Ibi, which contributed R$755 million. The effect of this merger was offset by a decrease in funding margins, whose spreads were lower due to reduced interest rates in the period.

30

## Financial Margin - Interest

### Interest Financial Margin Rates

The annualized interest financial margin rate in relation to total average assets was 7.8% in the second quarter of 2010 and remained stable when compared to the previous quarter. When compared to the same period in 2009, the positive 0.5 p.p. growth reflects: (i) higher average volume of operations with individuals and SMEs with higher margins; (ii) better funding conditions; and (iii) the merger of Banco Ibi.

### Interest Financial Margin Annualized Average Rates

| | | | | | | R$ million (except %) |
|---|---|---|---|---|---|---|
| | | 1H10 | | | 1H09 | |
| | Interest | Average Balance | Average Rate | Interest | Average Balance (1) | Average Rate |
| Loans | 11,387 | 198,728 | 11.79% | 9,555 | 178,340 | 11.00% |
| Funding | 1,267 | 225,619 | 1.13% | 1,382 | 208,088 | 1.33% |
| Insurance | 1,341 | 77,678 | 3.48% | 1,185 | 67,085 | 3.56% |
| Securities/Other | 1,074 | 187,947 | 1.15% | 1,071 | 168,444 | 1.28% |
| **Financial Margin** | **15,069** | - | - | **13,193** | - | - |
| | | 2Q10 | | | 1Q10 | |
| | Interest | Average Balance | Average Rate | Interest | Average Balance | Average Rate |
| Loans | 5,757 | 202,751 | 11.85% | 5,630 | 194,704 | 12.08% |
| Funding | 674 | 229,387 | 1.18% | 593 | 221,851 | 1.07% |
| Insurance | 597 | 78,766 | 3.07% | 744 | 76,591 | 3.94% |
| Securities/Other | 635 | 188,512 | 1.35% | 439 | 187,381 | 0.94% |
| **Financial Margin** | **7,663** | - | - | **7,406** | - | - |

(1) To improve comparability, we have included card operations (cash and credit purchase from storeowners) from previous periods.

## Loan Financial Margin - Interest

### Loan Financial Margin - Breakdown

| | | | | | | R$ million |
|---|---|---|---|---|---|---|
| | Financial Margin - Loan | | | | | |
| | | | | | Variation | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Half-year | Quarter |
| Interest - due to volume | | | | | 1,168 | 228 |
| Interest - due to spread | | | | | 664 | (101) |
| Interest Financial Margin | 11,387 | 9,555 | 5,757 | 5,630 | 1,832 | 127 |
| Revenues | 18,840 | 18,068 | 9,630 | 9,210 | 772 | 420 |
| Expenses | (7,453) | (8,513) | (3,873) | (3,580) | 1,060 | (293) |

In the second quarter of 2010, the interest financial margin with loan operations reached R$5,757 million, up by 2.3% or R$127 million compared to the previous quarter. The variation was the result of a R$228 million increase in average business volume, which was offset by the decrease in the average spread of R$101 million, due to the increase in funding costs given the higher interest rate (Selic).

In the year-on-year comparison, there was a 19.2% or R$1,832 million increase in financial margin in the first half of 2010. This variation was positively influenced in R$1,168 million from the growth in average business volume, highlighting the merger of Banco Ibi, which had a R$755 million impact, and the increase in the average spread, which contributed R$664 million, due to the decrease in funding costs, which is a result of the lower interest rate (Selic rate) in the period and the increase in operations with individuals and SMEs, which have a higher spread.

Bradesco s strategic positioning allows the Bank to take advantage of the best opportunities from the upturn in the Brazilian economy, highlighting operations aimed at family consumption and production financing. The following products stood out in the quarter, taking into consideration the average growth of businesses: personal loans, payroll-deductible loans, credit card, real estate financing, BNDES/Finame onlending and overdraft facilities.

Regarding loan portfolio performance, the following products stood out in the individuals segment in the first half of 2010, in a year-on-year comparison: payroll-deductible personal loans, credit card (which benefited from the merger of Banco Ibi), BNDES/Finame onlending and real estate and vehicle financing. The following products stand out in the corporate segment: BNDES/Finame onlending, real estate financings corporate plans, credit card and working capital.

**Loan Financial Margin – Net Margin**

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

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

The net margin curve presents the result of loan interest income, net of losses, which in the second quarter of 2010 recorded growth on the previous quarter of 4.5%, increased volume of operations and major loan recovery efforts.

**Total Loan Portfolio**

Loan operations (including sureties, guarantees, advances of credit card receivables and assignments of receivables-backed investment funds and mortgage-backed receivables) ended the second quarter of 2010 at R$244.8 billion, an increase of 15.0% in the last twelve months and 4.1% in the quarter.

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

A breakdown of loan products for Individuals is presented below:

| Individuals | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Vehicles - CDC | 21,366 | 20,609 | 18,595 | 3.7 | 14.9 |
| Leasing | 10,221 | 11,329 | 13,184 | (9.8) | (22.5) |
| Credit Card (1) | 15,131 | 14,195 | 9,314 | 6.6 | 62.5 |
| Personal Loan | 10,298 | 9,342 | 8,406 | 10.2 | 22.5 |
| Payroll Deductible Loan (2) | 12,902 | 11,491 | 7,689 | 12.3 | 67.8 |
| Rural Loan | 4,701 | 4,785 | 4,177 | (1.8) | 12.5 |
| BNDES/Finame Onlending | 3,883 | 3,439 | 2,764 | 12.9 | 40.5 |
| Real Estate Financing (3) | 3,470 | 3,189 | 2,716 | 8.8 | 27.8 |
| Overdraft Facilities | 2,765 | 2,635 | 2,418 | 4.9 | 14.4 |
| Sureties and Guarantees | 611 | 551 | 312 | 10.8 | 95.8 |
| Other (4) | 4,300 | 4,448 | 4,713 | (3.3) | (8.8) |
| **Total** | **89,648** | **86,012** | **74,288** | **4.2** | **20.7** |

Includes:

(1) Loan portfolio corresponding to the merger of Banco Ibi; R$3.5 billion in June 2010 and R$3.2 billion in March 2010;

(2) In June 2010, includes loan assignments (receivables-backed investment funds) of R$371 million, R$360 million in March 2010 and R$299 million as of June 2009;

(3) In June 2010, includes loan assignments (mortgage-backed receivables) of R$331 million, R$354 million in March 2010 and R$429 million as of June 2009; and

(4) In June 2010, includes loan assignments (receivables-backed investment funds) related to acquisitions of goods of R$13 million, R$18 million in March 2010 and R$34 million as of June 2009.

The individuals segment, which recorded growth of 20.7% in the last twelve months, was led by the payroll-deductible loan, credit card, BNDES/Finame onlending portfolios and vehicle financing (CDC). In the second quarter of 2010, this segment grew by 4.2% when compared to the previous quarter, and the products that most contributed to this growth were BNDES/Finame onlending and payroll-deductible loans.

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

| Corporate | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Working Capital | 29,883 | 29,526 | 25,816 | 1.2 | 15.8 |
| Export Financing | 8,581 | 8,016 | 13,066 | 7.0 | (34.3) |
| BNDES/Finame Onlending | 20,462 | 16,762 | 13,790 | 22.1 | 48.4 |
| Operations Abroad | 15,150 | 14,017 | 10,735 | 8.1 | 41.1 |
| Overdraft Account | 9,010 | 8,226 | 8,847 | 9.5 | 1.8 |
| Leasing | 8,433 | 8,642 | 9,115 | (2.4) | (7.5) |
| Credit Card | 8,510 | 7,738 | 6,385 | 10.0 | 33.3 |
| Rural Loan | 4,215 | 4,144 | 3,698 | 1.7 | 14.0 |
| Vehicles - CDC | 3,259 | 3,062 | 2,991 | 6.4 | 9.0 |
| Real Estate Financing - Corporate Plans(1) | 5,644 | 5,119 | 3,914 | 10.3 | 44.2 |
| Sureties and Guarantees (2) | 32,894 | 34,162 | 30,947 | (3.7) | 6.3 |
| Other | 9,100 | 9,812 | 9,176 | (7.3) | (0.8) |
| **Total** | **155,141** | **149,226** | **138,480** | **4.0** | **12.0** |

(1) Includes loan assignments (mortgage-backed receivables) of R$379 million in June 2010, R$388 million in March 2010 and R$407 million in June 2009; and

(2) 89.4% of surety and guarantees from corporate clients were conducted with large corporations.

The corporate segment grew by 12.0% in the last twelve months and 4.0% in the quarter. The main highlights in the last twelve months were BNDES/Finame onlending, real estate financing - corporate plans, overseas operations and working capital. The highlight in the quarter, BNDES/Finame onlending corporate plans and credit cards showed significant growth.

**Loan Portfolio Consumer Financing**

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

Consumer financing totaled R$71.1 billion, a 4.3% increase in the quarter and a 21.4% increase in the last twelve months. Growth was led by vehicle financing (CDC/Leasing) and payroll-deductible loans, which together totaled R$44.5 billion, accounting for 62.5% of the total consumer financing balance and, given their guarantees and characteristics, provided the portfolio with an adequate level of credit risk.

**Breakdown of Vehicle Portfolio**

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| **CDC Portfolio** | **24,625** | **23,671** | **21,586** | **4.0** | **14.1** |
| Individuals | 21,366 | 20,609 | 18,595 | 3.7 | 14.9 |
| Corporate | 3,259 | 3,062 | 2,991 | 6.4 | 9.0 |
| **Leasing Portfolio** | **15,937** | **17,291** | **19,492** | **(7.8)** | **(18.2)** |
| Individuals | 10,221 | 11,329 | 13,184 | (9.8) | (22.5) |
| Corporate | 5,716 | 5,962 | 6,308 | (4.1) | (9.4) |
| **Finame Portfolio** | **6,654** | **3,590** | **4,125** | **85.3** | **61.3** |
| Individuals | 517 | 108 | 87 | 378.7 | 494.3 |
| Corporate | 6,137 | 3,482 | 4,038 | 76.2 | 52.0 |
| **Total** | **47,216** | **44,552** | **45,203** | **6.0** | **4.5** |
| Individuals | 32,104 | 32,046 | 31,866 | 0.2 | 0.7 |
| Corporate | 15,112 | 12,506 | 13,337 | 20.8 | 13.3 |

Vehicle financing operations (individuals and corporate) totaled R$47.2 billion in June 2010, for an increase of 6.0% on the quarter and 4.5% on the same period last year. 52.1% of total vehicle portfolio corresponds to CDC, 33.8% to Leasing and 14.1% to Finame. Individuals represented 68.0% of the portfolio while Corporate Clients accounted for the remaining 32.0%.

**Loan Portfolio By Type**

The table below presents all operations with credit risk (including sureties and guarantees, advances on credit card receivables, loan assignments and other operations with some type of credit risk), which increased by 4.1% in the quarter and 15.3% in the last twelve months.

| | | | R$ million |
|---|---|---|---|
| | Jun10 | Mar10 | Jun09 |
| Loans and Discounted Securities | 97,565 | 92,366 | 77,516 |
| Financing | 62,192 | 56,537 | 49,480 |
| Rural and Agribusiness Financing | 12,542 | 12,338 | 10,731 |
| Leasing Operations | 18,950 | 20,249 | 22,447 |
| Advances on Exchange Contracts | 5,629 | 5,126 | 9,613 |
| Other Loans | 11,710 | 11,491 | 9,590 |
| **Total Loan Operations** (1) | **208,588** | **198,107** | **179,377** |
| Sureties and Guarantees Provided (Clearing Accounts) (2) | 33,504 | 34,714 | 31,259 |
| Other (3) | 1,602 | 1,298 | 963 |
| **Total Exposures - Loan Operations** | **243,694** | **234,119** | **211,599** |
| Loan Assignments (FIDC / CRI) | 1,094 | 1,119 | 1,169 |
| **Total Operations including Credit Assignment** | **244,788** | **235,238** | **212,768** |
| Operations w ith Credit Risk - Commercial Portfolio (4) | 13,826 | 13,044 | 11,585 |

| | | | |
|---|---|---|---|
| **Total Operations with Credit Risk - Expanded Portfolio** | **258,614** | **248,282** | **224,353** |
| Other Operations w ith Credit Risk (5) | 9,945 | 9,784 | 8,567 |
| **Total Operations with Credit Risk** | **268,559** | **258,066** | **232,920** |

(1) Concept determined by the Brazilian Central Bank;

(2) Operations in which Banco Bradesco S/A - Grand Cayman branch was the beneficiary were not considered;

(3) Refers to advances of credit card receivables;

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

(5) Includes operations involving interbank deposit certificates, commercial paper, international treasury, swaps, forward currency contracts and investments in receivables-backed investment funds and mortgage-backed receivables.

**Credit Portfolio Concentration* by Sector**

The loan portfolio by sector of economic activity presented slight changes in the segments it comprises.

| Activity Sector | Jun10 | % | Mar10 | % | Jun09 | % |
|---|---|---|---|---|---|---|
| | | | | | | R$ million |
| **Public Sector** | **1,249** | **0.6** | **1,546** | **0.8** | **1,349** | **0.8** |
| **Private Sector** | **207,339** | **99.4** | **196,561** | **99.2** | **178,028** | **99.2** |
| **Corporate** | **119,017** | **57.1** | **111,832** | **56.4** | **104,835** | **58.4** |
| Industry | 42,505 | 20.4 | 39,351 | 19.9 | 40,153 | 22.4 |
| Commerce | 29,107 | 14.0 | 27,004 | 13.6 | 24,034 | 13.4 |
| Financial Intermediaries | 589 | 0.3 | 788 | 0.4 | 782 | 0.4 |
| Services | 44,101 | 21.1 | 42,104 | 21.2 | 37,180 | 20.7 |
| Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration | 2,715 | 1.3 | 2,585 | 1.3 | 2,686 | 1.5 |
| **Individuals** | **88,322** | **42.3** | **84,729** | **42.8** | **73,193** | **40.8** |
| **Total** | **208,588** | **100.0** | **198,107** | **100.0** | **179,377** | **100.0** |

(*) Concept defined by the Brazilian Central Bank.

**Changes in the Loan Portfolio***

Of the R$29.2 billion in growth in the credit portfolio over the last twelve months, new borrowers were responsible for R$25.1 billion, or 86.1% of the total. The new borrowers represent 12.1% of the current portfolio.

* Concept defined by the Brazilian Central Bank.

**Loan Financial Margin - Interest**

**Changes in the Loan Portfolio By Rating**

In the chart below, we show that both new borrowers, as well as remaining debtors from June 2009, presented a good level of credit quality (AA-C), demonstrating the adequacy and consistency of the credit policy, processes and credit ranking instruments used by Bradesco.

| Changes in Loan Portfolio by Rating between June 2009 and 2010 | | | | | | |
|---|---|---|---|---|---|---|
| Rating | Total Loans in June 2010 | | New Borrowers between June 2009 and June 2010 | | Remaining Borrowers in June 2009 | |
| | R$ million | % | R$ million | % | R$ million | % |
| AA - C | 191,354 | 91.8 | 23,636 | 94.0 | 167,718 | 91.5 |
| D | 4,267 | 2.0 | 373 | 1.5 | 3,894 | 2.1 |
| E - H | 12,967 | 6.2 | 1,135 | 4.5 | 11,832 | 6.4 |
| **Total** | **208,588** | **100.0** | **25,144** | **100.0** | **183,444** | **100.0** |

(*) Concept defined by the Brazilian Central Bank.

**Loan Portfolio* By Client Portfolio**

The table below presents a breakdown of the loan portfolio by client profile, with growth in the balance of the SMEs and Individuals portfolios in the last twelve months.

| Type of Client | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Large Corporate | 53,169 | 50,343 | 50,943 | 5.6 | 4.4 |
| SMEs | 67,097 | 63,034 | 55,240 | 6.4 | 21.5 |
| Individuals | 88,322 | 84,729 | 73,193 | 4.2 | 20.7 |
| **Total Loan Operations** | **208,588** | **198,107** | **179,377** | **5.3** | **16.3** |

(*) Concept defined by the Brazilian Central Bank.

It is worth noticing that the growth in the Large Corporate client portfolio has been impacted by the opportunity to raise funds on the capital market. In Bradesco alone, the balance of this type of operation went up by R$2.2 billion in the last twelve months, negatively impacting the growth of traditional loan operations for this Segment.

**Loan Portfolio* By Client Portfolio and Rating (%)**

The increase in the share of loans rated between AA C, both in the quarter and in the year, reflects the favorable economic outlook during the period and the quality growth of Bradesco s loan portfolio.

| Type of Client | By Rating | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Jun10 | | | Mar10 | | | Jun09 | | |
| | AA-C | D | E-H | AA-C | D | E-H | AA-C | D | E-H |
| Large Corporate | 97.2 | 1.5 | 1.3 | 97.1 | 1.2 | 1.6 | 97.4 | 1.2 | 1.4 |
| SMEs | 91.5 | 2.5 | 6.0 | 90.8 | 2.5 | 6.7 | 90.3 | 3.2 | 6.5 |
| Individuals | 88.6 | 2.1 | 9.3 | 88.3 | 2.1 | 9.6 | 87.9 | 2.4 | 9.8 |
| **Total** | **91.8** | **2.0** | **6.2** | **91.4** | **2.0** | **6.6** | **91.3** | **2.3** | **6.4** |

(*) Concept defined by the Brazilian Central Bank.

38

## Loan Financial Margin - Interest

### Loan Portfolio By Business Segment*

The table below shows the growth in Bradesco s loan portfolio by business segment. The growth in the assets of Prime and Middle Market segments stood out in the quarter, while the Prime and Retail/Postal segments stood out over the last twelve months.

The 66.7% growth in the group made up of "Bradesco Promotora de Vendas and Other" in the last twelve months includes Banco Ibi's operations, incorporate as of the last quarter of 2009. Excluding Banco Ibi, the variation would be equal to 27.5%.

| Business Segments | R$ million | | | | | | Variation % | |
|---|---|---|---|---|---|---|---|---|
| | Jun10 | % | Mar10 | % | Jun09 | % | Quarter | 12M |
| Retail / Postal | 67,781 | 32.5 | 63,594 | 32.1 | 55,378 | 30.9 | 6.6 | 22.4 |
| Corporate | 63,422 | 30.4 | 59,566 | 30.1 | 56,774 | 31.7 | 6.5 | 11.7 |
| Bradesco Financiamentos | 27,103 | 13.0 | 27,885 | 14.1 | 29,480 | 16.4 | (2.8) | (8.1) |
| Middle Market | 26,434 | 12.7 | 24,664 | 12.4 | 22,119 | 12.3 | 7.2 | 19.5 |
| Bradesco Promotora de Vendas and Other | 16,947 | 8.1 | 15,982 | 8.1 | 10,164 | 5.7 | 6.0 | 66.7 |
| Prime | 6,900 | 3.3 | 6,416 | 3.2 | 5,461 | 3.0 | 7.5 | 26.4 |
| **Total** | **208,588** | **100.0** | **198,107** | **100.0** | **179,377** | **100.0** | **5.3** | **16.3** |

(*) Concept defined by the Brazilian Central Bank.

### Loan Portfolio - By Currency

The balance of foreign currency-indexed and/or denominated loans and onlending operations (excluding ACCs) totaled US$9.5 billion in June 2010, which represented strong growth in terms of U.S. dollars of 45.7% in the last twelve months and 6.9% in the quarter (and in the terms of Brazilian Reais, 34.5% in the last twelve months and 8.2% in the quarter). In terms of Brazilian Reais, foreign currency operations totaled R$17.0 billion (R$15.7 billion in March 2010 and R$12.7 billion in June 2009).

In June 2010, total loan operations with domestic currency stood at R$191.6 billion (R$182.4 billion in March 2010 and R$166.7 billion in June 2009), a 14.9% increase in the last twelve months.

**Loan Portfolio - By Debtor**

In the end of the second quarter of 2010, the credit exposure levels of the largest debtors were less concentrated, contributing to improvement in the portfolio's quality, compared to the previous quarter.

## Loan Financial Margin - Interest

**Loan Portfolio By Flow of Maturities**

In June 2010, performing loan operations presented longer debt maturity profiles as a result of the focus on BNDES/Finame onlending and real-estate lending. It is worth noting that onlending and real estate loan operations present reduced risk, given their guarantees and characteristics.

