BANK BRADESCO
Form 6-K
October 30, 2008

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 6-K

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

**For the month of October, 2008**

**Commission File Number 1-15250**

# BANCO BRADESCO S.A.

**(Exact name of registrant as specified in its charter)**

# BANK BRADESCO

**(Translation of Registrant's name into English)**

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

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

Form 20-F ___X___ Form 40-F _______

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

Yes _______ No ___X____

**Banco Bradesco S.A.**

| | | | | |
|---|---|---|---|---|
| Corporate Taxpayer s ID (CNPJ) 60.746.948/0001-12 | BM&F Bovespa | BBDC3 (common) and BBDC4 (preferred) | NYSE BBD | Latibex XBBDC |

**Main Indicators %**

| Indicators | 2007 2nd Qtr. | 2007 3rd Qtr. | 2007 September YTD | 2008 2nd Qtr. | 2008 3rd Qtr. | 2008 September YTD | 12 month accumulated |
|---|---|---|---|---|---|---|---|
| CDI | 2.89 | 2.79 | 8.96 | 2.74 | 3.16 | 8.72 | 11.57 |
| Ibovespa | 18.74 | 11.16 | 35.94 | 6.64 | (23.80) | (22.45) | (18.07) |
| USD Commercial Rate | (6.05) | (4.52) | (13.98) | (8.99) | 20.25 | 8.07 | 4.10 |
| IGP-M | 0.34 | 2.57 | 4.06 | 4.34 | 1.54 | 8.47 | 12.31 |
| IPCA IBGE | 0.81 | 0.89 | 2.99 | 2.09 | 1.07 | 4.76 | 6.25 |
| TJLP | 1.59 | 1.53 | 4.81 | 1.54 | 1.54 | 4.68 | 6.29 |
| TR | 0.39 | 0.34 | 1.21 | 0.28 | 0.55 | 1.00 | 1.24 |
| Savings Accounts | 1.91 | 1.85 | 5.85 | 1.80 | 2.06 | 5.64 | 7.48 |
| Number of Business Days | 62 | 64 | 188 | 62 | 66 | 189 | 254 |

**Closing Amount**

| Indicators | 2007 June | 2007 September | 2008 June | 2008 September |
|---|---|---|---|---|
| USD Commercial Selling Rate R$ | 1.9262 | 1.8389 | 1.5919 | 1.9143 |
| Euro R$ | 2.6073 | 2.6237 | 2.5063 | 2.6931 |
| Country Risk Points | 160 | 173 | 228 | 331 |
| Selic Copom Base Rate (% p.a.) | 12.00 | 11.25 | 12.25 | 13.75 |
| Pre-BM&F Rate - 1 year (% p.a.) | 10.77 | 11.16 | 14.45 | 14.43 |

Obs.: country risk refers to EMBI+ Brazil calculated by JPMorgan.

Compulsory Deposit Rates % (*)

| Deposits | 2007 2nd Qtr. | 2007 3rd Qtr. | 2008 2nd Qtr. | 2008 3rd Qtr. |
|---|---|---|---|---|
| Demand (1) | 45 | 45 | 45 | 45 |
| Additional (2) | 8 | 8 | 8 | 8 |

Rates and Limits %

| Deposits | 2007 2nd Qtr. | 2007 3rd Qtr. | 2008 2nd Qtr. | 2008 3rd Qtr. |
|---|---|---|---|---|
| Income Tax | 25 | 25 | 25 | 25 |
| Social Contribution (1) | 9 | 9 | 15 | 15 |

| | | | | |
|---|---|---|---|---|
| Time (3) | 15 | 15 | 15 | 15 |
| Additional (2) | 8 | 8 | 8 | 8 |
| Savings Accounts (4) | 20 | 20 | 20 | 20 |
| Additional (2) | 10 | 10 | 10 | 10 |
| Interbank (5) | | | 10 | 15 |

| | | | | |
|---|---|---|---|---|
| PIS (2) | 0.65 | 0.65 | 0.65 | 0.65 |
| Cofins (3) | 4 | 4 | 4 | 4 |
| Legal Reserve on Net Income | 5 | 5 | 5 | 5 |
| Maximum Fixed Assets (4) | 50 | 50 | 50 | 50 |
| Capital Adequacy Ratio (Basel) (5) | 11 | 11 | 11 | 11 |

(1) Cash deposit No remuneration.

(2) Cash deposit Remuneration by Selic rate.

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

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

(5) Restricted Securities - Originated form Leasing Companies.

(*) For further information on new regulations see Note 35 of the Financial Statements included in Chapter 9 of this report.

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

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

(3) The rate applicable to non-financial and similar companies is 7.6% (non-cumulative Cofins).

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

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

**Forward-Looking Statements**

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

## Economic Scenario

First of all, the current world s economy scenario must be understood as an intense and unprecedented deleverage process in several markets. This trend has many consequences: (i) strong financial volatility and banking system instability in several countries; (ii) credit restrictions and capital flow reduction; (iii) decrease in assets and commodity prices; (iv) increased risk aversion, affecting foreign exchange markets; and (v) slowdown already in progress of the world s economy growth.

In the next months, the world s economy adjustment will be maintained, mainly affecting the emerging countries, whose expansion pace remains strong, but it is showing moderate signs. It is worth mentioning that this adjustment occurs after a period of strong world s growth, from which Brazil took advantage. Among the consequences of this adverse scenario for Brazil, it is worth pointing out the pressure on the foreign exchange rate and restrictions on international credit lines.

Although Brazil is not immune to the crisis and its consequences, it is worth pointing out that over the past years, the country has advanced in terms of fundamentals, which should soften to a certain extent the impacts caused by the panic that has been prevailing over the international markets. For 2008, we expect a 5.0% growth of GDP (after 5.4% in 2007), moving towards 3.0% in 2009. Looking at a broader future, it is worth mentioning that Brazil s outlook remains favorable, which will certainly bring benefits, as soon as current crisis is surpassed.

## Risk Factors and Critical Accounting Practices

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

## Risks Relating to Brazil

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

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

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

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

In the past, Brazil has faced periods of extremely high inflation rates, with annual rates (IGP DI from the Fundação Getulio Vargas) reaching as high as 2,708% in 1993. More recently, Brazil s inflation rates were 1.2% in 2005, 3.8% in 2006, 7.9% in 2007 and 8.3% in the first nine months of 2008. In previous years, inflation and governmental measures to fight it have had significant negative effects on the Brazilian economy. In addition, general speculation about possible future actions has also contributed to economic uncertainty in Brazil and to heightened volatility in Brazilian securities markets. Should Brazil suffer a period of high inflation in the future, our costs may increase, our operating and net margins may decrease and, if investor confidence falters, the price of our shares and ADSs may drop. Inflationary pressures may curtail our ability to access foreign financial markets and may occasionally lead to further government intervention in the economy, including the implementation of policies that may adversely affect the overall performance of the Brazilian economy.

II

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

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

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

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

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

**Risks Relating to Bradesco and the Brazilian Banking and Insurance Industries**

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

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

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

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

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

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

III

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

Furthermore, additional publicly-owned banks and insurance companies may be privatized in the future, and their acquisition by one of our competitors would generally add to the buyer s market share, and as a result we may face increased competition from said buyer.

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

On September 30, 2008 Cidade de Deus Companhia Comercial de Participações held 49.00% of our common shares and Fundação Bradesco directly and indirectly held 50.07% of our common shares. As a result, these shareholders have the power to prevent a change in control of our Company, even if a transaction of that nature would be beneficial to our other shareholders, as well as to approve transactions with related parties or corporate reorganization, which may not be beneficial to our other shareholders.

## Critical Accounting Practices

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

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

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

**1) Allowance for Loan Losses**

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

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

- general economic conditions in Brazil and conditions of the relevant sector;
- previous experience with the borrower or relevant sector of economy, including recent loss experience;

credit quality trends;

amount and quality of guarantee for the loan operation;

volume, composition and growth of our loan operations portfolio;

Brazilian government s monetary policy; and

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

IV

Our determination of allowance for loan losses is influenced by the risk rating of each loan operation. By assuming a decrease of 1% in the delinquency ratio expected for our loan operations portfolio in full performance, on September 30, 2008 the allowance for loan losses would increase approximately R$63 million. Such an analysis of sensitivity is hypothetical and intends to illustrate the risk rating and loss severity impact on our allowance and, thus, must not be considered a reflection of our expectations for future determinations of risk rating or future alterations in loss severity. Because of the procedures we follow, in order to determine our risk rating of loan portfolio and our assessment of loss severity, we believe that the current risk rating and the estimate of loss severity for our loan portfolio are appropriate.