## Loan Financial Margin - Interest

**Loan Portfolio Delinquency over 90 days**

The delinquency ratio for operations over 90 days declined in the second quarter of 2010, benefited by improved economic indicators in the period and the recovery in economic activity, which allowed for improvement in loan operations and in the portfolio's quality.

The graph below presents a slight decrease in delinquency for operations overdue from 61 to 90 days in comparison with both the previous year and quarter.

**Loan Financial Margin - Interest**

Analysis of delinquency by client type in the quarter shows that operations overdue from 61 to 90 days increased slightly for individuals and remained steady for Corporate clients.

## Loan Financial Margin - Interest

### PLL vs. Delinquency vs. Losses

The total volume of Allowance for Loan Losses (PLL) was R$15.8 billion and represents 7.6% of the total portfolio. The total allowance is composed of generic provisions (classification by client and/or operations), specific provisions (non-performing operations) and excess provisions (internal policies and criteria).

Improvement in the quality of the loan portfolio as a whole resulted in lower requirements for PLL in the same period.

It is important to highlight the adequacy of provisioning criteria adopted, which can be proven by analyzing the historical data on recorded allowances for loan losses and the effective losses in the subsequent twelvemonth period. For instance, in June 2009, for an existing provision of 7.7% of the portfolio, the effective loss in the subsequent twelve months was 5.1%, which means the existing provision covered the loss by a 50% margin, as shown by the graph below.

**Loan Financial Margin - Interest**

Analysis in terms of net recovery of losses shows a significant increase in the coverage margin. For instance, in June 2009, for an existing provision of 7.7% of the portfolio, the effective net loss in the subsequent twelve months was 3.9%, meaning the existing provision covered the loss by an excess margin of nearly 100%.

## Loan Financial Margin - Interest

### Allowance for Loan Losses

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

Delinquency of over 60 days (non-performing loans) presented the same tendency to decrease as delinquency of more than 90 days. Moreover, additional comfort stemmed from higher Operating Coverage Ratios in June 2010, both for Non-Performing Loans (155.8%) and delinquency over 90 days (188.5%).

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

## Loan Financial Margin - Interest

**Loan Portfolio Portfolio Indicators**

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

| | | | R$ million (except %) |
|---|---|---|---|
| | **Jun10** | **Mar10** | **Jun09** |
| Total Loan Operations | 208,588 | 198,107 | 179,377 |
| - Individuals | 88,322 | 84,729 | 73,193 |
| - Corporate | 120,266 | 113,378 | 106,184 |
| Existing Provision | 15,782 | 15,836 | 13,871 |
| - Specific | 7,885 | 8,230 | 7,480 |
| - Generic | 4,889 | 4,601 | 3,399 |
| - Excess | 3,008 | 3,005 | 2,992 |
| Specific Provision / Existing Provision (%) | 50.0 | 52.0 | 53.9 |
| Existing Provision / Loan Operations (%) | 7.6 | 8.0 | 7.7 |
| AA - C Rated Loan Operations / Loan Operations (%) | 91.8 | 91.4 | 91.3 |
| D Rated Operations under Risk Management / Loan Operations (%) | 2.0 | 2.0 | 2.3 |
| E - H Rated Loan Operations / Loan Operations (%) | 6.2 | 6.6 | 6.4 |
| D Rated Loan Operations | 4,267 | 3,961 | 4,078 |
| Existing Provision for D Rated Operations | 1,101 | 1,046 | 1,091 |
| D Rated Provision / Loan Operations (%) | 25.8 | 26.4 | 26.7 |
| D - H Rated Non-Performing Loans | 11,350 | 11,651 | 11,355 |
| Existing Provision/D - H Rated Non-Performing Loans (%) | 139.0 | 135.9 | 122.2 |
| E - H Rated Loan Operations | 12,967 | 13,161 | 11,504 |
| Existing Provision for E - H Rated Loan Operations | 11,412 | 11,622 | 9,868 |
| E - H Rated Provison / Loan Operations (%) | 88.0 | 88.3 | 85.8 |
| E - H Rated Non-Performing Loans | 9,397 | 9,742 | 9,182 |
| Existing Provision/E - H Rated Non-Performing Loan (%) | 167.9 | 162.6 | 151.1 |
| Non-Performing Loans (*) | 10,132 | 10,465 | 10,055 |
| Non-Performing Loans (*) / Loan Operations (%) | 4.9 | 5.3 | 5.6 |
| Existing Provision / Non-Performing Loans (*) (%) | 155.8 | 151.3 | 137.9 |
| Loan Operations Overdue for Over 90 days | 8,371 | 8,760 | 8,205 |
| Existing Provision / Operations Overdue for Over 90 days (%) | 188.5 | 180.8 | 169.1 |

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

The table above shows a general improvement of the loan portfolio performance indicators, especially among loans rated between "AA C, which accounted for 91.8% of the loan portfolio as of June 2010, and delinquency indicators, mainly those of Non Performing Loans, which decreased by 0.7 p.p. in the six-month comparison, now corresponding to 4.9% of the loan portfolio. Non-performing loan operations and these classified between D H decreased by 2.6% in the quarter, despite the 5.3% increase of the loan portfolio in the period. The performance of these indicators is a result of improvements in delinquency considering Brazil's improved economic conditions.

## Funding Financial Margin - Interest

### Funding Financial Margin - Breakdown

| | | | | | | R$ million |
|---|---|---|---|---|---|---|
| | Financial Margin - Funding | | | | | |
| | | | | | Variation | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Half-year | Quarter |
| Interest - due to volume | | | | | 98 | 22 |
| Interest - due to spread | | | | | (213) | 59 |
| **Interest Financial Margin** | **1,267** | **1,382** | **674** | **593** | **(115)** | **81** |

Comparing the second quarter of 2010 with the previous one, there was an increase of 13.7% or R$81 million in the interest funding financial margin. This growth was due to increased operation volume, which contributed to a R$22 million increase and also from spread gains equal to R$59 million, resulting from increases in the basic Selic interest rate by the Brazilian Central Bank

In the first half of 2010, the interest funding financial margin was R$1,267 million, compared to R$1,382 million in the same period in 2009, an 8.3% or R$115 million decrease. The decrease was due to a reduction in the average spread of R$213 million, resulting from lower market interest rates (Selic), partially offset by the increase in the average business volume that contributed with R$98 million from the recovery of the economic activity.

## Funding Financial Margin - Interest

### Loans vs. Funding

To analyze Loan Operations in relation to Funding, it is first necessary to deduct, from total client funding, the amount committed to compulsory deposits at the Central bank and the amount of available funds held at units in the customer service network, then to add the funds from domestic and offshore ones that provide the institution's funding to meet loan and financing needs.

Bradesco presents low reliance on interbank deposits and foreign credit lines, given its effective capacity to obtain funding from customers. This is the result of the outstanding position of its service network, extensive diversity in products offered and market confidence in the Bradesco brand. The use of funds presents a comfortable margin, proving that Bradesco is capable of supplying, mainly through raising funds with clients, the need for resources required by loan operations.

| Funding x Investments | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Demand Deposits + Investment Account | 33,842 | 32,585 | 28,378 | 3.9 | 19.3 |
| Sundry Floating | 3,139 | 3,715 | 2,743 | (15.5) | 14.4 |
| Savings Deposits | 47,332 | 45,195 | 38,503 | 4.7 | 22.9 |
| Time Deposits + Debentures (1) | 138,480 | 134,122 | 129,357 | 3.2 | 7.1 |
| Other | 12,116 | 10,851 | 8,725 | 11.7 | 38.9 |
| **Clients Funds** | **234,909** | **226,468** | **207,706** | **3.7** | **13.1** |
| (-) Compulsory Deposits / Funds Available (2) | (50,140) | (43,462) | (36,344) | 15.4 | 38.0 |
| **Clients Funds Net of Compulsory Deposits** | **184,769** | **183,006** | **171,362** | **1.0** | **7.8** |
| Onlending | 24,703 | 20,646 | 17,421 | 19.7 | 41.8 |
| Foreign Credit Lines | 14,783 | 14,272 | 12,324 | 3.6 | 20.0 |
| Funding Abroad | 14,802 | 15,383 | 14,987 | (3.8) | (1.2) |
| **Total Funding (A)** | **239,057** | **233,307** | **216,094** | **2.5** | **10.6** |
| Loan Portfolio/Leasing/Cards (Other Loans)/Acquired CDI (B) (3) | 209,045 | 199,449 | 183,511 | 4.8 | 13.9 |
| **B/A (%)** | **87.4** | **85.5** | **84.9** | **2.0 p.p.** | **2.5 p.p.** |

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

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

(3) Comprises amounts relative to card operations (payment in full and financing for merchants) and amounts related to interbank deposit certificates (CDI) to debate from the compulsory amount.

## Funding Financial Margin - Interest

### Main Funding Sources

The following table presents changes in main funding sources:

| | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Demand Deposits + Investment Account | 33,842 | 32,585 | 28,378 | 3.9 | 19.3 |
| Savings Deposits | 47,332 | 45,195 | 38,503 | 4.7 | 22.9 |
| Time Deposits | 96,824 | 92,577 | 100,142 | 4.6 | (3.3) |
| Debentures (*) | 40,915 | 40,790 | 28,473 | 0.3 | 43.7 |
| Borrow ing and Onlending | 35,033 | 30,208 | 29,081 | 16.0 | 20.5 |
| Funds from Issuance of Securities | 12,729 | 8,550 | 7,694 | 48.9 | 65.4 |
| Subordinated Debts | 23,385 | 23,541 | 20,406 | (0.7) | 14.6 |
| **Total** | **290,059** | **273,445** | **252,676** | **6.1** | **14.8** |

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

### Demand Deposits and Investment Account

The 3.9% or R$1,257 million growth in the second quarter of 2010 compared to the previous quarter, and the 19.3% increase (or R$5,464 million) year-on-year, are mainly due to the growth in funds from the recovery of economic activity, which in turn led to improved funding conditions.

### Savings Deposits

The variation in the quarter is basically due to the higher inflows and the remuneration of deposits (TR + 0.5% p.m.), which reached 1.6% in the second quarter of 2010, representing growth of 4.7%. We believe that savings accounts will remain a good investment alternative, for being safer for investors and a large funding source for housing financing, thus, enabling the continued increase in deposits.

Comparing the first half of 2010 with the same half in the previous year, the 22.9% growth in deposits is mainly due to (i) higher available income, resulting from social mobility; (ii) the result of increased funding that exceeded withdrawals; (iii) the remuneration of balances (TR + 0.5% p.m.), reaching 6.6% in the period; and (iv) the attractive features of the product.

At the end of the first half of 2010, the balance of Bradesco s Savings Accounts represented 17.8% of the Brazilian Savings and Loan System (SBPE).

50

## Funding Financial Margin - Interest

### Time Deposits

In the second quarter of 2010, time deposits grew by 4.6% (or R$4,247 million) over the previous quarter.

The decrease in comparison with the first half of 2009 is due to the migration to other funding sources (i.e. Debentures and Financial Bills) that have lower funding costs.

### Debentures

On June 30, 2010, the balance of Bradesco s debentures was R$40,915 million.

Despite the stable behavior compared to the previous quarter, note that the continuous growth in funding as of the first half of 2009 was mainly impacted by the placement of the securities, which are used to back purchase and sale commitments, which in turn are impacted by steady levels of economic activity.

### Borrowings and Onlending

The 16.0%, or R$4,825 million, increase in the quarter is mainly due to the following: (i) the R$4,021 million increase in the volume of funds from borrowings and onlending in the country, especially through Finame operations; and (ii) the positive variation of the foreign exchange rate by 1.2%, which impacted borrowings and onlendings denominated and/or indexed in foreign currency, the balance of which was R$9,077 million in March 2010 and R$9,881 million in June 2010.

The increase of 20.5%, or R$5,952 million, in the first half of 2010, when compared to the same period last year, was due to: (i) the R$7,152 million increase in the volume of funding by borrowings and onlending in the country, mainly through Finame and BNDES operations, the balance of which was R$18,000 million in June 2009 and R$25,152 million in June 2010; (ii) the negative variation of the foreign exchange rate by 7.7% which directly impacted borrowings and onlendings denominated and/or indexed in foreign currency, the balance of which was R$11,081 million in June 2009 and R$9,881 million in June 2010.

## Funding Financial Margin - Interest

### Funds from Security Issuances

The 48.9%, or R$4,179 million increase in the quarter is mainly due to the following: (i) new issues of Financial Bills to the market as of April 2010, enabling nearly R$3.4 billion in funding; and (ii) a positive exchange rate variation of 1.2%.

In the first half of 2010 there was a 65.4%, or R$5,035 million growth in comparison with the same period last year, mainly resulting from: (i) new issues of Financial Bills to the market in the second quarter of 2010; (ii) the increased number of securities issued abroad, amounting to R$1.6 billion; which was partially offset by: (iii) the 7.7% negative foreign exchange rate variation, which impacted the portfolio s securities.

### Subordinated Debt

In June 2010, Bradesco s Subordinated Debt totaled R$23,385 million (R$3,284 million abroad and R$20,101 million in Brazil). In the twelvemonth period, Bradesco issued R$2,429 million in Subordinated Debt (R$1,078 million in Brazil and R$1,351 million abroad), R$2,284 million of which is eligible for Level II of the Capital Adequacy Ratio (Basel II) with maturity in 2015 and 2019, respectively. The perpetual subordinated debt in the amount of US$300 million issued in June 2005 was called in advance in June 2010 and is no longer part of Reference Shareholders Equity Tier II.

Note that only R$8,608 million of total subordinated debt is used for calculating the Capital Adequacy Ratio (Basel II), given the maturity of each subordinated debt operation.

## Securities/Other Financial Margin - Interest

### Securities/Other Financial Margin - Breakdown

| | | | | | | R$ million |
|---|---|---|---|---|---|---|
| | Financial Margin - Securities / Other | | | | | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation | |
| | | | | | Half-year | Quarter |
| Interest - due to volume | | | | | 111 | 4 |
| Interest - due to spread | | | | | (108) | 192 |
| Interest Financial Margin | 1,074 | 1,071 | 635 | 439 | 3 | 196 |
| Revenues | 8,292 | 7,173 | 4,542 | 3,750 | 1,119 | 792 |
| Expenses | (7,218) | (6,102) | (3,907) | (3,311) | (1,116) | (596) |

In relation to the previous quarter, the interest financial margin from Securities/Other increased by R$196 million or 44.6% in the second quarter of 2010, mainly due to the average spread variation of R$192 million, mainly due to an increase in the interest rate (Selic).

Financial margin with Securities/Other in the first half of 2010 was R$1,074 million, a 0.3% or R$3 million increase, result of a R$111 million increase in average volume, partially offset by a reduced average spread that impacted the result in R$108 million, from the reduction in the interest rate in the period.

## Insurance Financial Margin - Interest

### Interest Financial Margin - Breakdown

| | | | | | | R$ million |
|---|---|---|---|---|---|---|
| | Financial Margin - Insurances | | | | | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation | |
| | | | | | Half-year | Quarter |
| Interest - due to volume | | | | | 183 | 16 |
| Interest - due to spread | | | | | (27) | (163) |
| Interest Financial Margin | 1,341 | 1,185 | 597 | 744 | 156 | (147) |
| Revenues | 3,891 | 3,896 | 1,615 | 2,276 | (5) | (661) |
| Expenses | (2,550) | (2,711) | (1,018) | (1,532) | 161 | 514 |

The interest financial margin of insurance operations decreased by R$147 million, or 19.8%, in relation to the first quarter of 2010, impacted by a R$163 million decrease in average spread, reflex of the volatility in the stock market during the second quarter of 2010, when the Ibovespa index dropped by 13.4%, negatively impacting the profitability of equity and multimarket funds. This effect was partially offset by the R$16 million increase in the volume of operations.

When compared to the same period in 2009, interest financial margin from insurance operations grew 13.2%, or R$156 million, in the first half of 2010. This performance was due to the increase in the average volume of business of R$183 million, offset by a decrease in the average spread of R$27 million.

## Financial Margin Non-Interest

**Financial Margin Non-Interest - Breakdown**

| | | | | | | R$ million |
|---|---|---|---|---|---|---|
| | Non-Interest Financial Margin | | | | | |
| | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation | |
| | | | | | Half-year | Quarter |
| Loans | - | (72) | - | - | 72 | - |
| Funding | (127) | (120) | (64) | (63) | (7) | (1) |
| Insurance | 144 | 243 | 75 | 69 | (99) | 6 |
| Securities/Other | 650 | 1,431 | 373 | 277 | (781) | 96 |
| **Total** | **667** | **1,482** | **384** | **283** | **(815)** | **101** |

In the second quarter of 2010, "non-interest financial margin result came to R$384 million versus the R$283 million posted in the first quarter of 2010. In the first half of 2010, the margin reached R$667 million. Variations in non-interest financial margin were due chiefly to:

- Loans, represented by commissions from the placement of financing and loans. Expenses were reduced due to accounting policy changes from the second quarter of 2008. Financing commissions were incorporated into the balances of financing/leasing operations;
- Funding, represented by expenses with the Credit Guarantee Fund (*Fundo Garantidor de Crédito* FGC). The increase between the periods compared was mainly due to an expanded client base;
- Insurance," represented by gains from equity investments. Variations between the periods are associated with market conditions, which provided better/worse opportunities for realizing gains; and
- Securities/Other, the R$96 million increase in the second quarter of 2010 when compared to the previous quarter, resulted from higher treasury/securities gains. When compared to the first half of 2009, the R$781 million decrease in the first half of 2010 corresponds to the resumption of normality in domestic/foreign markets that provided exceptional gains in the first half of 2009.

## Insurance, Private Pensions and Savings Bonds

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

### Consolidated Balance Sheet

| | | | R$ million |
|---|---|---|---|
| | **Jun10** | **Mar10** | **Jun09** |
| **Assets** | | | |
| **Current and Long-Term Assets** | **94,487** | **92,552** | **82,407** |
| Securities | 88,515 | 86,928 | 76,451 |
| Insurance Premiums Receivable | 1,423 | 1,337 | 1,413 |
| Other Loans | 4,549 | 4,287 | 4,543 |
| **Permanent Assets** | **2,145** | **2,116** | **1,541** |
| **Total** | **96,632** | **94,668** | **83,948** |
| **Liabilities** | | | |
| **Current and Long-Term Liabilities** | **85,393** | **83,494** | **73,737** |
| Tax, Civil and Labor Contingencies | 1,631 | 1,590 | 1,985 |
| Payables on Insurance, Private Pension Plan and Savings Bond Operations | 321 | 296 | 288 |
| Other Liabilities | 4,133 | 3,923 | 2,636 |
| Insurance Technical Provisions | 7,016 | 6,972 | 6,510 |
| Technical Provisions for Life and Private Pension Plans | 68,975 | 67,572 | 59,533 |
| Technical Provisions for Savings Bonds | 3,317 | 3,141 | 2,785 |
| **Minority Interest** | **489** | **613** | **151** |
| **Shareholders' Equity** | **10,750** | **10,561** | **10,060** |
| **Total** | **96,632** | **94,668** | **83,948** |

### Consolidated Statement of Income

| | | | | R$ million |
|---|---|---|---|---|
| | **1H10** | **1H09** | **2Q10** | **1Q10** |
| Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds | 14,359 | 11,608 | 7,163 | 7,196 |
| Premiums Earned from Insurance, Private Pension Plan Contribution and Savings Bonds | 7,685 | 6,366 | 4,013 | 3,672 |
| Interest Income of the Operation | 1,445 | 1,388 | 654 | 791 |
| Sundry Operating Revenues | 487 | 421 | 226 | 261 |
| Retained Claims | (4,591) | (3,920) | (2,324) | (2,267) |
| Savings Bonds Draw ing and Redemptions | (970) | (776) | (519) | (451) |

| | | | | |
|---|---|---|---|---|
| Selling Expenses | (755) | (604) | (383) | (372) |
| General and Administrative Expenses | (841) | (638) | (439) | (402) |
| Other (Operating Income/Expenses) | (35) | (110) | (18) | (17) |
| Tax Expenses | (176) | (142) | (91) | (85) |
| **Operating Income** | **2,249** | **1,985** | **1,119** | **1,130** |
| Equity Result | 105 | 83 | 50 | 55 |
| Non-Operating Income | (16) | (12) | (9) | (7) |
| Taxes and Contributions and Minority Interest | (934) | (768) | (459) | (475) |
| **Net Income** | **1,404** | **1,288** | **701** | **703** |

(*) Not considering the effect of RN 206/09 (ANS) in the total of R$372 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

## Insurance, Private Pensions and Savings Bonds

### Income Distribution of Grupo Bradesco de Seguros e Previdência

| | | | | | | | | R$ million |
|---|---|---|---|---|---|---|---|---|
| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
| Life and Private Pension Plans | 443 | 409 | 394 | 347 | 366 | 357 | 383 | 392 |
| Health | 122 | 148 | 129 | 89 | 107 | 137 | 113 | 115 |
| Savings Bonds | 57 | 65 | 44 | 65 | 58 | 50 | 55 | 64 |
| Basic Lines and Other | 79 | 81 | 35 | 106 | 107 | 106 | (1) | 58 |
| **Total** | **701** | **703** | **602** | **607** | **638** | **650** | **550** | **629** |

### Performance Ratios

| | | | | | | | | % |
|---|---|---|---|---|---|---|---|---|
| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
| Claims Ratio (1) | 71.8 | 73.3 | 74.3 | 77.2 | 73.3 | 73.7 | 78.0 | 72.4 |
| Selling Ratio (2) | 10.2 | 10.6 | 9.6 | 9.9 | 9.9 | 9.5 | 10.1 | 10.3 |
| Administrative Expenses Ratio (3) | 6.1 | 5.6 | 4.6 | 5.4 | 5.4 | 5.6 | 6.0 | 5.9 |
| Combined Ratio (*) (4) | 84.7 | 85.2 | 85.3 | 88.9 | 85.5 | 86.2 | 89.7 | 84.4 |

(*) Excludes additional provisions.