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

**2) Classification of Securities and Derivatives**

Securities and derivatives are classified into three categories: for trading, available for sale and held to maturity. This classification is based on the Management s intent of maintaining or trading such securities on the date of their acquisition. We account for securities held depending on our classification upon their acquisition.

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

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

**3) Assessment of Securities and Derivatives**

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

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

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

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

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

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

**4) Income Tax and Social Contribution**

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

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

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

**5) Insurance Technical Provisions**

Provisions for insurance claims and related expenses are created as they are incurred. The calculation of these provisions considers estimates for reported claims and includes provisions for claims incurred but not reported. Methods to determine these estimates and establish technical provisions are regularly reviewed and updated. The resulting adjustments are recognized in the income of the respective period.

For further information on our technical provisions, see notes 3l, 21a and 21b of our financial statements included in chapter 9 of this report.

**6) Use of Estimates**

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

## Commercial Strategy

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

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

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

We own the largest and probably best network of distribution channels among private Brazilian banks, comprised of branches, service stations, ATMs, Banco Postal and other third-party channels whose growth was especially significant with the adhesion of large retail networks like our correspondent banks. We have over 60,000 customer service branches. The strict, segmented and well-distributed coverage of our customer service network optimizes the delivery logistics of our products and services and enables us to fully compete in retail banking. We intend to continue expanding and refining our customer service network and offer more and better products and mass services to our clients, in order to meet the increasing demand for loan and insurance in the Brazilian market.

VI

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

We also intend to strongly increase our share in markets that we were traditionally less focused on, such as securities brokerage. With the significant growth of the Brazilian securities market over the past years, and the recent acquisition of the largest securities brokerage firm in Brazil, Ágora Corretora, we became leaders in the securities brokerage market.

In the insurance segment, we believe that there is great potential for the growth of our operations because the insurance industry is still under-represented in Brazilian gross domestic product. The increase in average Brazilian income has incorporated millions of new policyholders, and we expect to take advantage of this increasing demand for insurance products in order to consolidate our leadership in several insurance segments.

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

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

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

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

The key elements of our business strategy are:

- expansion by means of organic growth;

- operation based on Insurance-Bank Model, to maintain profitability and consolidate our leadership in the insurance industry;

- increase of revenues, profitability and value for shareholders, by consolidating our loan and financing operations, our main activities, and the expansion of new products and services;

- maintain our commitment to technological innovation;

- profitability and return for the shareholders by means of ongoing efficiency ratio improvements;

maintain acceptable risk levels in our operations; and

expansion by means of strategic alliances and selective acquisitions, when these are beneficial.

**a) To expand by means of organic growth**

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

capitalize on the opportunity to obtain new clients in the Brazilian markets, mainly low and medium-income clients, with unmet loan and financial needs, and, in addition, maintain the strong competition for a small group of clients with higher income levels;

expand our distribution of financial services by using creativity in developing new mass products, strongly employing outsourced channels, e.g., expanding our credit cards and financial and insurance products and services in large retail networks through alliances with a network of stores, Banco Postal and other correspondent banks;

benefit from the existing distribution channels, including our traditional branch network and other means of access to identify demand for new products, and the expansion of the supply of products that are gradually being requested again due to Brazil s monetary stability, such as long-term financing, especially real estate loans;

use our client base, offering our products and services more widely and increasing the average of products used per checking account from 4.8 in December 2007, to an estimated average of 5.0 products per checking account in December 2008;

use the systems supported by our branches to assess and monitor the use of our products by clients to apply the appropriate sale, delivery and commercialization platforms; and

develop segmented products according to the profiles and needs of our clients (both potential and current).

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

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

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

managing our reserves and portfolio;

intensively trading our products and services; and

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

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

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

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

VIII

**c) To increase revenues, profitability and value for shareholders by reinforcing our loan and financing operations (our main activity), and expanding new products and services**

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

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

building our client base of corporate and individual clients, by offering services meeting the profile and needs of specific clients;

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

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

increasing our revenues from asset management; and

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

**d) To maintain our commitment to technological innovation**

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

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

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

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

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

IX

**e) To obtain profitability and return for shareholders by the ongoing improvement of the efficiency ratio**

We intend to improve our efficiency levels:

by maintaining austerity as guideline of our cost control policy;

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

by consolidating the synergies enabled by our recent acquisitions;

by continuously reducing our operational costs with technology investments, decreasing costs per transaction, always emphasizing our updated automated distribution channels, including our wireless distribution systems of phone, internet and ATMs; and

by continuing to incorporate institutions, which by chance may be acquired as part our existing system in order to remove potential overlaps, redundancies and inefficiency, diminishing gains of scale.

**f) To maintain acceptable risk levels in our operations**

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

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

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

**g) To expand by means of strategic alliances and selective acquisitions, when beneficial**

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

X

**Contents**

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

## List of Acronyms

| | |
|---|---|
| **AACD** | Association of Assistance to Disabled Children |
| **ABC** | Activity-Based Costing |
| **Abecs** | Brazilian Association of Credit Card Companies and Services |
| **ABEL** | Brazilian Association of Leasing Companies |
| **ABGR** | Brazilian Association of Risk Management |
| **Abrasco** | Brazilian Association of Graduation Courses in Public Health |
| **ACC** | Advances on Foreign Exchange Contracts |
| **ADR** | American Depositary Receipt |
| **ADS** | American Depositary Share |
| **ADVB** | Association of Sales and Marketing Managers of Brazil |
| **AIGOR** | Accord Implementation Group Operational Risk Subgroup |
| **AMA** | Advanced Measurement Approach |
| **Anahp** | Brazilian Association of Private Hospitals |
| **Anbid** | National Association of Investment Banks |
| **Anfavea** | Brazilian Association of Automobile Vehicles |
| **ANS** | National Agency for Supplementary Healthcare |
| **AP** | Personal Accident |
| **APAE** | Association of Parents and Friends of People with Disabilities |
| **Apimec** | Association of the Capital Markets Investment Analysts and Professionals |
| **APF** | Foundations Association of São Paulo |
| **Bacen** | Brazilian Central Bank |
| **BBI** | Banco Bradesco de Investimento S.A. |
| **BBVA** | Banco Bilbao Vizcaya Argentaria |
| **BCI** | Business Continuity Institute |
| **BDR** | Brazilian Depositary Receipt |
| **BES** | Banco Espírito Santo |
| **BIS** | Bank for International Settlements |
| **BIT** | Bradesco Instituto de Tecnologia |
| **BMC** | Banco BMC S.A. |
| **BM&FBovespa** | Mercantile and Futures Exchange |
| **BNDES** | National Bank for Economic and Social Development |
| **BRGAAP** | |
| **CS or CSLL** | Social Contribution or Social Contribution on Net Income |
| **CTI** | Information Technology Center |
| **CVM** | Brazilian Securities and Exchange Commission |
| **DARF** | Federal Revenue Collection Document |
| **DAS** | Brazilian Unified Tax Collection System Document (*Simples*) |
| **Decon** | Economic Control Department |
| **DGRC** | Risk Management and Compliance Department |
| **DJSI** | Dow Jones Sustainability World Index |
| **DMA** | Direct Market Access |
| **DPV** | Available for Sale (Securities) |
| **DPVAT** | Compulsory Vehicle Insurance |
| **DR** | Depositary Receipt |
| **DRE** | Statement of Income for the Year |
| **DRI** | Interpersonal Relations Development |
| **DRII** | Disaster Recovery Institute International |
| **DTVM** | Securities Dealer |
| **DVA** | Statement of Value Added |
| **ECT** | Empresa Brasileira de Correios e Telégrafos |
| **EL** | Expected Loss |
| **EMBI** | Emerging Markets Bond Index |
| **Embrapa** | Brazilian Company of Farming and Ranching Research |
| **ENEM** | Brazilian High School Examination |
| **EPE** | Specific Purpose Entities |
| **ERP** | Enterprise Resource Planning |
| **EVE** | Economic Equity Value |
| **EXIM** | Export and Import BNDES Financing Line |
| **FDIC** | Federal Deposit Insurance Corporation |
| **Febraban** | Brazilian Banks Federation |
| **Fenaprevi** | National Federation of Life and Private Pension Plans |
| **FGV** | Fundação Getulio Vargas |
| **FIA** | Management Institute Foundation |
| **FIDC** | Receivables Securitization Fund |