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Premiums Written; and

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

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

(*) Not considering the effect of RN 206/09 (ANS) in the total of R$372 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

In the second quarter of 2010, premiums written, pension plan contributions and savings bond income increased by 17.5% on the same quarter of the previous year.

According to Susep and ANS, in the insurance, private pension plan and savings bond segment, Bradesco Seguros e Previdência earned R$11.9 billion up to May 2010, maintaining its position as leader of the ranking with a market share of 24.6%. In the same period, the insurance industry as a whole earned R$48.2 billion.

## Insurance, Private Pensions and Savings Bonds

### Retained Claims by Insurance Line

Note: for comparison purposes, we have excluded Technical Provision complements on benefits to be granted - Remission, from the selling ratio calculation (Premiums earned), amounting to R$149 million (health insurance).

### Insurance Selling Expenses by Insurance Line

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

### Efficiency Ratio

General and Administrative Expenses / Revenue

## Insurance, Private Pensions and Savings Bonds

### Insurance Technical Provisions

Insurance Group s technical provisions represented 31.4% of the insurance industry in May 2010, according to Susep and the National Supplementary Health Agency (ANS).

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

Note: 2: According to Susep Circular Letter 379/08, as of January 2009, technical provisions fo r reinsurance were recorded under assets.

## Bradesco Vida e Previdência

| | R$ million (except when indicated otherwise) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
| Net Income | 443 | 409 | 394 | 347 | 366 | 357 | 383 | 392 |
| Income from Premiums and Contribution Revenue* | 3,690 | 3,910 | 4,933 | 3,697 | 3,304 | 2,822 | 3,517 | 3,117 |
| - Income from Private Pension Plans and VGBL | 3,052 | 3,291 | 4,295 | 3,100 | 2,758 | 2,294 | 2,964 | 2,599 |
| - Income from Life/Accidents Insurance Premiums | 638 | 619 | 638 | 597 | 546 | 528 | 553 | 518 |
| Technical Provisions | 68,975 | 67,572 | 65,692 | 61,918 | 59,533 | 57,384 | 56,052 | 54,530 |
| Investment Portfolio | 72,507 | 70,920 | 68,780 | 64,646 | 61,736 | 59,063 | 57,357 | 56,564 |
| Claims Ratio | 44.7 | 45.1 | 50.9 | 48.1 | 43.9 | 43.7 | 48.4 | 48.4 |
| Selling Ratio | 17.5 | 18.8 | 14.4 | 16.5 | 17.1 | 14.9 | 17.5 | 16.9 |
| Combined Ratio | 71.5 | 73.9 | 70.6 | 74.4 | 69.4 | 68.6 | 71.9 | 69.9 |
| Participants / Policyholders (in thousands) | 21,109 | 21,326 | 21,389 | 21,206 | 20,231 | 19,838 | 18,918 | 18,553 |
| Premiums and Contributions Revenue Market Share (%)** | 31.9 | 32.7 | 31.1 | 31.1 | 30.4 | 34.2 | 34.5 | 35.3 |
| Life/AP Market Share - Insurance Premiums (%)** | 16.7 | 16.8 | 16.8 | 16.3 | 16.0 | 16.6 | 16.8 | 16.6 |

* Life/VGBL/Traditional.

** Considers data as of May 2010 in the second quarter of 2010.

Due to its solid structure, its policy of offering innovative products and consumer reliance, Bradesco Vida e Previdência maintained its leadership, holding a market share of 31.9% in terms of income from pension plans and VGBL.

Bradesco Vida e Previdência is also a leader in VGBL plans, with 33.4% market share, and in Private Pension Plans, with 26.5% (source: Fenaprevi data as of May 2010).

Net income in the second quarter of 2010 surpassed that of the previous quarter by 8.3%, mainly due to decreased claims, selling and administrative efficiency ratios in the life segment, which resulted in a reduced combined ratio, from 73.9 in the first quarter of 2010 to 71.5 in the second quarter of 2010, and also to the excellent performance of pension plan products that contributed immensely to growth in results.

The 17.8% growth between the result in the first half of 2010 and the same period last year is mainly due to: (i) the 24.1% increase in sales, mainly those of pension plans and VGBL, which accounted for 25.6% of overall growth; (ii) a slight decrease in claims ratio; and (iii) continuation of administrative efficiency ratio at 2009 levels, despite the collective bargaining agreement of January 2010.

## Bradesco Vida e Previdência

The technical provisions of Bradesco Vida e Previdência in June 2010 totaled R$69.0 billion, of which R$66.3 billion came from private pension and VGBL and R$2.7 billion from life, personal accident and other lines, an increase of 15.9% in relation to June 2009.

The Pension Plan and VGBL Investment portfolio totaled R$69.3 billion in May 2010, corresponding to a 35.5% market share (Source: Fenaprevi).

**Evolution of Participants and Life and Personal Accident Policyholders**

In June 2010, the number of Bradesco Vida e Previdência clients grew by 4.3%, compared to June 2009, to nearly two million private pension and VGBL plan participants and 19 million personal accident and life insurance policyholders. This strong growth was fueled by the strength of the Bradesco Brand and adequate product selling and management policies.

## Bradesco Saúde Consolidated

| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 122 | 148 | 129 | 89 | 107 | 137 | 113 | 115 |
| Net Premiums Written (R$ million)* | 1,845 | 1,705 | 1,622 | 1,573 | 1,484 | 1,419 | 1,410 | 1,389 |
| Technical Provisions (R$ million) | 3,453 | 3,405 | 3,555 | 3,479 | 3,447 | 3,429 | 3,416 | 3,385 |
| Claims Ratio | 80.6 | 83.0 | 85.7 | 89.2 | 86.0 | 83.6 | 89.4 | 82.9 |
| Selling Ratio | 4.6 | 4.5 | 4.1 | 3.9 | 4.0 | 3.8 | 3.7 | 3.5 |
| Combined Ratio | 96.2 | 96.8 | 96.8 | 99.4 | 98.2 | 94.5 | 99.5 | 95.7 |
| Policyholders (in thousands) | 7,236 | 7,075 | 4,310 | 4,193 | 4,063 | 3,929 | 3,826 | 3,696 |
| Written Premiums Market Share (%)** | 49.0 | 49.4 | 48.7 | 48.1 | 47.4 | 46.9 | 44.6 | 44.0 |

* Not considering the effect of RN 206/09 (ANS) in the total of R$372 million (health), which, as of January 2010, excluded PPNG (SES) and the accounting of premiums Pro-rata temporis. This accounting change did not affect Earned Premiums.

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

** Considers data as of May 2010 in the second quarter of 2010.

Despite the 8.2% growth in sales in the second quarter of 2010 and the continuation of the combined ratio at prior quarter levels, net income decreased by 17.6% in relation to the first quarter of 2010, resulting from (i) lower financial results and (ii) greater civil contingency provisions recorded in the second quarter of the year.

Net income in the first half of 2010 increased by 10.7% vis-a-vis the same period last year, chiefly due to: (i) 22.3% increase in sales; (ii) 3.2 percentage point drop in retained claims; (iii) an improved financial result; partially offset by: (iv) the constitution of a provision for benefits to be granted remission individual segment in the first quarter of 2010; and (v) increased personnel expenses due to the collective bargaining agreement of January 2010.

In June 2010, Bradesco Saúde maintained its strong market position in the corporate segment (source: ANS). Brazilian companies are increasingly convinced that health insurance is the best alternative to meeting their medical and hospital needs.

Approximately 42 thousand companies in Brazil have Bradesco Saúde Insurance. Of the 100 largest companies in Brazil, in terms of revenue, 41 are Bradesco Saúde and Bradesco Dental clients. Taking Mediservice into account, this figure increases to 46 (source: Exame Magazine "Melhores e Maiores" ranking, July 2009).

**Number of Bradesco Saúde Policyholders - Consolidated**

Bradesco Saúde Consolidated has over 7.2 million clients. The high share of corporate policies in the overall portfolio (95.0% as of June 2010) shows the Company s high level of specialization and customization in the corporate segment, the greatest competitive advantage in today s supplementary health insurance market.

Mediservice S.A. became a part of Grupo Bradesco de Seguros e Previdência with a portfolio of over 260 thousand clients, with healthcare and dental plans for corporate clients conducted on a post-payment basis.

61

## Bradesco Capitalização

| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 57 | 65 | 44 | 65 | 58 | 50 | 55 | 64 |
| Revenues from Savings Bonds (R$ million) | 594 | 526 | 575 | 520 | 483 | 413 | 477 | 443 |
| Technical Provisions (R$ million) | 3,317 | 3,141 | 3,024 | 2,865 | 2,785 | 2,740 | 2,706 | 2,668 |
| Clients (in thousands) | 2,583 | 2,553 | 2,531 | 2,507 | 2,525 | 2,543 | 2,546 | 2,492 |
| Market Share from Premiums and Contributions Revenues (%)* | 19.5 | 20.9 | 19.7 | 19.4 | 19.0 | 18.3 | 18.9 | 19.0 |

* Considers data as of May 2010 in the second quarter of 2010.

In the second quarter of 2010, Bradesco Capitalização recorded 12.9% growth in its sales, while administrative expenses remained stable in relation to the first quarter of 2010. Net income for the last quarter was below the previous quarter s, mainly due to the following: (i) a greater amount of securities drawn; (ii) increased technical provisions to meet increases in revenue from savings bonds, mainly for single payment products; and (iii) financial income, which remained at the same level as the previous quarter.

Net income in the first half of 2010 increased by 13.0% in comparison with the same period last year, due chiefly to: (i) 25.0% growth in revenue; (ii) an improved financial income in 2010, combined with expenses with technical provisions to meet increased sales, mainly from single payment products; and (iii) the results of the January 2010 collective bargaining agreement.

## Bradesco Capitalização

Bradesco Capitalização ended the second quarter of 2010 in an excellent position in the savings bond industry, due to its policy of transparency, marked by the offer of adequate products based on potential consumer demand.

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

Among them we can highlight the performance of social and environmental products, from which part of the amount collected is transferred to social responsibility products, while also enabling the client to build a financial reserve. Bradesco Capitalização currently has partnerships with the following social and environmental institutions: Fundação SOS Mata Atlântica, which contributes to the development of reforestation projects; Instituto Ayrton Senna, which is set apart by transferring a percentage of the amount collected to social projects; the Brazilian Cancer Control Institute, which contributes to the development of projects for the prevention, early diagnosis and treatment of cancer in Brazil; and, finally, Fundação Amazonas Sustentável, through which part of the amount collected is used to develop environmental preservation and sustainable development programs and projects

The portfolio is made up of 16.3 million active bonds. Of this total, 33.1% are represented by Traditional Bonds sold in the Branch Network and *Bradesco Dia&Noite* channels, posting 5.7% growth in June 2009. The remaining 66.9% of the portfolio is represented by Incentive bonds (loan assignments from drawings), such as: partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE. Given that the objective of this type of savings plan is to add value to the partner company's product, or even to foster the compliance of its clients, maturity and grace periods are reduced and have low unitary sale value.

Bradesco Capitalização S.A. maintains a quality management system and holds the latest version of the NBR ISO 9001:2008 certification for the Management of Bradesco Savings Bonds. This certification, granted by Fundação Vanzolini, attests to the quality of its internal processes and confirms the principle that underpins Bradesco Savings Bonds: good products, services and continuous growth.

## Bradesco Auto/RE

| | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 |
|---|---|---|---|---|---|---|---|---|
| Net Income (R$ million) | 27 | 22 | 43 | 33 | 40 | 32 | (11) | 35 |
| Net Premiums Written (R$ million) | 952 | 935 | 855 | 812 | 754 | 718 | 739 | 791 |
| Technical Provisions (R$ million) | 3,456 | 3,402 | 3,162 | 2,998 | 2,940 | 3,000 | 2,315 | 2,203 |
| Claims Ratio | 69.9 | 70.7 | 70.2 | 72.3 | 65.3 | 72.7 | 75.7 | 68.7 |
| Selling Ratio | 17.6 | 17.7 | 16.6 | 17.5 | 16.9 | 17.3 | 17.5 | 18.8 |
| Combined Ratio | 105.3 | 104.3 | 107.8 | 106.4 | 99.9 | 106.2 | 111.6 | 104.6 |
| Policyholders (in thousands) | 2,980 | 2,814 | 2,592 | 2,433 | 2,359 | 2,280 | 2,192 | 2,117 |
| Market Share from Premiums and Contributions Revenues (%)* | 11.8 | 12.1 | 10.4 | 10.2 | 10.1 | 10.1 | 10.5 | 10.7 |

* Considers data as of May 2010 in the second quarter of 2010.

Insurance premiums in the Auto/RE line held a market share of 11.8% (market data as of May 2010).

Net income in the second quarter of 2010 increased by 22.7% in relation to the previous quarter, mainly due to: (i) increased revenue; (ii) a reduction in retained claims; and (iii) the continuation of administrative and selling efficiency ratios at the same level as the previous quarter.

Despite impressive growth of 28.2% in the first half of 2010 in comparison with the same period in 2009, which surpassed the 11% market growth recorded up to May 2010, net income decreased by R$23 million, due to the following: (i) the December 2009 capital reduction, amounting to R$1 billion, which impacted financial result; and (ii) increased administrative expenses resulting from the January 2010 collective bargaining agreement.

Grupo Bradesco Seguros e Previdência maintained its leadership position among major insurers of Brazil s Basic Lines Insurance market, with market share of 6.6%, in terms of revenue, as of May 2010.

In segments related to Property Insurance, Bradesco Auto/RE has been renewing the insurance programs of its major clients through partnerships with brokers specialized in the segment and fostering a closer relationship with Bradesco Corporate and Bradesco Empresas.

The excellent performance of the oil industry and the upturn in the construction industry have also contributed to the growth of Bradesco Auto/RE in this segment.

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

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

Despite strong competition in the Auto/RFC line, the insurance company has increased its client base. This is mainly due to the improvement of current products and the creation of new products targeting specific publics. These include Bradesco Seguro Exclusivo Cliente Bradesco, which is exclusively for Banco Bradesco accountholders and *Auto Mulher*, car insurance targeted at women.

Grupo Bradesco de Seguros e Previdência held a market share in the Auto/RCF market of 15.5% as of May 2010 (Source: Susep).

## Bradesco Auto/RE

**Number of Auto/RE Line Policyholders**

In the mass insurance segment of Basic Lines, where products target individuals, self-employed professionals and SMEs, the launch of new products and the continuous improvement of methods and systems have contributed to client base expansion. This increase can be observed mainly in residential insurance, such as Bradesco Seguro Residencial and Bradesco Seguro Auto + Residencial. The new product Bradesco Seguro Residencial Preferencial, which targets preferred clients of Banco Bradesco, also stood out.

## Fee and Commission Income

A breakdown and variation in fee and commission income for the respective periods is presented below:

| Fee and Commission Income | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation | |
|---|---|---|---|---|---|---|
| | | | | | R$ million | |
| | | | | | Half-year | Quarter |
| Card Income | 1,965 | 1,685 | 993 | 972 | 280 | 21 |
| Checking Account | 1,119 | 1,038 | 577 | 542 | 81 | 35 |
| Fund Management | 870 | 751 | 441 | 429 | 119 | 12 |
| Loan Operations | 829 | 728 | 439 | 390 | 101 | 49 |
| Collection | 522 | 483 | 265 | 257 | 39 | 8 |
| Custody and Brokerage Services | 229 | 190 | 115 | 114 | 39 | 1 |
| Consortium Management | 202 | 165 | 105 | 97 | 37 | 7 |
| Payment | 139 | 126 | 70 | 69 | 13 | 1 |
| Underw riting | 115 | 189 | 40 | 75 | (74) | (35) |
| Other | 387 | 279 | 208 | 179 | 108 | 29 |
| **Total** | **6,377** | **5,634** | **3,253** | **3,124** | **743** | **129** |

Explanations of the main items that influenced the variation in fee and commission income between periods follow.

66

## Fee and Commission Income

### Card Income

In the second quarter of 2010, the R$21 million increase in card income on the previous quarter was mainly due to the increased number of transactions, from 215,747 thousand to 230,417 thousand.

In the first half of 2010, Card Fee Income was R$1,965 million, up 16.6% or R$280 million in comparison with the previous year. This performance results mainly from the increase in purchases and services income, and from a 59.7% increase in the cards base, from 86,335 thousand in June 2009 to 137,835 thousand in June 2010, driven by organic growth and the Banco IBI merger. Service income for 2010 includes the partial divestment in the acquirer Cielo, in July 2009, from 39.3% to 26.6%.

In the first half of 2010, credit card revenue grew by 42.8% in relation to the same period last year, reaching R$34,766 million, and the number of transactions grew by 37.7% on the same period, from 324,128 thousand to 446,164 thousand.

## Fee and Commission Income

### Checking Account

In the second quarter of 2010, checking account service revenue increased by 6.5%, mainly due to a net increase of 643 thousand new checking accounts (615 thousand individual accounts and 28 thousand corporate accounts), in addition to an increased number of services provided to the Bank's clients.

Revenue in the first half of 2010 totaled R$1,119 million, representing a 7.8% increase versus the same quarter on the previous year, resulting mainly from the expansion of the checking account client base, which saw a net increase of 1,463 new checking accounts (1,366 thousand individual accounts and 97 thousand corporate accounts).

### Loan Operations

In the second quarter of 2010, the 12.6%, or R$49 million increase is the result of a recovery in the number of contracted operations, highlighting the SME segment, which posted growth of 6.5% in relation to the first quarter of 2010.

The R$101 million growth in the first half of 2010 when compared with the same period last year, is mainly due to: (i) increased income from guarantees, which grew by 24.4%, mainly resulting from the 7.2% increase in Sureties and Collateral operations; and (ii) the increased number of contracted operations in the period.

## Fee and Commission Income

**Asset management**

Asset management revenue increased by R$12 million in the second quarter of 2010, in comparison with the previous quarter, mainly due to the 1.8% increase in the volume of funds raised in the quarter.