Brazilian Generally Accepted Accounting Principles

**Bovespa** São Paulo Stock Exchange

**BRAM** Bradesco Asset Management

**BRIC** Brazil, Russia, India and China (group of the world s four main emerging countries)

**BVP** Bradesco Vida e Previdência

**Cabec** Private Pension Plan Fund of the Bank of the State of Ceará

**CADU** Clients Single Registration

**Capof** Assistance and Retirement Pension Fund for the Employees of the Bank of the State of Maranhão

**CBLC** Brazilian Settlement and Custody Company

**CCE** Exports Credit Certificate

**CDB** Bank Deposit Certificate

**CDC** Consumer Sales Financing

**CDI** Interbank Deposit Certificate

**CDP** Carbon Disclosure Project

**CDS** Credit Default Swap

**CEF** Federal Savings Bank

**CFC** Federal Accounting Council

**Cetip** Clearing House for the Custody and Financial Settlement of Securities

**CID** Digital Inclusion Center

**CFA** Chartered Financial Analyst

**CIAB** Information Technology Congress and Exposition of the Financial Institutions

**CLC** Company Level Controls

**CMN** National Monetary Council

**CNSP** National Private Insurance Council

**Cobit** Control Objectives for Information and Related Technology

**Cofins** Contribution for Social Security Financing

**Conanda** National Council for the Rights of Children and Adolescents

**Copom** Monetary Policy Committee

**Consif** National Confederation of the Financial System

**Cosif** Chart of Accounts for National Financial System Institutions

**COSO** Committee of Sponsoring Organizations

**Fides** Inter-American Federation of Insurance Companies

**FIE** Exclusive Investment Fund

**Fiesp** Federation of the Industries of the State of São Paulo

**Finabens** Financing Line of other Assets and Services

**Finame** Fund for Financing the Acquisition of Industrial Machinery and Equipment

**Fiocruz** Fundação Oswaldo Cruz

**FIP** Investment Fund in Interest

**FIPE** Economic Research Institute Foundation

**Fipecafi** Accounting, Actuarial and Financial Research Institute Foundation

**FlRN** Floating Rate Note

**FFS** Insurance Company s Financial Strength

**FSF** Financial Stability Forum

**FxRN** Fixed Rate Note

**GCN** Business Continuity Management

**Geaco** Market Follow-up Management

**GEE** Greenhouse Gases

**GDP** Gross Domestic Product

**GPR** Global Postural Reeducation

**GPS** Social Pension Plan Voucher

**GRI** Global Reporting Initiative

**IAS 39** Financial Instruments Recognition and Measurement

**IAS** International Accounting Standards

**IASB** International Accounting Standards Board

**IASC** International Accounting Standards Committee

**IBCC** Brazilian Institute of Cancer Control

**IBGE** Brazilian Institute of Geography and Statistics

**Ibmec** Brazilian Capital Markets Institute

**IBNR** Incurred But Not Reported

**Ibovespa** São Paulo Stock Exchange Index

**Ibracon** Brazilian Institute of Independent Auditors

| | | | |
|---|---|---|---|
| **CPC** | Committee of Accounting Pronouncements | **IBRE** | Brazilian Economy Institute |
| **CPMF** | Provisory Contribution on Financial Transactions | **IBRI** | Brazilian Investor Relations Institute |
| **CRI** | Certificate of Real Estate Receivables | **IDEC** | Brazilian Institute for the Defense of the Consumer |
| | | **IDHO** | Organizational Human Development Index |