The R$119 million or 15.8% increase between the first half of 2009 and the first half of 2010 was mainly due to the 24.4% growth in funds raised under Bradesco s management. The highlight was income from equity investment funds, which grew by 52.9% in the period, followed by growth in third party funds of 47.2%.

| Shareholders' Equity | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Investment Funds | 238,400 | 232,854 | 189,338 | 2.4 | 25.9 |
| Managed Portfolios | 17,260 | 17,960 | 17,244 | (3.9) | 0.1 |
| Third-Party Fund Quotas | 7,637 | 7,749 | 5,112 | (1.4) | 49.4 |
| **Total** | **263,297** | **258,563** | **211,694** | **1.8** | **24.4** |

| Asset Distribution | R$ million | | | Variation % | |
|---|---|---|---|---|---|
| | Jun10 | Mar10 | Jun09 | Quarter | 12M |
| Investment Funds Fixed Income | 215,561 | 207,081 | 174,401 | 4.1 | 23.6 |
| Investment Funds Variable Income | 22,839 | 25,773 | 14,937 | (11.4) | 52.9 |
| Investment Funds Third-Party Funds | 6,332 | 6,433 | 4,302 | (1.6) | 47.2 |
| **Total** | **244,732** | **239,287** | **193,640** | **2.3** | **26.4** |
| Managed Portfolios Fixed Income | 9,434 | 9,102 | 9,550 | 3.6 | (1.2) |
| Managed Portfolios Variable Income | 7,826 | 8,858 | 7,694 | (11.7) | 1.7 |
| Managed Portfolios Third-Party Funds | 1,305 | 1,316 | 810 | (0.8) | 61.1 |
| **Total** | **18,565** | **19,276** | **18,054** | **(3.7)** | **2.8** |
| Total Fixed Income | 224,995 | 216,183 | 183,951 | 4.1 | 22.3 |
| Total Variable Income | 30,665 | 34,631 | 22,631 | (11.5) | 35.5 |
| Total Third-Party Funds | 7,637 | 7,749 | 5,112 | (1.4) | 49.4 |
| **Overall Total** | **263,297** | **258,563** | **211,694** | **1.8** | **24.4** |

## Fee and Commission Income

### Cash Management Solutions (Payments and Collections)

The R$9 million or 2.8% increase in revenue in the second quarter of 2010 in relation to the previous quarter is mainly related to the increase in business and the number of documents processed, which grew from 345 million to 364 million during the period in question.

In relation to the first half of 2009, Payment and Collection income increased 8.5%, or R$52 million in the first half of 2010, also due to an increase in the number of processed documents, which grew from 616 million in the first half of 2009 to 709 million in the first half of 2010.

### Consortium Management

The 5.1% increase in the sale of net quotas in the second quarter of 2010 led Bradeso Consórcios to sell 21.0 thousand more quotas than the previous quarter, resulting in an 8.2% growth in revenue on the same period, ensuring Bradesco's leading position in all segments (real estate, auto, trucks/tractors) in which it operates.

In the comparison between the first half of 2010 and the same period in the previous year, there was a 22.4% increase in revenue, resulting from bids and the increased sale of new quotas, from 362,993 net quotas sold as of June 30, 2009 to 433,741 as of June 30, 2010.

## Fee and Commission Income

### Custody and Brokerage Services

In the second quarter of 2010, total revenue from custody and brokerage services remained practically steady, primarily due to increased revenue from custody services, which offset a reduction in brokerage revenue resulting from the behavior of the capital markets in the quarter.

In comparison with the first half of 2009, the 20.5% revenue growth in the first half of the year is mainly related to the recovery of volumes traded on the BM&FBovespa.

### Underwriting

The R$35 million variation in the second quarter of 2010 versus the previous quarter refers to a lower business volume in the capital markets in the quarter

Revenue decreased R$74 million in the first half of 2010 versus the first half of 2009, mainly due to capital operations gains in the second quarter of 2009, notably with the Cielo (former-VisaNet Brasil) IPO.

## Administrative and Personnel Expenses

| Administrative and Personnel Expenses | 1H10 | 1H09 | 2Q10 | 1Q10 | Variation Half-year | Variation Quarter |
|---|---|---|---|---|---|---|
| | | | | | | R$ million |
| **Administrative Expenses** | | | | | | |
| Third-Party Services | 1,454 | 1,067 | 730 | 724 | 387 | 6 |
| Communication | 677 | 595 | 343 | 334 | 82 | 9 |
| Data Processing | 397 | 365 | 206 | 191 | 32 | 15 |
| Depreciation and Amortization | 460 | 327 | 239 | 221 | 133 | 18 |
| Advertising and Marketing | 310 | 194 | 157 | 152 | 116 | 5 |
| Rent | 281 | 275 | 137 | 144 | 6 | (7) |
| Transportation | 303 | 238 | 161 | 142 | 65 | 19 |
| Asset Maintenance | 218 | 199 | 110 | 108 | 19 | 2 |
| Leasing | 185 | 215 | 87 | 98 | (30) | (11) |
| Financial System Services | 178 | 124 | 92 | 86 | 54 | 6 |
| Security and Surveillance | 133 | 120 | 66 | 66 | 13 | - |
| Materials | 129 | 101 | 66 | 63 | 28 | 4 |
| Water, Energy and Gas | 107 | 102 | 53 | 55 | 5 | (2) |
| Trips | 50 | 34 | 29 | 21 | 16 | 8 |
| Other | 505 | 432 | 262 | 242 | 73 | 21 |
| **Total** | **5,385** | **4,388** | **2,738** | **2,647** | **997** | **91** |
| | | | | | | |
| **Personnel Expenses** | | | | | | |
| **Structural** | **3,567** | **3,224** | **1,831** | **1,735** | **343** | **96** |
| Social Charges | 2,724 | 2,504 | 1,407 | 1,317 | 220 | 90 |
| Benefits | 842 | 720 | 424 | 418 | 122 | 6 |
| **Non-Structural** | **792** | **536** | **407** | **385** | **256** | **22** |
| Management and Employees Profit Sharing (PLR) | 462 | 276 | 228 | 234 | 186 | (6) |
| Provision for Labor Claims | 237 | 179 | 128 | 109 | 58 | 19 |
| Training | 37 | 47 | 26 | 11 | (10) | 15 |
| Termination Costs | 56 | 34 | 25 | 31 | 22 | (6) |
| **Total** | **4,358** | **3,760** | **2,238** | **2,120** | **598** | **118** |
| | | | | | | |
| **Total Administrative and Personnel Expenses** | **9,743** | **8,148** | **4,976** | **4,767** | **1,595** | **209** |

In the second quarter of 2010, Administrative and Personnel Expenses totaled R$4,976 million, an increase of 4.4% in relation to the previous quarter.

In both the comparison between the first and second quarters of 2010 and the comparison between the first half of 2010 and the same period last year, increases were the result of organic expansion and the consolidation of Banco Ibi in October 2009, impacting income as of November.

**Personnel Expenses**

In the second quarter of 2010, personnel expenses amounted to R$2,238 million, up 5.6%, or R$118 million from the previous quarter.

In the structural" portion, the R$96 million increase was basically due to: (i) an increase in expenses with social charges, deriving from increased staff size; and (ii) a decrease in the number of vacations in the second quarter of 2010.

In the non-structural portion, the R$22 million increase basically reflects: (i) increased expenses from the provision for labor claims; (ii) increased training expenses; partially offset by: (iii) lower expenses from contract rescissions.

## Administrative and Personnel Expenses

### Personnel Expenses

Compared with the first half of 2009, the R$598 million increase in the first half of 2010 reflects: (i) the structural" portion of R$342 million, mainly related to: (a) greater expenses with payroll, social charges and benefits, mainly impacted by wage increases (2009 collective bargaining agreement 6%); and (b) the merger of Banco IBI; and (ii) the nonstructural portion of R$256 million, mainly resulting from: (a) greater expenses with the provision for employee profit sharing, amounting to R$186 million; (b) greater expenses with the provision for labor claims, amounting to R$58 million; and (c) greater expenses with contract rescissions, amounting to R$22 million.

## Administrative and Personnel Expenses

### Administrative Expenses

In the second quarter of 2010, administrative expenses were R$2,738 million, up 3.4%, or R$91 million, on the previous quarter. The main variations were: (i) R$19 million in transportation expenses; (ii) R$18 million in depreciation and amortization; and (iii) R$15 million in expenses from data processing, mainly related to increased business volume and an expanded service network; partially offset by: (iv) fewer expenses from the leasing of goods, amounting to R$11 million.

The R$997 million increase, or 22.7%, in the first half of 2010 versus the same period last year, mainly reflects: (i) organic growth and consequent increase in service points (from 41,003 on June 30, 2009 to 49,154 on June 30, 2010); (ii) increased business volume; (iii) contractual adjustments; and (iv) the merger of Banco IBI.

## Operating Coverage Ratio (*)

In the quarter, the coverage ratio in the last twelve months dropped by 1.1 p.p., due to: (i) increased administrative and personnel expenses resulting from business expansion and the impact of the collective bargaining agreement; and partially offset by: (ii) increased fee and commission income.

## Tax Expenses

Tax expenses dropped R$15 million in the second quarter, mainly due to: (i) prepayment of Property Tax (IPTU) in the first quarter of 2010; partially offset by: (ii) increased expenses with ISS/PIS/Cofins from higher taxable income in the second quarter of 2010.

Tax expenses grew by R$281 million in the first half of 2010 versus the first half of 2009, mainly due to the increase in expenses with ISS/PIS/Cofins taxes of R$226 million, reflecting the higher taxable income, especially financial margin, as well as fee and commission income.

## Equity in the Earnings of Affiliated Companies

In the second quarter of 2010, equity in the earnings of affiliated companies was R$19 million, down R$10 million on the previous quarter, due mainly to lower earnings from the following affiliates: IRB, amounting to R$3 million; and Serasa, amounting to R$3 million.

In the first half of 2010 there was a R$29 million growth in comparison with the same period last year, mainly resulting from: (i) greater earnings with affiliated company IRB, amounting to R$31 million; and offset: (i) by lower earnings with affiliates: BES Investimentos, amounting to R$6 million; and Serasa, amounting to R$6 million.

## Other Operating Expenses (Net of Operating Revenue)

In the second quarter of 2010, other operating expenses, net of other operating revenues, increased R$38 million, slightly over the last four quarters. The increase was mainly due to: (i) increased general expenses; partially offset by: (ii) smaller operating provisions recorded in the period.

Compared with the same half of 2009, the R$267 million increase in the second half of 2010 in other operating expenses net of other operating revenue basically reflects: (i) constitution of operating provisions, especially those for civil contingencies; (ii) goodwill amortization; and (iii) operating expenses, resulting from the merger of Banco Ibi in November 2009.

## Operating Income

In the second quarter of 2010, Operating Income was R$3,646 million, up 15.0%, or R$475 million, from the previous quarter, mainly reflecting: (i) the R$358 million increase in financial margin; (ii) the increased operating income from Insurance, Private Pension Plan and Savings Bonds, totaling R$203 million; (iii) the increased fee and commission income, totaling R$129 million; partially offset by: (iv) an increase in personnel and administrative expenses of R$209 million.

In the first half of 2010 there was R$1,524 million, or 28.8% growth in comparison with the same period last year, mainly resulting from: (i) the decreased allowance for loan losses, totaling R$1,531 million; (ii) the increased financial margin of R$1,061 million; (iii) the increased fee and commission income of R$743 million; (iv) the increased operating income of Insurance, Private Pension Plan and Savings Bonds of R$303 million; partially offset by: (v) the increased personnel and administrative expenses of R$1,595 million; (vi) the R$267 million increase in other operating expenses (net of other revenues); and (vii) the R$281 million increase in tax expenses.

## Non-Operating Income

The R$16 million variation in relation to the previous quarter is mainly explained by increased losses from the sale of assets in the second quarter of 2010.

In the first half of 2010, compared with the first half of 2009, the variation was mainly due to greater gains from the sale of assets in the first six months of 2009, highlighting the sale of Visa Inc. s shares.

## Sustainability

In April 2010, Bradesco launched its new Banco do Planeta website. The website, now more functional, interactive and with more accessibility features, shows contents based on the three pillars of the Organization's sustainability strategy. For more information, visit http://www.bancodoplaneta.com.br.

Bradesco made an interactive course on personal finances available to everyone, whether clients or not. The course, which is divided into eight modules, provides practical examples on how to control expenses, promote financial recovery and plan personal projects. Visit http://www.bancodoplaneta.com.br for more information on the new course.

Strengthening its concern with accessibility, Bradesco recently launched the "Bradesco Visual Mouse" for customers with physical disabilities. It is an innovative software for the banking sector, which allows people with upper limb movement limitation to use computers by controlling the mouse with head movements. More information can be found at http://www.bradesco.com.br/acessibilidade.

The 2008 Bradesco Sustainability Report won two international prizes: the GRI Reader's Choice Awards 2010, in the "Most Effective Report" category and the Corporate Register Reporting Awards 2010, in the "Credibility through Assurance Report" category.

Another important acknowledgement was the classification of Bradesco's greenhouse gas emission inventory in the Gold category of the Brazilian GHG Protocol Program, granted to companies providing the complete record of all greenhouse gas emissions, which are checked by an independent party.

The "Nossa Presença no Planeta" (Our Presence in the Planet) exhibit, an initiative of the Eco- efficiency  anagement Program, can be visited at Cidade de Deus, Osasco (São Paulo). The objective of this exhibit is to raise the visitors' awareness on the importance of sustainability in everyday life, by means of a thematic area that shows parallels between sustainable and unsustainable actions to the planet.

On June 30, Bradesco launched the Sports Development Center of the ADC Bradesco Sports and Education, one of the most modern architectonic facilities and structures of Brazil, to develop its Sport and Social Program in volleyball and basketball. In line with Bradesco Organization's social and environmental responsibility policy, the architectonic project and development included the most modern concepts of eco-efficiency and conservation of natural resources, complying with international sustainability criteria, including the LEED Leadership in Energy Environmental Design certification. For more information, visit http://www.adcbradesco.com.br.

## Investor Relations Area

The Investor Relations Area promoted the "Bradesco Open Day" for the first time at Cidade de Deus, an event created to introduce the base of Banco Bradesco to analysts and investors. The event was attended by Mr. Lázaro de Mello Brandão, Chairman of the Board of Directors and Mr. Luiz Carlos Trabuco Cappi, CEO, in addition to the presentation of several the Organization's strategic areas. The event lasted 10 hours and was broadcast on the internet and by cellular phones and is available on the website http://www.bradescori.com.br.

In the first semester of 2010, we attended 82 meetings, among which telephone calls, domestic and international events.

| Service to Shareholders, Analysts and Investors | 1H10 | 2009 | 2008 |
|---|---|---|---|
| Meetings with Investors | 50 | 160 | 198 |
| Conference Calls | 16 | 59 | 55 |
| Events Abroad | 9 | 18 | 20 |

| | | | |
|---|---|---|---|
| APIMEC Meetings (Capital Market Professionals and Investors Association) | 5 | 17 | 14 |
| Chats | 1 | 3 | 3 |
| INI (National Investors' Institute) | 1 | 1 | 3 |
| **Total** | **82** | **258** | **293** |

## Corporate Governance

Bradesco was rated AAA+ by Management & Excellence, making it the first Latin American bank to obtain the highest corporate governance rating, and it also received an AA rating (Best Corporate Governance Practices) from Austin Rating.

Regarding the Organization's corporate governance structure, Bradesco's Board of Directors is supported by 5 statutory committees (Ethical Conduct, Audit, Internal Controls and Compliance, Compensation and Integrated Risk Management and Capital Allocation), in addition to 41 Executive Committees that assist the Board of Executive Officers in the execution of its duties.

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

On March 10 and June 10, 2010, all matters submitted to the Shareholder Meetings were approved.

For more information, go to the corporate governance section of the investor relations website at http://www.bradesco.com.br/ri/.

## Bradesco shares

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

| | | | | | | **In thousands** |
|---|---|---|---|---|---|---|
| | **Jun10** | **Dec09** | **Dec08** | **Dec07** | **Dec06** | **Dec05** |
| Common Shares | 1,710,205 | 1,710,205 | 1,534,806 | 1,009,337 | 500,071 | 489,450 |
| Preferred Shares | 1,710,204 | 1,710,346 | 1,534,900 | 1,009,337 | 500,812 | 489,939 |
| **Subtotal Outstanding** | **3,420,409** | **3,420,551** | **3,069,706** | **2,018,674** | **1,000,883** | **979,389** |
| Treasury Shares | - | 6,535 | 163 | 2,246 | 758 | 464 |
| **Total** | **3,420,409** | **3,427,086** | **3,069,869** | **2,020,920** | **1,001,641** | **979,853** |

On June 30, 2010, Banco Bradesco's capital stock was R$28.5 billion, composed of 3,420,409 thousand shares (all book-entry shares without par value), of which 1,710,205 thousand were common shares and 1,710,204 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly holds 48.4% of voting capital and 24.2% of total capital.

Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações, which in turn is controlled by Fundação Bradesco and Elo Participações e Investimento, whose shareholders are the majority of members on Bradesco's Board of Directors, Statutory Board of Executive Officers and skilled employees.

## Number of Shareholders Resident in Brazil and Abroad

| | Jun10 | % | Ownership of Capital (%) | Jun09 | % | Ownership of Capital (%) |
|---|---|---|---|---|---|---|
| Individuals | 344,148 | 89.7 | 24.1 | 350,701 | 89.9 | 25.8 |
| Corporate | 37,668 | 9.8 | 45.8 | 37,955 | 9.7 | 45.4 |
| **Subtotal of Domiciled in the Country** | **381,816** | **99.6** | **69.9** | **388,656** | **99.6** | **71.2** |
| Domiciled Abroad | 1,723 | 0.4 | 30.1 | 1,653 | 0.4 | 28.8 |
| **Total** | **383,539** | **100** | **100.0** | **390,309** | **100** | **100.0** |

On June 30, 2010, there were 381,816 shareholders domiciled in Brazil, accounting for 99.55% of total shareholders and holding 69.91% of shares, while there were 1,723 shareholders residing abroad, accounting for 0.45% of shareholders and holding 30.09% of shares.

## Share Performance(*)

| | | | | | | In R$ (except when indicated) |
|---|---|---|---|---|---|---|
| | 2Q10 | 1Q10 | Variation % | 1H10 | 1H09 | Variation % |
| Net Income per Share | 0.65 | 0.57 | 14.3 | 1.22 | 1.06 | 15.0 |
| Dividends/Interest on Shareholders' Equity Common Share (after Income Tax - IR) | 0.175 | 0.167 | 4.9 | 0.343 | 0.308 | 11.2 |
| Dividends/Interest on Shareholders' Equity Preferred Share (after Income Tax - IR) | 0.194 | 0.184 | 5.4 | 0.377 | 0.340 | 11.1 |
| Book Value per Share (Common and Preferred) | 11.77 | 11.45 | 2.8 | 11.77 | 10.04 | 17.2 |
| Last Business Day Price Common | 21.16 | 23.81 | (11.1) | 21.16 | 19.83 | 6.7 |
| Last Business Day Price Preferred | 25.55 | 29.82 | (14.3) | 25.55 | 23.95 | 6.7 |
| Market Capitalization (R$ million) (1) | 87,887 | 100,885 | (12.9) | 87,887 | 81,301 | 8.1 |
| Market Capitalization (R$ million) - Most Liquid Share (2) | 96,148 | 112,189 | (14.3) | 96,148 | 88,960 | 8.1 |

(*) Adjusted for corporate events occurred in the periods.

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

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

Bradesco's preferred share price fell by 14.3% in the second quarter of 2010 and 3.0% in the first half of 2010, compared to the Ibovespa, which fell by 13.4% in the second quarter and 11.2% in the half-year. In our view, the value of the Bank's shares has room to recover, given the positive growth seen in its results, due to the slightly higher drop compared to the market in general. The perspectives for the second half of 2010 are also positive.

The Brazilian market, as well as all other world markets, was severely impacted in the first half of the year by the crisis among European economies. This process increased with the acute deterioration of the expectations for the Greek economy and further deteriorated with the economies of other European countries (mainly Portugal and Spain). Risk aversion decreased by the end of the half-year with clear support from the main Euro zone economies offered to Greece and other countries affected by the crisis in the region, however, volatility is still very high.

82

## Main Indicators

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

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

**Formula used:** Market value divided by the book shareholders' equity.

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

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

## Weighting in Main Stock Market Indexes

Bradesco shares are components of Brazil's main stock indexes, including the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG) and the Special Corporate Governance Stock Index (IGC). On June 2010, Bradesco had the largest participation in the Financial Index portfolio launched in January 2010.

| % | Jun10 |
|---|---|
| Ibovespa | 3.1 |
| IB rX - 50 | 6.4 |
| IB rX - 100 | 7.1 |
| BM&FBOVESPA Financial Index (IFNC) (1) | 19.6 |
| Corporate Sustainability Index (ISE) (2) | 4.2 |
| Special Corporate Governance Stock Index (IGC) | 6.3 |
| Special Tag-Along Stock Index (ITAG) | 11.9 |

(1) As of January 2010; and

(2) In 2010, new rules were adopted for the index portfolio breakdown (limit per sector 15%).

## Dividends/Interest on Shareholders' Equity

In the first half of 2010, R$1,538 million was allocated to shareholders as dividends and interest on shareholders' equity, equivalent to 31.5% of book net income of the period. Taking into consideration the figure in the last twelve months, the percentage corresponds to 31.5%. The amounts allocated in recent years have surpassed the limits mandated by Brazilian Corporation Law and by the Company's Bylaws.

## Market Share of Products and Services

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

| | Jun10 | Mar10 | Jun09 | Mar09 |
|---|---|---|---|---|
| **Banks Source: Brazilian Central Bank (Bacen)** | | | | |
| Time Deposits | N/A | 13.1 | 13.9 | 14.8 |
| Savings Deposits | N/A | 14.1 | 13.9 | 13.8 |
| Demand Deposits | N/A | 18.6 | 18.4 | 17.6 |
| Loan Operations (1) | 12.6 | 12.7 | 13.2 | 13.5 |
| Loan Operations - Vehicles Individuals (CDC + Leasing) (1) | 18.9 | 19.6 | 21.6 | 22.1 |
| Online Collection (Balance) | 29.1 (**) | 29.0 | 29.4 | 29.9 |
| Number of Branches | 18.4 | 18.3 | 17.7 | 17.6 |
| **Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)** | | | | |
| Federal Revenue Collection Document (DARF) | N/A | 22.5 (***) | 20.5 | 21.4 |
| Brazilian Unified Tax Collection System Document (DAS) | N/A | 16.7 (***) | 16.7 | 16.6 |
| **Banks Source: Social Security National Institute (INSS)/Dataprev** | | | | |
| Social Pension Plan Voucher (GPS) | N/A | 14.5 | 14.2 | 14.2 |
| Benefit Payment to Retirees and Pensioners | 20.8 | 20.0 | 19.6 | 19.5 |
| **Banks Source: Anbima** | | | | |
| Investment Funds + Portfolios | 16.5 | 16.5 | 15.9 | 15.8 |
| **Insurance, Private Pension Plans and Savings Bonds Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)** | | | | |
| Insurance, Private Pension Plan and Savings Bond Premiums | 24.6 (*) | 25.2 | 23.1 | 23.0 |
| Insurance Premiums (including Long-Term Life Insurance - VGBL) | 25.1 (*) | 25.7 | 23.4 | 23.5 |
| Life Insurance and Personal Accident Premiums | 16.7 (*) | 16.8 | 16.0 | 16.6 |
| Auto/Basic Lines (RE) Insurance Premiums | 11.8 (*) | 12.0 | 10.1 | 10.1 |
| Auto/Optional Third-Party Liability (RCF) Insurance Premiums | 15.5 (*) | 16.1 | 13.4 | 13.6 |
| Health Insurance Premiums | 49.0 (*) | 49.4 | 47.4 | 46.9 |
| Revenues from Private Pension Plans Contributions (excluding VGBL) | 26.3 (*) | 25.1 | 25.1 | 22.8 |
| Revenues from Savings Bonds | 19.5 (*) | 20.9 | 19.0 | 18.3 |
| Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 31.4 (*) | 31.7 | 35.1 | 31.9 |
| **Insurance and Private Pension Plans Source: National Federation of Life and Pension Plans (Fenaprevi)** | | | | |
| Income on VGBL Premiums | 33.4 (*) | 34.7 | 31.6 | 31.6 |
| Revenues from Unrestricted Benefits Generating Plans (PGBL) Contributions | 22.1 (*) | 21.5 | 19.0 | 16.6 |
| Private Pension Plan Investment Portfolios (including VGBL) | 35.5 (*) | 35.9 | 36.8 | 37.5 |
| **Credit Card Source: Abecs** | | | | |
| Credit Card Revenue | 21.5 | 21.4 | 18.8 | 18.9 |
| **Leasing Source: Brazilian Association of Leasing Companies (ABEL)** | | | | |
| Lending Operations | 17.9 (**) | 16.7 | 19.9 | 19.4 |
| **Consortia Source: Bacen** | | | | |
| Real Estate | N/A | 27.4 | 26.8 | 26.6 |

| | | | | |
|---|---|---|---|---|
| Auto | N/A | 24.1 | 22.7 | 22.1 |
| Trucks, Tractors and Agricultural Implements | N/A | 15.0 | 14.2 | 13.8 |
| **International Area Source: Bacen** | | | | |
| Export Market | 26.0 | 26.6 | 26.0 | 23.3 |
| Import Market | 19.5 | 21.2 | 18.5 | 17.6 |

(1) Central bank data for June 2010 is preliminary;
(*) Reference date: May 2010
(**) Reference date: April 2010;
(***) Reference date: February 2010; and
N/A Not Available.

86

**Market Share of Products and Services**

Bradesco customers enjoy a wide range ofoptions for consulting and carrying out theirfinancial transactions and acquiring products andservices through high-tech means, such as ATMs,telephone (Bradesco Fone Fácil), the Internet andmobile phones (Bradesco Celular).

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

Accessibility to the ATM Network for persons withvisual impairments and wheelchair users;

Internet banking utility for the visually impaired;and

Personalized assistance for the hearing impaired,by means of the digital language in Fone Fácil.

**Branch Network**

| Region | Jun10 | | Market Share | Jun09 | | Market Share |
|---|---|---|---|---|---|---|
| | Bradesco | Market (*) | | Bradesco | Market | |
| North | 168 | 780 | 21.5% | 166 | 781 | 21.3% |
| Northeast | 529 | 2,693 | 19.6% | 530 | 2,717 | 19.5% |
| Midwest | 289 | 1,431 | 20.2% | 285 | 1,444 | 19.7% |
| Southeast | 1,960 | 10,342 | 19.0% | 1,908 | 10,497 | 18.2% |
| South | 530 | 3,683 | 14.4% | 517 | 3,774 | 13.7% |
| **Total** | **3,476** | **18,929** | **18.4%** | **3,406** | **19,213** | **17.7%** |

(*) 2010 data refers to May.

**Compulsory Deposits/Liabilities**

| % | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 | Sep08 |
|---|---|---|---|---|---|---|---|---|
| **Demand Deposits** | | | | | | | | |
| Rate [1,5] | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 45 |
| Additional [2,6,8] | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 8 |
| Liabilities* | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 25 |
| Liabilities (Microfinance) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Free | 18 | 18 | 21 | 21 | 21 | 21 | 21 | 20 |
| **Savings Deposits** | | | | | | | | |
| Rate [3] | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Additional [2,6,8] | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Liabilities | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Free | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| **Time Deposits** | | | | | | | | |
| Rate [4,7,9] | 15 | 15 | 13.5 | 13.5 | 15 | 15 | 15 | 15 |
| Additional [2,6,8] | 8 | 8 | 4 | 4 | 4 | 4 | 5 | 8 |
| Free | 77 | 77 | 82.5 | 82.5 | 81 | 81 | 80 | 77 |

* At Banco Bradesco, liabilities are applied to Rural Loan;
1 Collected in cash and not remunerated;
2 Collected in cash with the Special Clearance and Custody System (Selic) rate;
3 Collected in cash with the Reference Interest rate (TR) + interest of 6.17% p.a;
4 Pegged to securities. As of the calculation period from November 3 to 7, 2008, compliance as of November 14, 2008, liabilities began to be met by 70% in cash without remuneration and 30% by government securities pegged to the Selic rate; as of January 5 to 9, 2009, compliance as of January 16, 2009, liabilities began to be met by 60% in cash without remuneration and 40% by government securities pegged to the Selic rate;
5 *Fundo Garantidor de Créditos* (FGC) from August 2008, as of the calculation period from October 20 to 31, 2008, was prepaid 60 times, compliance as of October 29, 2008;
6 As of the calculation period from November 17 to 21, 2008, compliance as of December 1, 2008, additional liabilities were collected in government securities pegged to the Selic rate;
7 Liabilities in cash may be met using credits acquired, as provided for by current regulations;
8 As of the calculation period, from March 8 to 12, 2010, compliance as of March 22, 2010, the additional liabilities began to be met in cash with the Selic rate, and
9 As of the calculation period, from March 29 to April 1, 2010, compliance as of April 9, 2010, liabilities began to be met in cash with the Selic rate; acquisitions made by December 31, 2010 can be deducted.

**Investments in Infrastructure, Information Technology and Telecommunications**

Information Technology (IT) is a strategic factor for Bradesco Organization, which is constantly updating its technological platform using pioneering and innovative initiatives coupled with infrastructure solutions that allow for secure, fast and convenient operations.

Bradesco has always been a pioneer and the 15th anniversary of the Brazilian company s website, www.bradesco.com.br, is sound proof of such. The portal contains 49 institutional websites and 21 transaction websites, providing its users with a friendly environment, convenience and security to carry out their transactions.

Information Technology, an important intangible asset of the Organization, is key for the Bank s evaluation as the private company and the financial institution with the most valuable brand in Brazil, which was appraised at R$14.9 billion, according the specialized consulting firm BrandAnalytics/Millward Brown for the *IstoÉ Dinheiro* magazine.

Guided by best practices and protected against contingencies, Bradesco s IT infrastructure has central computers with processing capacity of over 170,000 MIPS (million instructions per second), as well as over 6,600 corporate servers. Each day, an average of 212 million transactions are processed, with availability remaining at 99.99%. The administration of this environment seeks to transform the complex into the simple and manageable, while maintaining low operating risk and the scalability needed to support the Bank s growth.

As a prerequisite for its continuous expansion, in the first half of 2010, Bradesco invested R$1,707 million in order to update its IT environment, drawing on the best available practices and existing technologies.

Below we present the total amount invested in recent years, including infrastructure (facilities, movable property and fixtures):

| | | | | | **R$ million** |
|---|---|---|---|---|---|
| | **1H10** | **2009** | **2008** | **2007** | **2006** |
| Infrastructure | 197 | 630 | 667 | 478 | 354 |
| Information Technology and Telecommunication | 1,510 | 2,827 | 2,003 | 1,621 | 1,472 |
| **Total** | **1,707** | **3,457** | **2,670** | **2,099** | **1,826** |

**Market Risk**

**Market Risk Analysis**

Market risk is closely monitored, measured and managed. The Organization has a conservative market risk exposure profile and its guidelines are independently monitored on a daily basis.

Market risk is controlled for all of the

Bradesco always seeks to be in line with the best available international market practices, local rules and New Basel Capital Accord recommendations. Therefore, Bradesco applied to the Brazilian Central Bank to use its internal market risk models for capital allocation, on June 30, 2010, in accordance with the requirements of the agency, and consequently, in accordance with the New Basel Capital Accord. Thus, the Bank expects to reduce capital allocation for market risk once it is

Organization s companies in a corporate and centralized manner. All activities exposed to market risk are mapped, measured and classified by probability and importance, with their respective mitigation plans duly approved by the corporate governance structure.

starts using its internal models after approval by Bacen.

88

**Market Risk**

In the second quarter of 2010, risk aversion increased in the international market resulting from uncertainties related to the tax situation in certain European countries brought about business volatility, strongly impacting the Euro, which depreciated in relation to other major world currencies. Another cause of concern was the level of exposure of European banks to the debt of countries with high indebtedness and tax deficit levels, which might bring new problems to the financial system of a region still being impacted by the international financial crisis that began in 2008.

The United States, which was showing positive signs of recovery, and China, which is seen as one of the main countries responsible for the upturn in global economic growth, posted economic figures that once again raised concern with the real recovery of the world economy. For instance, in the United States, the last revision of GDP in the first quarter showed the country s economy increased by 2.7%, below the 3% expected by analysts. The FED continued low interest rate policy, maintaining the basic interest rate between 0% and 0.25%, and evaluated that economic upturn is slowly progressing. In China, discussions of a possible real estate bubble and the adoption of a gradual appreciation policy for Chinese currency stood out. However, the economic index decreased from 1.7% to 0.3% in April, which was disclosed at the end of the quarter, causing great repercussion and called into question the capacity of Chinese demand to continue as one of the main drivers for growth of the world economy.

Domestically, the Brazilian Central Bank started a high interest rate cycle. In the two COPOM meetings held in the quarter, the Selic rate was increased by 0.75% twice, from 8.75% p.a. to 10.25% p.a. New increases in the Selic rate are expected by the market, since the Brazilian Central Bank is concerned with the rapid growth at the Brazilian economy and its pressure on prices. Therefore, 2010 and 2011 inflation is expected to be above the already targeted 4.5%. Strong GDP growth in the first quarter, up 2.7% on the previous quarter and up 9% year-on-year, plus market expectations of a 7% growth rate in 2010 reinforced the possibility that interest rates would remain high. On the other hand, the stability of industrial production in May, the stable Consumer Price Index (IPCA) in June and the weaker performance of the world economy margin show that it may not be necessary to increase interest as previously projected.

Despite increased volatility in the second quarter of 2010, the decrease in the exposure to some risk factors caused a contraction in the VaR in the period analyzed, as shown below.

**VaR Trading Portfolio**

| Risk Factors | | | | | | | | R$ thousand |
|---|---|---|---|---|---|---|---|---|
| | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Mar09 | Dec08 | Sep08 |
| Fixed Rate | 3,544 | 3,870 | 10,351 | 3,541 | 5,680 | 16,282 | 76,236 | 24,742 |
| General Price Index - Market (IGP-M) | 494 | 512 | 289 | 221 | 154 | 54 | 18 | 1,231 |
| Extended Consumer Price Index (IPCA) | 716 | 1,200 | 2,799 | 13,061 | 69,167 | 66,173 | 267,651 | 157,598 |
| Domestic Exchange Coupon | 1,505 | 729 | 179 | 372 | 876 | 7,338 | 13,991 | 3,733 |
| Foreign Currency | 172 | 12,789 | 954 | 1,444 | 6,709 | 10,159 | 23,070 | 13,150 |
| Variable Income | 4,894 | 3,264 | 7,766 | 5,495 | 2,952 | 12,021 | 4,499 | 2,863 |
| Sovereign /Eurobonds and Treasuries | 3,113 | 2,250 | 9,250 | 15,417 | 34,619 | 88,015 | 170,532 | 71,811 |
| Other | 4 | 23 | 24 | 25 | 94 | 57 | 61 | 2,253 |
| Correlation/Diversification Effect | (8,900) | (8,382) | (11,556) | (14,105) | (35,176) | (70,887) | (112,617) | (72,854) |
| **VaR at the End of the Quarter** | **5,542** | **16,255** | **20,056** | **25,471** | **85,075** | **129,212** | **443,441** | **204,527** |
| | | | | | | | | |
| Average VaR in the Quarter | 10,780 | 15,698 | 27,648 | 48,284 | 91,597 | 206,152 | 550,624 | 97,535 |
| Minimum VaR in the Quarter | 5,288 | 10,091 | 16,588 | 21,345 | 58,111 | 120,399 | 221,038 | 61,857 |
| Maximum VaR in the Quarter | 32,096 | 28,226 | 35,732 | 87,731 | 123,059 | 417,290 | 750,559 | 244,827 |

**Backtesting Trading Portfolio VaR**

The method applied and existing statistical models are validated on a daily basis using backtesting techniques. This technique compares the daily VaR calculated with the result obtained from the same positions used to calculate VaR (hypothetical result) as well as with the result obtained already considering the transactions on the day for which VaR was estimated (effective result). The main purpose is to monitor, validate and assess the adherence of the VaR model, and the number of breaks must be aligned with the confidence interval previously established by modeling.

**Market Risk**

**Stress Analysis**

To estimate possible loss not contemplated by VaR, Bradesco assesses the possible effects on positions under stress scenarios on a daily basis. Stress Analysis is a tool that seeks to quantify the negative impacts of economic shocks and events that are financially adverse to the Institution s positions. For this purpose, crisis scenarios for risk factors in which the trading portfolio has a position. Accordingly, considering the effects of diversification across risk factors, the average potential loss estimated in a stress situation was R$184 million in the second quarter of 2010, while the maximum estimated potential loss was estimated at R$326 million.

are prepared based on historical data and prospects

**Trading Portfolio Stress Analysis**

| | | | | | | | | | | R$ million |
|---|---|---|---|---|---|---|---|---|---|---|
| | With Diversification | | | | | Without Diversification | | | | |
| | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 | Jun10 | Mar10 | Dec09 | Sep09 | Jun09 |
| At the End of the Quarter | 146 | 190 | 400 | 482 | 900 | 272 | 396 | 632 | 844 | 1,552 |
| Average in the Quarter | 184 | 310 | 489 | 655 | 1,030 | 373 | 528 | 790 | 1,182 | 1,743 |
| Minimum in the Quarter | 117 | 186 | 375 | 415 | 871 | 253 | 347 | 597 | 813 | 1,385 |
| Maximum in the Quarter | 326 | 396 | 585 | 903 | 1,299 | 650 | 652 | 963 | 1,607 | 2,133 |

In addition to monitoring and controlling VaR and the stress analyses, a sensitivity analysis of the trading portfolio is conducted on a daily basis, measuring the effects on the portfolio of changes in market curves and prices.

## Independent Auditors Report on the Limited Review of Supplementary Financial Information Presented in the Report on Economic and Financial Analysis

To the Board of Directors

Banco Bradesco S.A.

1. In connection with our audits of the financial statements of Banco Bradesco S.A. and its subsidiaries as of June 30, 2010 and 2009, on which we expressed an unqualified opinion in our report dated July 27, 2010, we carried out a limited review of the supplementary accounting information presented in the Report on Economic and Financial Analysis. This supplementary information was prepared by the Bank s management to permit additional analysis and is not a required part of the financial statements.

2. Our work was carried out in accordance with the specific standards established by the Institute of Independent Auditors of Brazil - IBRACON in conjunction with the Federal Accounting Council CFC, for purposes of our review of the supplementary accounting information described in paragraph one and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of this additional accounting information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.

3. Based on our limited review, we are not aware of any material modifications which should be made to the supplementary information referred to above in order that this information be fairly presented in all material respects, in relation to the financial statements referred to in paragraph one, taken as a whole.

São Paulo, July 27, 2010

Auditores Independentes

CRC 2SP000160/O-5

Luís Carlos Matias Ramos

Contador CRC 1SP171564/O-1

92

---

***Management Report***

Dear Shareholders,

We hereby present the consolidated financial statements for the first half of 2010 of Banco Bradesco S.A., prepared in accordance with the Brazilian Corporation Law.

The global economy has shown slight instability through the whole first half of the year. On the one hand, we have seen evidence of steady recovery of production, consumption and employment, while on the other hand, elevated indebtedness on the part of governments has increased fear of a more serious fiscal crisis in Europe, leading repercussions throughout the region s banking system. The balance between these factors, however, has remained favorable, given that European governments are currently implementing fiscal adjustments that should preserve this precarious balance in the medium term in addition to loan mechanisms for members of the European Union and banking liquidity. Thus, a more adverse scenario seems less likely, and a gradual, yet consistent, global expansion should prevail.

In the beginning of the year, Brazil s gains in activity, consumption and employment registered some of the highest growth in the last few years, resulting from fiscal and monetary stimuli in 2009 and a good medium-term outlook. Investments continue to weigh heaviest in future GDP, ensuring employment and income growth that, together with credit availability, establish a very good consumption outlook. Strong economic growth has lead to a somewhat elevated level of inflation from the external deficit and, as a consequence, interest rates have risen in an attempt to bring supply and demand back into balance and to avoid accelerated inflation and external deficit. During the next few quarters, more mild Brazilian GDP growth is expected, although it should be sufficient to preserve and increase employment and income gains, along with a steady medium-term growth rate.