**List of Acronyms**

| | | | |
|---|---|---|---|
| **IDR** | Issuer Default Ratings | **PMO** | Project Management Office |
| **IEO** | Efficiency Ratio | **PMP** | Project Management Professional |
| **IFC** | International Finance Corporation | **PN** | Preferred Shares |
| **IFRIC** | International Financial Reporting Interpretation Committee | **POPR** | Portion Related to Operational Risk |
| **IFRS** | International Financial Reporting Standards | **PPNG** | Unearned Premiums Provision |
| **IFRS1** | First-Time adoption of International Financial Reporting Standards | **PPQG** | São Paulo Management Quality Award |
| **IFRIC** | International Financial Reporting Interpretations Committee | **PR** | Reference Equity |
| **IFT** | Quarterly Financial Information | **PRD** | Disaster Recovery Plan |
| **IGP DI** | General Price Index Internal Availability | **PRE** | Required Reference Equity |
| **IGP-M** | General Price Index Market | **Procon** | Consumer Protection and Defense Bureau |
| **ILL** | Tax on Net Income | **PUC** | Pontifícia Universidade Católica |
| **IMF** | International Monetary Fund | **QIS** | Quantitative Impact Study |
| **INI** | Brazilian Institute of Investors | **RAV** | Visual Analysis Report |
| **Inmetro** | National Institute of Metrology, Standardization and Industrial Quality | **RCF** | Optional Third-Party Liability |
| **INSS** | Social Security National Institute | **RE** | Basic Lines (of Insurance Products) |
| **IOSCO** | International Organization of Securities Comissions | **ROA** | Return on Assets |
| **IPCA** | Extended Consumer Price Index | **ROAA** | Return on Average Assets |
| **IPEG** | São Paulo s Excellence and Management Institute | **ROAE** | Return on Average Shareholders Equity |
| **IPO** | Initial Public Offering | **ROCI** | Operational Risk and Internal Control |
| **IPTU** | Municipal Real Estate Tax | **ROE** | Return on Shareholders Equity |
| **IQNet** | International Quality Network | **SA 8000** | Social Accountability |
| **IR** | Income Tax | **Sae Brasil** | Mobility Engineers Association |
| **IRPJ** | Corporate Income Tax | **SAC** | Standards Advisory Council |
| **IRRF** | Withholding Income Tax | **SAI** | Social Accountability International |
| **ISE** | Corporate Sustainability Index | **SANA** | Automatic System of Shares Negotiation |
| **ISO** | International Standard Organization | **SAP** | Systems Applications and Products |
| **ISS** | Tax on Services | **SBPC** | Brazilian Association for the Science Progress |
| **ISSQN** | Tax on Services of Any Nature | **SBPE** | Brazilian Savings and Loan System |
| **IT** | Information Technology | **Sebrae** | Brazilian Micro and Small Business Support Service |
| **JCP** | Interest on Shareholders Capital | **SEC** | U.S. Securities and Exchange Commission |
| **JEC** | Special Civil Court | **Selic** | Special Clearance and Custody System |
| **Latibex** | Latin American Stock Exchange Market in Euros (Spain) | **Serpro** | Brazilian Federal Data Processing Service |
| **LDA** | Loss Distribution Approach | **Sesc** | Commerce Social Service |
| **LDCE** | Loss Data Collection Exercise | **SESI** | National Industry Social Service |
| **Libras** | Brazilian Sign Language | **SIC** | Standing Interpretations Committee |
| **LOMA** | Life Office Management Association (North American institution which develops courses, examinations and researches in life, health and social security insurance | **Sisbacen** | Brazilian Central Bank Information System |

segments)

| | | | |
|---|---|---|---|
| **MBA** | Master of Business Administration | **S&P** | Standard & Poor's Ratings Services |
| **M&E** | Management and Excellence | **SFH** | National Housing System |
| **MUFG** | Mitsubishi UFJ Financial Group | **SGQB** | Bradesco Quality Management System |
| **NBR** | Registered Brazilian Rule | **Sipat** | Internal Week of Labor Accident Prevention |
| **NDEV** | New Debtor | **SmartSeg** | Supervised Remote Service in Traffic |
| **NCE** | Exports Credit Note | **SND** | National System of Debentures |
| **NGO** | Non Governmental Organization | **SPG** | Health for Small Groups |
| **NPL** | Non-Performing Loans | **SRI** | Socially Responsible Investments |
| **NYSE** | New York Stock Exchange | **Susep** | Insurance Superintendence |
| **DECD** | Organization of Economic Cooperation and Development | **TAC** | Loan Opening Rate |
| **OHSAS** | Occupational Health and Safety Assessment Series | **TISS** | Supplementary Health Information Exchange |
| **OIT** | International Labor Organization | **TJLP** | Federal Government Long-Term Interest Rate |
| **ON** | Common Shares | **TLA** | Advanced Settlement Rate |
| **ORX** | Operational Riskdata eXchange Association | **TLM** | Unrestricted Securities |
| **PAA** | Advanced Service Branch | **TR** | Reference Interest Rate |
| **PAB** | Banking Service Branch | **TVaR** | Tail Value at Risk |
| **PAC** | Crisis Management Plan | **UFIR** | Reference Fiscal Unit |
| **PAE** | Electronic Service Branch in Companies | **UL** | Unexpected Loss |
| **PCAM** | Portion related to the Risk of Exports in Gold, Foreign Currency and Operations subject to Foreign Exchange Variation | **UN** | United Nations |
| **PCAOB** | Public Company Accounting Oversight Board | **Unesco** | United Nations Educational, Scientific and Cultural Organization |
| **PCN** | Business Continuity Plan | **Unipalmares** | Universidade da Cidadania Zumbi dos Palmares |
| **PCO** | Operational Continuity Plan | **UniverSeg** | Insurance Knowledge Universe (*Universo do Conhecimento do Seguro*) |
| **PDA** | Personal Digital Assistants | **US GAAP** | United States Generally Accepted Accounting Principles |
| **PDD** | Allowance for Loan Losses | **USP** | Universidade de São Paulo |
| **PGBL** | Unrestricted Benefits Generating Plan | **VaR** | Value at Risk |
| **PIS** | Social Integration Program | **VGBL** | Long-Term Life Insurance |
| **PL** | Shareholders Equity | **WebTA** | Web File Transmission |
| **PLR** | Management and Employee Profit Sharing | **WWF** | World Wild Life Fund |