At the Bradesco Organization, several significant events in the first half of the year stand out:

- on April 23, Bradesco submitted a proposal to Grupo Santander Espanha for the acquisition of a percentage of Cielo S.A. s shares equivalent to 2.09% of the company s capital stock, currently owned by Santander, for R$431.7 million, and of shares pertaining to Companhia Brasileira de Soluções e Serviços CBSS equivalent to 10.67% of the company s capital stock for R$141.4 million, which was finalized on July 13, 2010 and submitted to the proper authorities for approval. With the acquisitions, Bradesco s interest in Cielo will increase to 28.65% and its interest in CBSS to 45%, strengthening its interest in companies that operate within the card market;
- on April 27, Bradesco and Banco do Brasil signed a Memorandum of Understanding to enter into a partnership to manage a Brazilian credit, debt and prepaid card brand, called Elo, for both account holders and customers who do not have an account at the Bank. Among other activities, the company will also forge new business for private-label cards;
- the acquisition of the all capital stock of Ibi Services S. de R.L. México (Ibi México) and RFS Human Management S. de R.L., a subsidiary of Ibi México, was finalized on June 2 for approximately R$297.6 million. The negotiation includes establishing a 20-year partnership with C&A México S. de R.L. (C&A México), encompassing both companies, to exclusively sell financial products and services throughout all C&A Mexico stores.

**1. Profits and Losses in the Period**

Bradesco s Net Income in the first half of the year was R$4.508 billion, equivalent to R$1.20 per share, and annualized return on average shareholders equity was 22.31% (*). Annualized return on average total assets was 1.70%, compared to 1.71% in the same period last year.

Paid or accrued taxes and contributions, including social security, amounted to R$7.087 billion, of which R$3.203 billion corresponded to taxes withheld and collected from third-parties and R$3.884 billion calculated based on the activities of Bradesco Organization in the first half of 2010, equivalent to 86.16% of Net Income.

In terms of Interest on Shareholders Equity and Dividends, in the first half of 2010, shareholders were paid a total of R$3.290 billion, of which R$1.538 billion was from the income generated in the period (R$792 million paid monthly and R$746 million accrued) and R$1.752 billion from fiscal year 2009 (R$43 million paid on January 4, 2010 and supplements of R$1.709 billion paid on March 9, 2010).

**2. Capital and Reserves**

*Management Report*

At the close of the first half of the year, paid-in Capital Stock totaled R$28.500 billion, including an increase of R$2 billion resulting from the sale of part of the balance of the "Profit Reserve - Statutory Reserve" account, with a 10% bonus on shares, as voted at the June 10, 2010 Extraordinary Shareholders' Meeting and ratified by the Brazilian Central Bank on June 25, 2010. Together with the Equity Reserves of R$15.795 billion, Shareholders Equity came to R$44.295 billion, up 18.83% year-on-year and corresponding to a book value of R$11.77 per share.

Based on its stock price, Bradesco s Market Capitalization stood at R$87.887 billion on June 30, equivalent to 1.98 times its Book Value. Managed Shareholders' Equity was equal to 8.06% of Consolidated Assets, which amounted to R$558,100 billion, up 19.51% year-on-year. Accordingly, the Capital Adequacy Ratio reached 15.80% in the consolidated financial result and 15.91% in the consolidated economic and financial result, higher than the 11% minimum established by National Monetary Council Resolution 2,099 of August 17, 1994, in accordance with the Basel Committee. At the end of the semester, the fixed asset ratio in relation to Consolidated Reference Assets was 48.03% in the consolidated financial result and 20.91% in the consolidated economic and financial result, which falls within the maximum limit of 50%.

Concerning Article 8 of Brazilian Central Bank Memorandum Letter 3,068 of November 8, 2001, Bradesco states that it has both the financial capacity and intent to hold those securities classified under held-to-maturity securities until effective maturity.

**3. Funding and Resource Management**

Total funding and assets managed by the Bradesco Organization as of June 30 came to R$767,962 billion, up 18.59% year-on-year. This item can be broken down as follows:

| | |
|---|---|
| R$309.587 | billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts; |
| R$263.297 | billion in managed assets, comprising investment funds, managed portfolios and third-party fund shares, up 24.38% on June 2009; |
| R$106.769 | billion in the exchange portfolio, borrowing and onlending, working capital, payment and collection of taxes and charges, funds from securities and subordinated debt issues in Brazil and other funding operations. |
| R$79.308 | billion registered as technical payments for insurance, supplementary private pension plans and savings bonds, up 15.22% year- on-year; and |
| R$9.001 | billion in foreign funding through public and private issues, subordinated debt and securitization of future financial flows, equivalent to US$4.996 billion. |

**4. Loan Operations**

At the end of the first half of the year, the balance of consolidated credit operations amounted to R$244.789 billion, up 15.05% year-on-year, comprised of the following:

| | |
|---|---|
| R$5.630 | billion in advances on exchange contracts, for a total portfolio of US$12.221 billion in export financing; |
| US$2.762 | billion in import financing operations in foreign currency; |
| R$18.951 | billion in leasing operations; |
| R$12.542 | billion in rural lending; |
| R$71.147 | billion in consumer finance; |
| R$33.505 | billion in securities and guarantees; |
| R$9.748 | billion in credit card receivables; and |
| R$21.415 | billion in operations involving the onlending of foreign and domestic funds, mainly originated from the National Economic and Social Development Bank (BNDES), which is the largest source of funds for onlending. |

For real estate credit activities, the Bradesco Organization allocated a total of R$4.234 billion to the construction and purchase of private homes (mortgaged), which corresponded to 30,999 properties.

*Management Report*

The consolidated balance of the allowance for loan losses totaled R$15.782 billion, equivalent to 7.57% of the total volume of loan operations, with R$3.008 billion as surplus provision to meet the minimum required by the Central Bank.

**5. Bradesco s Customer Service Network**

Bradesco Organization s Customer Service Network is present in every single city in Brazil and in several locations abroad and, as of June 30, consisted of: 41,053 customer-service points, with 31,387 terminals in the Dia&Noite ATM Network, of which 30,859 also operate on weekends and holidays, and 8,379 terminals in the Banco24Horas ATM network, where Bradesco clients can also make withdrawals, transfers, obtain statements, check balances and take out small loans. In the payroll-deductible segment, the network also included 743 correspondent banks of Bradesco Promotora, and, in the vehicle segment, Bradesco Financiamentos was present in 22,141 points of sale:

| | |
|---|---|
| 6,283 | Branches, PABs (Banking Service Branches) and PAAs (Advanced Service Branches) in Brazil (Branches: Bradesco 3,451, Banco Bradesco Financiamentos 20, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1, Banco Alvorada 1; PABs: 1,215; and PAAs: 1,592); |
| 4 | Overseas branches, with 1 in New York, 2 in the Grand Cayman Islands, and 1 in Nassau in the Bahamas; |
| 7 | Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Luxembourg S.A. in Luxembourg, Bradesco Securities, Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Services Co., Ltd. in Tokyo, Cidade Capital Markets Ltd. in Grand Cayman, and Bradesco Trade Services Limited in Hong Kong); |
| 6,177 | Postal Bank Branches; |
| 23,190 | Bradesco Expresso service points; |

**6. Banco Bradesco BBI**

To capitalize businesses, Bradesco, through Banco Bradesco BBI S.A., coordinated the issue of primary and secondary shares, debentures, promissory notes, mortgage-backed securities and receivables-backed investment funds, which reached a total of R$9.609 billion in the first half of the year, equal to 34.58% of the volume of these issues registered at the Securities and Exchange Commission of Brazil (CVM). Another highlight was financing for structured projects and operations, with Bradesco responsible for funding, disbursing and managing clients financial assets, flows and balances.

**7. Grupo Bradesco de Seguros e Previdência**

As of June 30, with Bradesco s impressive presence in the Insurance, Supplementary Pension Plans and Savings Bonds sectors, the Net Income of Grupo Bradesco de Seguros e Previdência totaled R$1.404 billion, while Shareholders Equity totaled R$10.750 billion. Net insurance premiums written, private pension plan contributions and savings bond income equaled R$13.987 billion, up 20.49% on the same period last year.

**8. Corporate Governance**

The Bradesco Organization always seeks to improve its relationship with shareholders and stakeholders and to strengthen its performance in all operational segments; to achieve these goals, the Organization has adopted the best available Corporate Governance practices, which give greater emphasis to improving internal controls and establishing rigid professional standards of conduct. The Company's efforts to maintain adequate standards of security, reliability and dynamism have proven effective and shown results in all areas.

Many initiatives have been adopted up to date, with the most notable being:

- monthly payment of Dividends and/or Interest on Shareholders Equity;
- adherence to Level 1 of Corporate Governance published by the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange;
- 100% tag along for common shares and 80% for preferred shares;

| | |
|---|---|
| 1,565 | PAEs Electronic Service Branches; and |
| 3,827 | External Terminals of the Bradesco Dia&Noite (Day&Night) ATM network and 7,358 Terminals of the Banco24Horas ATM network; of which 1,547 points serve both networks. |

*Management Report*

- Corporate Code of Ethical Conduct and Sector Codes of Ethical Conduct for the Accounting and Financial Management and the Financial and Capital Market Agent Departments;
- implementation of the Statutory Audit, Ethical Conduct, Internal Control and Compliance, Integrated Risk Management and Capital Bonding and Compensation Committees;
- creation of the Executive Corporate Governance, Disclosure, Social and Environmental Responsibility, and Preventing and Countering Money Laundering and the Financing of Terrorism Committees, among others;
- transparency in the simultaneous disclosure of information to the market in two languages (Portuguese and English);
- presence of one independent member on the Board of Directors;
- given that Bradesco s stock risk traded on foreign stock markets, reporting consolidated financial statements according to the US GAAP; and
- precise definition of the duties beholden to each Administrative Body.

The following policies were instituted by the Board of Directors to reaffirm its commitment to strengthen the Organization, and in turn, contribute to the Organization s endurance:

- Disclosure of Actions or Material Facts and Securities Trading;
- Human Resources Management;
- Information Security;
- Credit, Market, Liquidity and Operational Risk Management;
- Know Your Client Policy - Preventing and Fighting Money Laundering and the Financing of Terrorism;
- Know your Employee Policy and Guidelines for Preventing and Countering Money Laundering and the Financing of Terrorism; and
- Policy for Transactions with Related Parties.

Bradesco is the first Latin-American bank to receive the highest Corporate Governance rating from Management & Excellence (AAA+). The bank also has an AA rating (Great Corporate Governance Practices) from Austin Rating, proof of the Organization s commitment to its shareholders, clients, investors, employees and the public as a whole, emphasizing soundness, transparency, liquidity and social and environmental responsibility.

It is important to point out that, during the period and in accordance with CVM Rule 381, the Bradesco Organization neither contracted nor had services rendered by PricewaterhouseCoopers Independent Auditors that were not related to the external audit for an amount exceeding 5% of the total cost of the audit. The policy adopted is in line with the principles of preserving the auditor s independence, which are based on generally accepted international criteria, i.e., auditors should not audit their own work, perform managerial duties at their client or promote its interests.

The Annual Shareholders Meeting held on March 10, 2010 voted to maintain the Board of Auditors, made up of 3 sitting and 3 alternate members, whose terms end in March 2011, with one member and his/her respective alternate chosen by shareholders of the Company s preferred stock.

**8.1 Internal Controls and Compliance**

Based on the policy defined and approved by the Board of Directors, the Organization keeps all components of its internal control system up-to- date, seeking to mitigate potential losses resulting from exposure to risk and to strengthen Corporate Governance processes and procedures. The structure of having specially-dedicated personnel, in conjunction with investments in technology and training and personnel recycling, ensures that the management of internal controls and compliance within Bradesco is effective, meets all regulatory bodies' requirements and is in line with international standards.

The flow of the Organization s processes and systems are reevaluated and compliance tests are regularly applied to assess the effectiveness of existing controls. This task is conducted with the complete involvement of all departments and the Internal Control and Compliance and Audit Committees and produces reports for the Board of Directors, in line with the major frameworks for

97

*Management Report*

control in existence, such as COSO Committee of Sponsoring Organizations of the Treadway Commission, and COBIT Control Objectives for Information and Related Technology, which cover business and technology, respectively, in addition to meeting the requirements of the PCAOB Public Company Accounting Oversight Board and Section 404 of the Sarbanes-Oxley Law.

In meeting the requirements of Section 404 of the Sarbanes-Oxley Law, process designs were deemed adequate, and after identifying risks and evaluating controls, no shortcomings were identified in compliance tests that might compromise certification of the report - base date December 31, 2009 filed with the SEC in June 2010, together with the corresponding consolidated financial statements prepared according to US GAAP standards.

The compliance tests, conducted in the first half of 2010, did not produce any shortcomings that could compromise the upcoming certification of internal controls.

**Preventing and Fighting Money Laundering and the Financing of Terrorism**

The Organization maintains specific policies, processes and systems to prevent and/or detect the use of its structure, products and services to launder money or finance terrorism. Significant investments have been made in employee training and programs through several formats, such as the use of booklets, videos, e-learning courses and lectures, including specific material in the departments that require such.

A multi-departmental commission evaluates the relevance of suspicious or atypical cases and alerts the proper authorities, even if the operation has not yet been carried out.

The Executive Committee of Preventing and Fighting Money Laundering and the Financing of Terrorism meets on a quarterly basis to evaluate the progress of projects and the need to adopt new methods in order to align the Preventing and Fighting Money Laundering and the Financing of Terrorism Program with standards set by regulatory bodies and with the best national and international practices.

**Information Security**

This item consists of a group of controls, including processes, organizational structures, policies, standards and security procedures,

**8.2 Transparency and Information Disclosure Policies**

In terms of its relations with investors and the market, in the first half of the year Bradesco held 50 internal and external meetings with analysts and 16 teleconferences, made 5 presentations to the APIMEC Association of Capital Market Analysts and Professionals and participated in 9 events overseas, in addition to disclosing quarterly information in its Economic and Financial Analysis Report, a thorough compilation of information most requested by specialized readers. The Bank also participated in the Investor Meeting event sponsored by the INI National Investors Institute, answering questions from individual investors.

Bradesco Open Day, an event created to present the essential basis of the Bank to the analysts and investors, was broadcast live, on May 6, for the first time at the Cidade de Deus headquarters in Osasco, São Paulo.

Information on the Bradesco Organization is available on the Bank s website www.bradesco.com.br and in the Investor Relations Section. It includes an overview, history, shareholding structure, management reports, financial results, most recent acquisitions and APIMEC meetings, in addition to information on the financial market, all in Portuguese and English.

Twice a year, the Bank distributes an informational booklet entitled The Up-to-Date Customer," with 400 thousand copies; The Up-to-Date Shareholder, with 40 thousand copies, and "Bradesco Magazine," with 10 thousand copies, all twice a semester and aimed at the Bank's outside public. The Company also publishes its Management and Sustainability Report on an annual basis.

**9. Risk Management**

The Organization considers risk management essential in all its activities, using it to add value to its business, as risk management aids planning and implementation of the Bank s activities and maximization of the use of own and third-party funds for the benefit of the Organization's stakeholders.

whose objective is to protect the information of the Organization's clients in terms of confidentiality, integrity and disclosure.

*Management Report*

Risk management is a highly strategic activity due to the growing complexity of services and products offered and the globalization of the Organization's business; therefore, the Organization is forever improving its processes, based on the best international practices, local regulation and specialized recommendations, such as the New Basel Capital Accord (Basel II).

For the Organization, all policies, procedures and goals are developed to ensure prudent and ethical actions. Decisions are made based on factors that combine return on previously identified risk, measured and evaluated in order to establish risk limits, allowing risk management to guide business objectives. These principles make the Bank sufficiently robust to face potential market turbulence.

The Organization approaches the risk management inherent in its activities in an integrated manner, unifying policies, processes, criteria and methods used to control risks through a statutory body, the Integrated Risk Management and Capital Bonding Committee. These integrated pursuits are also aided by specific management committees and policies approved by the Board of Directors, interposed by the Organization s internal-control structure.

**9.1 Credit Risk**

Management of the Organization s credit risk is a continuously evolving process of mapping, assessing and diagnosing models, instruments and current procedures that require extreme discipline and control in analyzing operations that have been carried out, preserving the integrity and independence of all processes involved.

All pertinent aspects of the process of granting credit, concentration, requirement of guarantees, terms etc. are followed in order to not compromise the credit portfolio s expected quality.

The Organization continuously maps all activities that may create exposure to credit risk, with the respective classifications of probability versus magnitude, and also identifies managers, takes measurements and implements mitigation plans; all credit risk control is performed in a centralized, standardized and corporate manner.

**9.2 Market risk**

Market risk is carefully accompanied, assessed and managed. The Organization s market risk exposure profile is conservative, and all guidelines are monitored independently and on a daily basis.

Market risk is controlled for and in all of the Organization s companies in a corporate and centralized manner. All activities exposed to market risk are mapped, measured and classified by probability and magnitude, with their respective mitigation plans duly approved by the administrative structure.

Bradesco always seeks to comply with the best international market practices, local rules, and the recommendations of the New Basel Capital Accord. Therefore, the Bank applied to the Brazilian Central Bank to use its internal market risk models for capital allocation, in June 30, 2010, in accordance with the requirements of the agency, and consequently, in accordance with the New Basel Capital Accord. Thus, the Bank expects to reduce capital allocation for market risk once it starts utilizing its internal models after Bacen s approval.

**9.3 Liquidity risk**

It is crucial to be aware of and to monitor liquidity risks in order to ensure that financial commitments are settled in a timely and secure manner. The Organization has a liquidity policy that defines not only the minimum levels to be observed, taking into account stress scenarios, but that also defines in what type of financial instruments funds should be applied and which operating strategy should be used in each case.

The liquidity risk management process includes daily follow-up on the composition of available resources, observance of the minimum level of liquidity and contingency plans for situations of stress. The Bank s positions are controlled and assessed in a centralized manner, covering all banks in the Organization.

**9.4 Operational Risk**

The Organization considers the activity of managing operational risk essential to generating aggregate value. The Company controls risk in a consolidated and centralized manner, through identification, measurement, mitigation plans and the administration of operational risk. Within operational risk mitigation plans, the Organization also pursues business continuity management.

This form of management is based on preparing plans using methods and tools that establish actions to be taken in moments of crisis so as to recover and enable the continuity of business processes, avoiding or minimizing financial losses to the Organization or its stakeholders.

99

*Management Report*

**10. Human resources**

The Human Resources Management Policy established by Bradesco is guided by respect and transparency, the continuous investment in professionally training staff and employees, knowledge sharing and valuing human beings. In the first half of the year, 1,313 courses were given to a total of 902,767 employees.

Equally as important are the benefits aimed at improving the quality of life, well-being and safety of the Bank s employees and their dependants, which cover 189,050 individuals.

**11. Sustainability in the Bradesco Organization**

The Bradesco Organization is always seeking sustainability in daily management and activities. From early on, themes such as education, personal development, banking inclusion and foster citizenship have been a part of Bradesco s operations.

The strategic positioning of the Organization is divided into three main sections:

- **Sustainable Finances** focused on providing the population with easy access to financial services, increasing loan offers in a responsible manner and maintaining quality products and services that take into account social and environmental criteria, seeking to contribute to sustainable development;

- **Responsible Management** based on the Social and Environmental Responsibility Policy, valuing and encouraging employees and commitments made to the most important international bodies, such as the Global Pact, Millennium Objectives and the Equator Principles, as demonstrated by the Bank s presence in sustainability indexes (Dow Jones Sustainability Index, NYSE and ISE - Corporate Sustainability Index of the BM&FBOVESPA) and several certifications and international recognition; and

- **Social and Environmental Investments** through private social investment, sponsorships and donations, the Organization is able to contribute to environmental conservation, the social inclusion of communities in which it operates and educational, environmental and cultural projects and events. Among its initiatives, the most important are the Fundação Bradesco, Bradesco Sports and Education Program and Fundação Amazonas Sustentável.

Thus, the Organization generates results in practice and through its business that benefit all stakeholders.

**Fundação Bradesco**

In the social area, Organization Bradesco mainly focuses on an extensive social-educational program developed under Fundação Bradesco and its 40 schools, in every state and the Federal District, mainly present in underprivileged regions.