# 1 Bradesco Line by Line

**Net Income**

The reported net income was impacted by some extraordinary events. Thus, in order to better analyze and compare between the periods, we present below the Reported Net Income Statement, without considering such events (Adjusted Net Income).

| | in millions of R$ | | | |
|---|---|---|---|---|
| | Nine Months | | 2008 | |
| | 2007 | 2008 | 2nd Qtr. | 3rd Qtr. |
| **Reported Net Income** | **5,817** | **6,015** | **2,002** | **1,910** |
| **Extraordinary Events in the Period:** | | | | |
| (-) Partial sale of equity interest Visa Inc. | | (352) | | |
| (+) Full goodwill amortization | 813 | 53 | | |
| (-) Total sale of investment in Arcelor | (354) | | | |
| (-) Partial sale of investment in Serasa | (599) | | | |
| (-) Partial sale of Bovespa securities | (75) | | | |
| (-) Activated tax credit of previous periods | (417) | | | |
| (-) Other | 149 | 21 | | |
| (+/-) Fiscal effects | 22 | 82 | | |
| **Adjusted Net Income** | **5,356** | **5,819** | **2,002** | **1,910** |

**Returns on Shareholders Equity Adjusted Net Income %**

| | 2007 | 2008 | | |
|---|---|---|---|---|
| | Nine Months | 2nd Qtr. | 3rd Qtr. | Nine Months |
| ROE | 25.2 | 26.0 | 24.3 | 23.3 |
| ROAE | 27.7 | 26.1 | 24.5 | 24.4 |
| ROE (without adjustment to market value reserve Securities and Derivatives) | 26.9 | 26.8 | 24.4 | 23.4 |
| ROAE (without adjustment to market value reserve Securities and Derivatives) | 30.0 | 27.6 | 25.1 | 25.4 |
| ROE (straight-line calculation) | 24.4 | 23.8 | 22.4 | 22.7 |
| ROAE (straight-line calculation) | 26.8 | 23.8 | 22.5 | 23.7 |
| ROA | 2.3 | 2.0 | 1.8 | 1.8 |
| ROAA | 2.5 | 2.1 | 1.9 | 2.0 |

**Reported Net Income x Net Income Adjusted by Extraordinary Events and Goodwill Amortization in millions of R$**

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**Summarized Analysis of the Statement of Income**