With a current budget of R$268.010 million, Fundação Bradesco provides quality educational services at no charge to 660 thousand people in the various segments in which it operates, with 112 thousand of these represented by students enrolled in its schools at the following levels: Basic Education (Kindergarten through High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training. Meanwhile, more than 550,000 people will be served through online and distance-learning programs administered via Virtual School, its e-learning portal, Digital Inclusion Centers (CIDs) and programs carried out with strategic partnerships, such as Educa+Ação. The more than 50 thousand students enrolled in the Foundation s basic education system also received uniforms, school supplies, meals and medical and dental assistance at no charge.

On March 7, for the eighth straight year, all of the Fundação Bradesco offices held a National Volunteer Action Day," which brought over 44 thousand volunteers in more than 200 locations together, including volunteers from Fundação Bradesco schools and CIDs Digital Inclusion Centers, to benefit the greater community. In all, more than 1.4 million people were served by citizenship, educational, recreational, sporting and environmental activities.

**Bradesco Sports and Education Program**

To promote good citizenship and social inclusion among children and adolescents, the Bradesco Organization s Sports and Education Program has been promoting participation in sports, educational endeavors, health and well-being for over 21 years.

*Management Report*

In the city of Osasco, SP, the Program has 29 Training and Specialization Centers to teach volleyball and basketball, which are located in the Fundação Bradesco offices, public city schools, private schools and sports centers in the municipality. The Program currently assists some 2 thousand girls ages 8 to 18, reinforcing its commitment to defend a country that is ever more accepting of valuing talent, effort and the full exercise of citizenship.

On June 30, Bradesco inaugurated the Sports and Education Development Center, headquarters of ADC Bradesco Sports and Education Program in Osasco; the Center was built in partnership with the government of Osasco and supported by the City Council of Children and Adolescent Rights.The Center has state-of-the-art facilities and architecture and is capable of training up to 500 athletes every day.

**12. Recognitions**

***Rankings*** In the first half of the year, Bradesco received several important recognitions:

- The most valuable brand in Brazil and the most valuable brand among financial institutions in Latin America, according to a study prepared by the specialized consulting firm Brand Finance in partnership with the British magazine *The Banker;*
- The most valuable brand in Brazil, for the fourth consecutive time, according to a study conducted by the consulting firm Brand Finance South America and the magazine Brazil; *The Brander*, which analyzed 100 brands in Brazil;
- Leader in the survey Companies that Most Respect the Consumer , conducted by the *Consumidor Moderno* magazine in partnership with *Shopper Experience,* which evaluated companies that serve customers with greater respect and professionalism;
- Top Brazilian company in a ranking of the 100 most sustainable companies on the planet organized by *Corporate Knight,* a Canadian publication specializing in corporate social responsibility;
- Bradesco is among the 100 most valuable brands on the global ranking published by the British newspaper *Financial Times*, and is the only private Brazilian company on this select list;
- Largest private Brazilian group among the 100 largest companies in the world, according to a ranking by *Forbes* magazine, one of the most respected economic, financial and business publications in the world;
- Received the Best Customer Service Company trophy in 2009, in a study conducted by *Exame* magazine in conjunction with Brazilian Customer Relations Institute (IBRC);
- Environmental Company of the Year in the 4th Edition of the Brazilian Environmental Award organized by Editora JB, which publishes the newspaper *Jornal do Brasil.* The company also won in the categories Best Project in Waste Management and Best Project in Environmental Education;
- Winner, for the second consecutive time, of the 2010 International Golden Peacock Global Award for Corporate Social Responsibility. It acknowledges companies that adopt the best corporate social responsibility policies;
- Won the Readers Choice Awards 2010 in the Sustainability Report 2008 category. This award is given to the best sustainability reports from companies all over the world that participated in the Global Reporting Initiative (GRI);
- Winner of the Transpromo International Technology Application of the Year Award for the case study Applications for Checking Account Statements. This 25th edition of the award was sponsored by Xplor International and recognizes the Bank s excellence in applying this technology to electronic documents; and
- The consulting firm Consultoria Economatica selected Bradesco as one of the top 25 banks in Latin America and the United States in terms of stock performance in 2009, with Bradesco shares yielding returns over 100% in the year.

101

**13. Acknowledgements**

The results achieved in the first half of the year are once again proof of Bradesco's effort to exceed expectations and always offer the best in customer service, products and services. These achievements were possible thanks to the support and confidence of shareholders and customers, and the dedicated work of employees and other partners. Thank you all for what you've done.

Cidade de Deus, July 27, 2010

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

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

## ***Consolidated Balance Sheet*** *R$ thousand*

| Assets | 2010 | | 2009 |
|---|---|---|---|
| | June | March | June |
| **Current assets** | **414,795,890** | **390,746,673** | **368,673,601** |
| **Cash and cash equivalents (Note 6)** | **6,877,457** | **8,704,665** | **9,001,287** |
| **Interbank investments (Notes 3d and 7)** | **95,923,112** | **96,260,856** | **88,862,144** |
| Investments in federal funds purchased and securities sold under agreements to repurchase | 88,880,212 | 89,920,738 | 81,475,647 |
| Interbank deposits | 7,043,091 | 6,340,361 | 7,387,390 |
| Allowance for losses | (191) | (243) | (893) |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **129,429,288** | **123,602,778** | **127,876,226** |
| Own portfolio | 113,001,849 | 93,883,610 | 99,903,567 |
| Subject to repurchases agreements | 5,774,001 | 19,019,954 | 1,020,120 |
| Derivative financial instruments | 908,295 | 2,335,357 | 2,647,609 |
| Compulsory deposits - Brazilian Central Bank | 3,711,922 | 3,413,929 | 17,919,453 |
| Underlying guarantee provided | 5,993,871 | 4,908,201 | 6,311,915 |
| Securities subject to repurchase agreements but not restricted | 39,350 | 41,727 | 73,562 |
| **Interbank accounts** | **49,348,400** | **35,966,020** | **16,129,013** |
| Unsettled payments and receipts | 852,411 | 479,187 | 826,442 |
| Restricted credits: (Note 9) | | | |
| - Compulsory deposits - Brazilian Central Bank | 48,404,254 | 35,424,718 | 15,239,671 |
| - National treasury - rural loans | 578 | 578 | 578 |
| - National Housing System (SFH) | 10,866 | 13,808 | 5,474 |
| Correspondent banks | 80,291 | 47,729 | 56,848 |
| **Interdepartmental accounts** | **595,642** | **229,728** | **23,460** |
| Internal transfer of funds | 595,642 | 229,728 | 23,460 |
| **Loan operations (Notes 3g, 10 and 32b)** | **86,024,286** | **82,534,333** | **74,089,094** |
| Loan operations: | | | |
| - Public sector | 832,401 | 1,061,316 | 624,449 |
| - Private sector | 94,170,634 | 90,653,338 | 82,002,980 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (8,978,749) | (9,180,321) | (8,538,335) |
| **Leasing operations (Notes 2, 3g, 10 and 32b)** | **7,604,134** | **7,859,584** | **7,824,455** |
| Leasing receivables: | | | |
| - Public sector | 11,512 | 24,321 | 73,416 |
| - Private sector | 14,173,636 | 14,525,660 | 14,092,489 |
| Unearned income from leasing | (5,794,885) | (5,901,202) | (5,749,030) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (786,129) | (789,195) | (592,420) |
| **Other receivables** | **37,448,179** | **34,044,327** | **43,307,022** |
| Receivables on sureties and guarantees honored (Note 10a-3) | 9,299 | 21,409 | 10,569 |

| | | | |
|---|---|---|---|
| Foreign exchange portfolio (Note 11a) | 12,776,985 | 9,953,229 | 20,153,846 |
| Receivables | 427,046 | 474,547 | 536,367 |
| Securities trading | 916,093 | 1,072,850 | 1,239,522 |
| Specific loans | 1,802 | 2,105 | 880 |
| Insurance premiums receivable | 1,996,339 | 1,972,355 | 2,060,038 |
| Sundry (Note 11b) | 22,026,571 | 21,277,120 | 19,807,701 |
| Allowance for other loan losses (Notes 3g, 10f, 10g and 10h) | (705,956) | (729,288) | (501,901) |
| **Other assets (Note 12)** | **1,545,392** | **1,544,382** | **1,560,900** |
| Other assets | 778,248 | 775,021 | 677,923 |
| Allowance for mark-to-market losses | (256,527) | (256,351) | (246,152) |
| Prepaid expenses (Notes 3i and 12b) | 1,023,671 | 1,025,712 | 1,129,129 |
| **Long-term receivables** | **133,072,084** | **131,962,864** | **105,627,474** |
| **Interbank investments (Notes 3d and 7)** | **554,724** | **903,656** | **774,267** |
| Interbank investments | 554,724 | 903,656 | 774,267 |

***Consolidated Balance Sheet*** *R$ thousand*

| **Assets** | **2010** | | **2009** |
|---|---|---|---|
| | **June** | **March** | **June** |
| **Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)** | **27,325,707** | **33,705,811** | **18,233,782** |
| Own portfolio | 13,835,825 | 27,320,923 | 14,190,644 |
| Subject to repurchase agreements | 11,004,613 | 743,709 | 194,734 |
| Derivative financial instruments | 698,686 | 716,163 | 540,506 |
| Compulsory deposits - Brazilian Central Bank | 841,123 | 3,576,475 | 788,271 |
| Privatization currencies | 90,829 | 92,156 | 99,365 |
| Underlying guarantees provided | 854,631 | 1,256,385 | 2,420,262 |
| **Interbank accounts** | **482,456** | **478,243** | **467,665** |
| Restricted credits: (Note 9) | | | |
| - SFH National Housing System | 482,456 | 478,243 | 467,665 |
| **Loan operations (Notes 3g, 10 and 32b)** | **72,843,110** | **65,293,407** | **51,628,627** |
| Loan operations: | | | |
| - Public sector | 396,981 | 450,290 | 643,684 |
| - Private sector | 76,897,760 | 69,075,677 | 54,456,020 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (4,451,631) | (4,232,560) | (3,471,077) |
| **Leasing operations (Notes 2, 3g, 10 and 32b)** | **9,708,341** | **10,708,767** | **13,272,628** |
| Leasing receivables: | | | |
| - Public sector | 8,014 | 9,909 | 7,196 |
| - Private sector | 18,720,394 | 20,305,144 | 23,943,288 |
| Unearned income from leasing | (8,168,038) | (8,714,484) | (9,920,770) |
| Allowance for leasing losses (Notes 3g, 10f, 10g and 10h) | (852,029) | (891,802) | (757,086) |
| **Other receivables** | **21,796,117** | **20,489,553** | **20,899,688** |
| Receivables | 11,055 | 15,755 | 160 |
| Securities trading | 261,133 | 317,927 | 703,247 |
| Sundry (Note 11b) | 21,531,008 | 20,168,512 | 20,206,070 |
| Allowance for loan losses (Notes 3g, 10f, 10g and 10h) | (7,079) | (12,641) | (9,789) |
| **Other assets (Note 12)** | **361,629** | **383,427** | **350,817** |
| Other assets | 563 | 553 | 637 |
| Prepaid expenses (Notes 3i and 12b) | 361,066 | 382,874 | 350,180 |
| **Permanent assets** | **10,232,242** | **9,916,523** | **8,176,532** |
| **Investments (Notes 3j, 4, 13 and 32b)** | **1,553,104** | **1,536,687** | **1,358,660** |
| Interest in unconsolidated companies: | | | |
| - Local | 1,072,669 | 1,055,564 | 916,056 |
| Other investments | 762,885 | 762,134 | 792,777 |
| Allowance for losses | (282,450) | (281,011) | (350,173) |

| | | | |
|---|---|---|---|
| **Premises and equipment (Notes 3k and 14)** | **3,420,421** | **3,235,933** | **3,283,406** |
| Premises | 1,024,955 | 1,022,909 | 1,025,849 |
| Other assets | 7,318,790 | 6,916,190 | 6,599,791 |
| Accumulated depreciation | (4,923,324) | (4,703,166) | (4,342,234) |
| **Leased assets (Note 14)** | **6,530** | **8,334** | **16,295** |
| Leased assets | 16,044 | 20,972 | 29,455 |
| Accumulated depreciation | (9,514) | (12,638) | (13,160) |
| **Intangible assets (Notes 3l, 4 and 15)** | **5,252,187** | **5,135,569** | **3,518,171** |
| Intangible assets | 9,061,745 | 8,674,765 | 6,472,434 |
| Accumulated amortization | (3,809,558) | (3,539,196) | (2,954,263) |
| **Total** | **558,100,216** | **532,626,060** | **482,477,607** |

The Notes are an integral part of the Financial Statements.

***Consolidated Balance Sheet*** *R$ thousand*

| Liabilities | 2010 | | 2009 |
|---|---|---|---|
| | June | March | June |
| **Current liabilities** | **328,089,064** | **321,166,083** | **276,610,508** |
| **Deposits (Notes 3n and 16a)** | **104,702,842** | **103,857,996** | **91,358,767** |
| Demand deposits | 32,754,590 | 31,590,287 | 27,416,181 |
| Savings deposits | 47,331,685 | 45,194,691 | 38,502,687 |
| Interbank deposits | 374,215 | 329,218 | 420,628 |
| Time deposits (Notes 16a and 32b) | 23,155,309 | 25,749,548 | 24,057,449 |
| Other deposits | 1,087,043 | 994,252 | 961,822 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **100,358,331** | **98,260,955** | **74,593,479** |
| Own portfolio | 26,915,908 | 30,582,625 | 4,560,995 |
| Third-party portfolio | 72,027,616 | 66,823,881 | 68,409,839 |
| Unrestricted portfolio | 1,414,807 | 854,449 | 1,622,645 |
| **Funds from issuance of securities (Notes 16c and 32b)** | **4,107,167** | **3,060,285** | **3,056,109** |
| Exchange acceptances | - | - | 207 |
| Mortgage and real estate notes, letters of credit and others | 2,792,837 | 2,420,734 | 2,305,081 |
| Debentures (Note 16c-1) | 741,452 | 25,852 | 11,474 |
| Securities issued abroad | 572,878 | 613,699 | 739,347 |
| **Interbank accounts** | **272,192** | **203,613** | **195,798** |
| Interbank onlending | - | - | 3,361 |
| Correspondent banks | 272,192 | 203,613 | 192,437 |
| **Interdepartmental accounts** | **2,505,129** | **1,859,048** | **1,707,909** |
| Third-party funds in transit | 2,505,129 | 1,859,048 | 1,707,909 |
| **Borrowing (Notes 17a and 32b)** | **8,502,066** | **7,823,288** | **10,658,504** |
| Local borrowing - other institutions | - | 557 | 529 |
| Borrowing abroad | 8,502,066 | 7,822,731 | 10,657,975 |
| **Local onlending - official institutions (Notes 17b and 32b)** | **7,423,957** | **6,772,140** | **7,342,951** |
| National treasury | 19,236 | 62,143 | 111,509 |
| National Bank for Economic and Social Development (BNDES) | 2,317,173 | 2,221,555 | 3,026,602 |
| Caixa Econômica Federal Federal savings bank (CEF) | 17,783 | 17,341 | 16,168 |
| Fund for financing the acquisition of industrial machinery and equipment (Finame) | 5,069,765 | 4,471,101 | 4,188,664 |
| Other institutions | - | - | 8 |
| **Foreign onlending (Notes 17b and 32b)** | **488,925** | **482,959** | **450** |
| Foreign onlending | 488,925 | 482,959 | 450 |
| **Derivative financial instruments (Notes 3f, 8e II and 32)** | **987,358** | **2,361,013** | **2,416,504** |
| Derivative financial instruments | 987,358 | 2,361,013 | 2,416,504 |
| **Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)** | **60,302,401** | **59,014,470** | **51,115,819** |

| | | | |
|---|---|---|---|
| **Other liabilities** | **38,438,696** | **37,470,316** | **34,164,218** |
| Collection of taxes and other contributions | 2,397,041 | 3,015,045 | 2,064,836 |
| Foreign exchange portfolio (Note 11a) | 7,484,723 | 5,452,357 | 11,127,939 |
| Social and statutory | 1,474,808 | 918,024 | 1,321,337 |
| Fiscal and social security (Note 20a) | 2,885,980 | 2,455,976 | 3,653,942 |
| Securities trading | 1,257,852 | 1,566,917 | 1,680,711 |
| Financial and development funds | 169 | 221 | 6,168 |
| Subordinated debts (Notes 19 and 32b) | 4,924,111 | 4,772,011 | 414,715 |
| Sundry (Note 20b) | 18,014,012 | 19,289,765 | 13,894,570 |
| **Long-term liabilities** | **184,701,323** | **167,263,667** | **167,963,529** |
| **Deposits (Notes 3n and 16a)** | **73,749,127** | **66,863,677** | **76,153,161** |
| Interbank deposits | 80,733 | 36,540 | 68,653 |
| Time deposits (Notes 16a and 32b) | 73,668,394 | 66,827,137 | 76,084,508 |
| **Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)** | **30,775,382** | **29,911,020** | **25,116,305** |
| Own portfolio | 30,775,382 | 29,911,020 | 25,116,305 |

***Consolidated Balance Sheet*** *R$ thousand*

| **Liabilities** | **2010** | | **2009** |
|---|---|---|---|
| | **June** | **March** | **June** |
| **Funds from issuance of securities (Notes 16c and 32b)** | **8,622,194** | **5,490,228** | **4,638,078** |
| Mortgage and real estate notes, letters of credit and others | 3,477,010 | 39,108 | 180,003 |
| Debentures (Note 16c-1) | 217 | 730,163 | 730,000 |
| Securities issued abroad | 5,144,967 | 4,720,957 | 3,728,075 |
| **Borrowing (Notes 17a and 32b)** | **890,276** | **770,265** | **422,916** |
| Borrowing abroad | 890,276 | 770,265 | 422,916 |
| **Local onlending - official institutions (Notes 17b and 32b)** | **17,728,067** | **14,358,227** | **10,656,234** |
| BNDES | 7,566,093 | 6,114,515 | 4,123,899 |
| CEF | 69,628 | 71,581 | 77,347 |
| FINAME | 10,091,691 | 8,171,480 | 6,454,299 |
| Other institutions | 655 | 651 | 689 |
| **Borrowings and Onlendings Abroad (Notes 17b and 32b)** | **-** | **865** | **-** |
| Onlending abroad | - | 865 | - |
| **Derivative financial instruments (Notes 3f, 8e II and 32)** | **109,534** | **107,726** | **182,695** |
| Derivative financial instruments | 109,534 | 107,726 | 182,695 |
| **Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)** | **19,005,986** | **18,670,521** | **17,712,772** |
| **Other liabilities** | **33,820,757** | **31,091,138** | **33,081,368** |
| Fiscal and social security (Note 20a) | 11,851,008 | 11,146,891 | 10,297,742 |
| Subordinated debts (Notes 19 and 32b) | 18,460,500 | 18,768,718 | 19,991,141 |
| Sundry (Note 20b) | 3,509,249 | 1,175,529 | 2,792,485 |
| **Deferred income** | **336,557** | **292,397** | **272,278** |
| Deferred income | 336,557 | 292,397 | 272,278 |
| **Minority interest in subsidiaries (Note 22)** | **677,949** | **816,547** | **354,527** |
| **Shareholders' equity (Note 23)** | **44,295,323** | **43,087,366** | **37,276,765** |
| Capital: | | | |
| - Domiciled in Brazil | 27,748,637 | 25,703,438 | 22,074,630 |
| - Domiciled abroad | 751,363 | 796,562 | 925,370 |
| Capital reserves | 62,614 | 62,614 | 62,614 |
| Profit reserves | 15,798,598 | 16,185,632 | 14,508,614 |
| Assets valuation adjustments | (65,889) | 339,120 | (289,283) |
| Treasury shares (Notes 23d and 32b) | - | - | (5,180) |
| **Shareholders equity managed by the Parent Company** | **44,973,272** | **43,903,913** | **37,631,292** |
| **Total** | **558,100,216** | **532,626,060** | **482,477,607** |

The Notes are an integral part of the Financial Statements.

***Consolidated Statement of Income*** *R$ thousand*

| | 2010 | | | 2009 |
|---|---|---|---|---|
| | 2nd quarter | 1st quarter | 1st half | 1st half |
| **Revenues from financial intermediation** | **16,380,239** | **15,490,486** | **31,870,725** | **32,688,630** |
| Loan operations (Note 10j) | 9,204,717 | 8,459,551 | 17,664,268 | 15,456,104 |
| Leasing operations (Note 10j) | 558,026 | 641,936 | 1,199,962 | 1,803,905 |
| Operations with securities (Note 8h) | 3,682,269 | 3,823,475 | 7,505,744 | 8,189,183 |
| Financial income from insurance, private pension plans and savings bonds (Note 8h) | 1,612,581 | 2,272,263 | 3,884,844 | 4,104,355 |
| Derivative financial instruments (Note 8h) | 447,553 | (38,762) | 408,791 | 1,367,261 |
| Foreign exchange operations (Note 11a) | 83,664 | 130,877 | 214,541 | 1,463,366 |
| Compulsory deposits (Note 9b) | 761,172 | 184,700 | 945,872 | 284,150 |
| Sale or transfer of financial assets | 30,257 | 16,446 | 46,703 | 20,306 |
| **Financial intermediation expenses** | **10,169,716** | **9,647,594** | **19,817,310** | **23,263,366** |
| Federal funds purchased and securities sold under agreements to repurchase (Note 16e) | 6,297,498 | 5,511,475 | 11,808,973 | 12,592,002 |
| Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e) | 981,331 | 1,493,549 | 2,474,880 | 2,711,047 |
| Borrowing and onlending (Note 17c) | 570,469 | 481,459 | 1,051,928 | 632,656 |
| Leasing operations (Note 10j) | 1,422 | 1,824 | 3,246 | 3,822 |
| Allowance for loan losses (Notes 3g, 10g and 10h) | 2,318,996 | 2,159,287 | 4,478,283 | 7,323,839 |
| **Gross income from financial intermediation** | **6,210,523** | **5,842,892** | **12,053,415** | **9,425,264** |
| **Other operating income/expenses** | **(2,568,850)** | **(3,057,822)** | **(5,626,672)** | **(4,855,004)** |
| Fee and commission income (Note 24) | 3,193,048 | 3,080,431 | 6,273,479 | 5,697,396 |
| Other fee and commission income | 2,513,301 | 2,484,218 | 4,997,519 | 4,600,620 |
| Revenues from banking fees | 679,747 | 596,213 | 1,275,960 | 1,096,776 |
| Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d) | 7,056,006 | 6,790,967 | 13,846,973 | 11,482,963 |
| Net premiums written | 7,135,664 | 6,851,334 | 13,986,998 | 11,608,371 |
| Reinsurance premiums | (79,658) | (60,367) | (140,025) | (125,408) |
| Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o) | (3,042,504) | (3,119,227) | (6,161,731) | (5,116,893) |
| Retained claims (Note 3o) | (2,323,665) | (2,267,327) | (4,590,992) | (3,920,145) |
| Savings bonds drawings and redemptions (Note 3o) | (518,681) | (451,350) | (970,031) | (776,043) |
| Insurance, private pension plans and savings bonds selling expenses (Note 3o) | (383,517) | (371,477) | (754,994) | (603,930) |
| Personnel expenses (Note 25) | (2,237,696) | (2,120,571) | (4,358,267) | (3,759,767) |
| Other administrative expenses (Note 26) | (2,662,914) | (2,564,249) | (5,227,163) | (4,325,457) |

| | | | | |
|---|---|---|---|---|
| Tax expenses (Note 27) | (721,149) | (735,743) | (1,456,892) | (1,318,704) |
| Equity in the earnings of affiliates (Note 13b) | 19,016 | 28,755 | 47,771 | 19,056 |
| Other operating income (Note 28) | 607,391 | 654,186 | 1,261,577 | 1,113,684 |
| Other operating expenses (Note 29) | (1,554,185) | (1,982,217) | (3,536,402) | (3,347,164) |
| **Operating income** | **3,641,673** | **2,785,070** | **6,426,743** | **4,570,260** |
| **Non-operating income (Note 30)** | **(122,053)** | **(95,374)** | **(217,427)** | **1,902,739** |
| **Income before taxes on income and minority interest** | **3,519,620** | **2,689,696** | **6,209,316** | **6,472,999** |
| **Income taxes and social contribution (Notes 34a and 34b)** | **(1,096,581)** | **(569,318)** | **(1,665,899)** | **(2,442,438)** |
| **Minority interest in subsidiaries** | **(17,721)** | **(17,672)** | **(35,393)** | **(10,209)** |
| **Net income** | **2,405,318** | **2,102,706** | **4,508,024** | **4,020,352** |

The Notes are an integral part of the Financial Statements.

***Statement of Changes in Shareholders Equity** R$ thousand*

| | | Capital reserves | | Profit reserves | | Asset valuation adjustments | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Events** | **Capital stock** | **Income tax incentives from income tax** | **Other** | **Legal** | **Statutory** | **Bradesco** | **Subsidiaries** | **Treasury shares** | **Retained earnings** | |
| **Balances on December 31, 2008** | **23,000,000** | **2,103** | **60,511** | **1,853,688** | **10,006,599** | **(53,961)** | **(607,543)** | **(4,853)** | **-** | **3** |
| Acquisition of treasury shares | - | - | - | - | - | - | - | (327) | - | |
| Assets valuation adjustments | - | - | - | - | - | (167,815) | 540,036 | - | - | |
| Net income | - | - | - | - | - | - | - | - | 4,020,352 | |
| Allocations: - Reserves | - | - | - | 201,018 | 2,447,309 | - | - | - | (2,648,327) | |
| - Provisioned interest on equity | - | - | - | - | - | - | - | - | (1,120,286) | ( |
| - Dividends paid and/or provisioned | - | - | - | - | - | - | - | - | (251,739) | |
| **Balance on June 30, 2009** | **23,000,000** | **2,103** | **60,511** | **2,054,706** | **12,453,908** | **(221,776)** | **(67,507)** | **(5,180)** | **-** | **3** |
| | | | | | | | | | | |
| **Balance on December 31, 2009** | **26,500,000** | **2,103** | **60,511** | **2,254,302** | **12,768,368** | **7,921** | **349,420** | **(188,874)** | **-** | **4** |
| Acquisition of treasury shares | - | - | - | - | - | - | - | (4,740) | - | |
| Cancellation of treasury shares | - | - | - | - | (193,614) | - | - | 193,614 | - | |
| Assets valuation | - | - | - | - | - | 50,408 | (68,629) | - | - | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| adjustments | | | | | | | | | | |
| Net income | - | - | - | - | - | - | - | - | 2,102,706 | |
| Allocations: - Reserves | - | - | - | 105,135 | 1,251,441 | - | - | - | (1,356,576) | |
| - Provisioned interest on equity | - | - | - | - | - | - | - | - | (608,025) | |
| - Dividends paid and/or provisioned | - | - | - | - | - | - | - | - | (138,105) | |
| **Balances on March 31, 2010** | **26,500,000** | **2,103** | **60,511** | **2,359,437** | **13,826,195** | **58,329** | **280,791** | **-** | **-** | **4** |
| **Balances on December 31, 2009** | **26,500,000** | **2,103** | **60,511** | **2,254,302** | **12,768,368** | **7,921** | **349,420** | **(188,874)** | **-** | **4** |
| Capital Increase with Reserves | 2,000,000 | - | - | - | (2,000,000) | - | - | - | - | |
| Acquisition of treasury shares | - | - | - | - | - | - | - | (4,740) | - | |
| Cancellation of treasury shares | - | - | - | - | (193,614) | - | - | 193,614 | - | |
| Assets valuation adjustments | - | - | - | - | - | 109,202 | (532,432) | - | - | |
| Net income | - | - | - | - | - | - | - | - | 4,508,024 | |
| Allocations: - Reserves | - | - | - | 225,401 | 2,744,141 | - | - | - | (2,969,542) | |
| - Provisioned interest on equity | - | - | - | - | - | - | - | - | (1,257,960) | ( |
| - Dividends paid and/or provisioned | - | - | - | - | - | - | - | - | (280,522) | |
| **Balances on June 30, 2010** | **28,500,000** | **2,103** | **60,511** | **2,479,703** | **13,318,895** | **117,123** | **(183,012)** | **-** | **-** | **4** |

The Notes are an integral part of the Financial Statements.

***Value Added Statement*** *R$ thousand*

| Description | 2010 | | | | | | 2009 | |
|---|---|---|---|---|---|---|---|---|
| | 2nd quarter | % | 1st quarter | % | 1st half | % | 1st half | % |
| **1 Income** | **17,177,644** | **259.4** | **15,771,693** | **277.0** | **32,949,337** | **267.5** | **32,073,701** | **271.0** |
| **1.1) Financial intermediation** | **16,380,239** | **247.4** | **15,490,486** | **272.0** | **31,870,725** | **258.8** | **32,688,630** | **276.3** |
| **1.2) Fee and commission** | **3,193,048** | **48.2** | **3,080,431** | **54.1** | **6,273,479** | **50.9** | **5,697,396** | **48.2** |
| **1.3) Allowance for loan losses** | **(2,318,996)** | **(35.0)** | **(2,159,287)** | **(37.9)** | **(4,478,283)** | **(36.4)** | **(7,323,839)** | **(61.9)** |
| **1.4) Other** | **(76,647)** | **(1.2)** | **(639,937)** | **(11.2)** | **(716,584)** | **(5.8)** | **1,011,514** | **8.4** |
| **2 Financial intermediation expenses** | **(7,850,720)** | **(118.6)** | **(7,488,307)** | **(131.5)** | **(15,339,027)** | **(124.5)** | **(15,939,527)** | **(134.7)** |
| **3 Inputs acquired from third-parties** | **(2,200,481)** | **(33.2)** | **(2,101,504)** | **(37.0)** | **(4,301,985)** | **(35.0)** | **(3,535,147)** | **(29.8)** |
| Materials, water, energy and gas | (118,931) | (1.8) | (117,417) | (2.1) | (236,348) | (1.9) | (203,869) | (1.7) |
| Third-party services | (730,204) | (11.0) | (724,077) | (12.7) | (1,454,281) | (11.8) | (1,190,520) | (10.1) |
| **Other** | **(1,351,346)** | **(20.4)** | **(1,260,010)** | **(22.2)** | **(2,611,356)** | **(21.3)** | **(2,140,758)** | **(18.0)** |
| - Communication | (342,609) | (5.2) | (334,475) | (5.9) | (677,084) | (5.5) | (601,450) | (5.1) |
| - Financial system services | (92,158) | (1.4) | (86,059) | (1.5) | (178,217) | (1.4) | (123,541) | (1.0) |
| - Advertising and marketing | (156,337) | (2.4) | (152,363) | (2.7) | (308,700) | (2.5) | (193,414) | (1.6) |
| - Transportation | (160,839) | (2.4) | (142,311) | (2.5) | (303,150) | (2.5) | (266,940) | (2.3) |
| - Data processing | (205,812) | (3.1) | (190,766) | (3.3) | (396,578) | (3.2) | (364,848) | (3.1) |
| - Maintenance and repairs | (109,669) | (1.7) | (107,456) | (1.9) | (217,125) | (1.8) | (204,083) | (1.7) |
| - Security and surveillance | (66,466) | (1.0) | (66,143) | (1.2) | (132,609) | (1.1) | (120,589) | (1.0) |
| - Travel | (28,884) | (0.4) | (21,154) | (0.4) | (50,038) | (0.4) | (35,309) | (0.3) |
| - Other | (188,572) | (2.8) | (159,283) | (2.8) | (347,855) | (2.9) | (230,584) | (1.9) |
| **4 Gross value added (1-2-3)** | **7,126,443** | **107.6** | **6,181,882** | **108.5** | **13,308,325** | **108.0** | **12,599,027** | **106.5** |
| **5 Depreciation, amortization and depletion** | **(525,201)** | **(7.9)** | **(515,261)** | **(9.0)** | **(1,040,462)** | **(8.4)** | **(787,361)** | **(6.7)** |
| **6 Net value added produced by the Entity (4-5)** | **6,601,242** | **99.7** | **5,666,621** | **99.5** | **12,267,863** | **99.6** | **11,811,666** | **99.8** |
| **7 Value added received in transfer** | **19,016** | **0.3** | **28,755** | **0.5** | **47,771** | **0.4** | **19,056** | **0.2** |
| Equity in earnings (losses) of unconsolidated companies | 19,016 | 0.3 | 28,755 | 0.5 | 47,771 | 0.4 | 19,056 | 0.2 |
| **8 Value added to distribute (6+7)** | **6,620,258** | **100.0** | **5,695,376** | **100.0** | **12,315,634** | **100.0** | **11,830,722** | **100.0** |
| **9 Value added distributed** | **6,620,258** | **100.0** | **5,695,376** | **100.0** | **12,315,634** | **100.0** | **11,830,722** | **100.0** |
| **9.1) Personnel** | **1,933,995** | **29.1** | **1,835,691** | **32.3** | **3,769,686** | **30.5** | **3,275,206** | **27.7** |
| Payroll | 1,062,579 | 16.1 | 1,000,991 | 17.6 | 2,063,570 | 16.8 | 1,908,647 | 16.1 |
| Benefits | 423,991 | 6.4 | 417,442 | 7.3 | 841,433 | 6.8 | 719,485 | 6.1 |
| FGTS (Government Severance Indemnity Fund for Employees) | 96,600 | 1.5 | 91,561 | 1.6 | 188,161 | 1.5 | 172,676 | 1.5 |
| Other | 350,825 | 5.1 | 325,697 | 5.8 | 676,522 | 5.4 | 474,398 | 4.0 |
| **9.2) Taxes, fees and contributions** | **2,121,431** | **32.0** | **1,589,941** | **27.9** | **3,711,372** | **30.2** | **4,245,703** | **35.9** |
| Federal | 2,020,721 | 30.5 | 1,483,559 | 26.1 | 3,504,280 | 28.5 | 4,055,164 | 34.3 |
| State | 1,394 | - | 1,806 | - | 3,200 | - | 3,035 | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Municipal | 99,316 | 1.5 | 104,576 | 1.8 | 203,892 | 1.7 | 187,504 | 1.6 |
| **9.3) Third-party capital compensation** | **141,793** | **2.2** | **149,366** | **2.6** | **291,159** | **2.4** | **279,252** | **2.3** |
| Rentals | 137,015 | 2.1 | 143,519 | 2.5 | 280,534 | 2.3 | 275,028 | 2.3 |
| Asset leasing | 87,025 | 1.3 | 97,710 | 1.7 | 184,735 | 1.5 | 215,139 | 1.8 |
| Asset leasing - Law 11,638/07 | (82,247) | (1.2) | (91,863) | (1.6) | (174,110) | (1.4) | (210,915) | (1.8) |
| **9.4) Shareholders' equity remuneration** | **2,423,039** | **36.7** | **2,120,378** | **37.2** | **4,543,417** | **36.9** | **4,030,561** | **34.1** |
| Interest on shareholders equity | 649,935 | 9.8 | 608,025 | 10.7 | 1,257,960 | 10.2 | 1,120,286 | 9.5 |
| Dividends | 142,417 | 2.2 | 138,105 | 2.4 | 280,522 | 2.3 | 251,739 | 2.1 |
| Retained earnings | 1,612,966 | 24.4 | 1,356,576 | 23.8 | 2,969,542 | 24.1 | 2,648,327 | 22.4 |
| Interest of minority shareholders in retained earnings | 17,721 | 0.3 | 17,672 | 0.3 | 35,393 | 0.3 | 10,209 | 0.1 |

The Notes are an integral part of the Financial Statements.

***Consolidated Cash Flow*** *R$ thousand*

| | 2010 | | | 2009 |
|---|---|---|---|---|
| | **2nd quarter** | **1st quarter** | **1st half** | **1st half** |
| **Cash flow from operating activities:** | | | | |
| **Net Income before income tax and social contribution** | **3,519,620** | **2,689,696** | **6,209,316** | **6,472,999** |
| **Adjustments to net income before taxes** | **4,620,778** | **5,387,210** | **10,007,988** | **10,955,408** |
| Allowance for loan losses | 2,318,996 | 2,159,287 | 4,478,283 | 7,323,839 |
| Depreciation and amortization | 469,190 | 456,388 | 925,578 | 738,206 |
| Goodwill amortization | 56,011 | 58,873 | 114,884 | 49,155 |
| Provision for/ (Reversal of) Asset Impairment | 1,787 | (2,445) | (658) | (3,650) |
| (Reversal)/expenses with civil, labor and tax provisions | 742,452 | 1,117,271 | 1,859,723 | 1,883,853 |
| Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds | 981,331 | 1,493,549 | 2,474,880 | 2,711,047 |
| Equity in the earnings (losses) of unconsolidated companies | (19,016) | (28,755) | (47,771) | (19,056) |
| (Gain)/loss on sale of investments | 617 | - | 617 | (2,018,175) |
| (Gain)/loss on sale of fixed assets | 6,545 | (4,240) | 2,305 | (2,468) |
| (Gain)/loss on sale of foreclosed assets | 88,714 | 90,660 | 179,374 | 96,216 |
| Other | (25,849) | 46,622 | 20,773 | 196,441 |
| **Adjusted net income before taxes** | **8,140,398** | **8,076,906** | **16,217,304** | **17,428,407** |
| Decrease in interbank investments | 13,388,495 | 1,059,199 | 14,447,694 | 3,975,537 |
| (Increase)/decrease in securities and derivative financial instruments | 2,599,022 | (2,902,350) | (303,328) | (4,008,067) |
| (Increase) in interbank and interdepartmental accounts | (58,311) | (1,337,179) | (1,395,490) | (1,787,114) |
| (Increase)/decrease in loan and leasing operations | (12,110,544) | (11,117,654) | (23,228,198) | (3,203,788) |
| (Increase)/decrease in insurance premiums receivable | (23,984) | 295,236 | 271,252 | (697,213) |
| Increase in technical provisions for insurance, private pension plans and savings bonds | 642,065 | 619,521 | 1,261,586 | 1,530,412 |
| Increase/(decrease) in deferred income | 44,160 | (28,228) | 15,932 | (1,228) |
| (Increase)/decrease in other receivables and other assets | (4,797,817) | (814,302) | (5,612,119) | 3,344,991 |
| Increase/(decrease) in other liabilities | 2,079,415 | 3,121,873 | 5,201,288 | (1,993,398) |
| Minority interest | (156,319) | 1,200 | (155,119) | 22,819 |
| Income tax and social contribution paid | (666,562) | (1,282,026) | (1,948,588) | (1,809,773) |
| **Net cash provided by/used in operating activities** | **9,080,018** | **(4,307,804)** | **4,772,214** | **12,801,585** |
| **Cash flow from investing activities:** | | | | |
| (Increase) in reserve requirements in the Brazilian Central Bank | (12,979,536) | (17,501,089) | (30,480,625) | (2,038,994) |
| (Increase) in available-for-sale securities | (3,272,842) | (4,128,146) | (7,400,988) | (8,730,114) |
| (Increase) in held-to-maturity securities | (549,076) | (1,740,034) | (2,289,110) | (869,423) |
| Proceeds from sale of foreclosed assets | 75,354 | 27,178 | 102,532 | 158,987 |
| Divestments | 4,920 | - | 4,920 | 2,216,180 |
| Proceeds from the sale of premises and equipment and leased assets | 32,319 | 114,989 | 147,308 | 70,071 |

| | | | | |
|---|---|---|---|---|
| Decrease in intangible assets | 1,788 | 52,345 | 54,133 | 15,359 |
| Acquisition of foreclosed assets | (220,449) | (221,585) | (442,034) | (490,252) |
| Acquisition of investments | (9,543) | (701) | (10,244) | (210,991) |
| Acquisition of premises and equipment and leased assets | (319,243) | (170,547) | (489,790) | (561,208) |
| Investment in intangible assets | (392,481) | (233,654) | (626,135) | (923,302) |
| Dividends and interest on shareholders' equity received | 25,436 | 5,190 | 30,626 | 53,208 |
| **Net cash provided by/used in investing activities** | **(17,603,353)** | **(23,796,054)** | **(41,399,407)** | **(11,310,479)** |
| **Cash Flow from financing activities:** | | | | |
| Increase/(decrease) in deposits | 7,730,296 | | | |