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

**9M07 x 9M08 in millions of R$**

| | 9M07 | | | | 9M08 | | | | Variations | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reported Statement of Income | Adjustments: Fiscal Hedge [1] | Adjustments: Other | Adjusted Statement of Income | Reported Statement of Income | Adjustments: Fiscal Hedge [1] | Adjustments: Other | Adjusted Statement of Income | Amount | % |
| Financial Margin **(a)** | 17,374 | (717) | (354) [2] | 16,303 | 18,282 | 695 | | 18,977 | 2,674 | 16 |
| PDD **(b)** | (3,942) | | | (3,942) | (5,325) | | | (5,325) | (1,383) | 35 |
| **Intermediation Gross Income** | **13,432** | **(717)** | **(354)** | **12,361** | **12,957** | **695** | | **13,652** | **1,291** | **10** |
| Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations **(c)** | 565 | | | 565 | 1,711 | | | 1,711 | 1,146 | 202 |
| Fee and Commission Income **(d)** | 7,910 | | | 7,910 | 8,397 | | | 8,397 | 487 | 6 |
| Personnel Expenses **(e)** | (4,749) | | | (4,749) | (5,277) | | | (5,277) | (528) | 11 |
| Other Administrative Expenses **(e)** | (4,939) | | | (4,939) | (5,895) | | | (5,895) | (956) | 19 |
| Tax Expenses **(e)** | (1,856) | 90 | | (1,766) | (1,644) | (67) | | (1,711) | 55 | (3 |
| Other Operating Income/Expenses and Equity in Earnings (Losses) of Unconsolidated Companies **(f)** | (2,380) | | 149 [3] | (2,231) | (2,982) | | 56 [3] | (2,926) | (695) | 31 |
| Full Goodwill Amortization | (813) | | 813 [4] | | (53) | | 53 [4] | | | |
| **Operating Income** | **7,170** | **(627)** | **608** | **7,151** | **7,214** | **628** | **109** | **7,951** | **800** | **11** |
| Non-Operating Income | 677 | | (674) [5] | 3 | 390 | | (387) [7] | 3 | | |
| IR/CS and Minority Interest | (2,030) | 627 | (395) [6] | (1,798) | (1,589) | (628) | 82 [8] | (2,135) | (337) | 18 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Net Income** | **5,817** | **(461)** | **5,356** | **6,015** | **(196)** | **5,819** | **463** | **8** |

(1) partial result of derivatives used for hedge effect of investments abroad, which in terms of net income, simply annuls the fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy;

(2) positive result assessed in the sale of our interest in Arcelor in 2Q07;

(3) the recording of operational provisions civil contingencies;

(4) full goodwill amortization in subsidiaries

(5) positive result assessed in the sale of part of our interest in Serasa, in 2Q07, in the amount of R$599 million, and in Bovespa, in 3Q07, in the amount of R$75 million;

(6) fiscal effect of adjustments in the amount of R$(23) million and activation of tax credits from previous periods in the amount of R$418 million;

(7) mainly due to the positive result assessed in the partial sale of our interest in Visa Inc.; and

(8) fiscal effect of adjustments.

Bradesco s net income reached R$5,819 million in the first nine months of 2008, accounting for an 8.6% increase y-o-y. Bradesco s shareholders equity amounted to R$34,168 million on September 30, 2008, equivalent to a 17.0% increase compared to the balance on September 30, 2007. Consequently, the annualized ROAE (*) reached 25.4% . Total consolidated assets reached R$422,706 million on September 30, 2008 for 33.1% growth in relation to the balance of same date of the previous year. The annualized ROAA, in 9M08, was 2.0% . Earnings per share reached R$1.90.

The main items influencing net income in 9M08, compared to 9M07, can be seen below:

**(a) Financial Margin R$2,674 million**

Such growth is primarily due to the interest component, with a share of R$2,802 million (R$4,682 million from the increase in business volume, and R$1,880 million from the decrease in spreads), and to the reduction in the non-interest result of R$128 million, resulting mostly from lower treasury gains in the period of R$422 million, affected by the world s financial market volatility in 3Q08, which was **mitigated** by higher credit recovery of R$295 million.

**(b) Allowance for Loan Losses R$(1,383) million**

The variation is mostly due to a 38.1% increase in the volume of loan operations in the 12-month period ended on September 30, 2008. We would like to point out individual client operations, mainly of the consumer financing type, with a 28.3% increase, which, in view of its specific characteristic, requires a higher provisioning volume.

**(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations R$1,146 million**

The variation is basically due to: (i) insurance operations, R$882 million, R$644 million of which mainly arises from the additional provision for health insurance recorded in 2007; and (ii) supplementary pension plan, R$253 million, as a result of the increase in business volume.

**(d) Fee and Commission Income R$487 million**

The increase in the period is mainly due to a higher volume of operations, pointing out increases in the items Card Income, R$408 million, Asset Management, R$129 million, Collection, R$87 million, Consortium , R$63 million an Custody and Brokerage Services, R$58 million; **mitigated** by a reduction verified in the items Checking Account and Loan Operations , R$188 million, due to the impact caused by fees adjustment charged to individuals occurred in 2008.

**(e) Personnel, Administrative and Tax Expenses R$(1,429) million**

Out of that amount, the R$528 million of personnel expenses is mainly due to: (i) the expansion of the customer service network with the growth in outlets in Brazil from 28,563 in September 2007 to 36,128 in September 2008 and the subsequent hiring of employees, as well as the increase in salary levels resulting from the collective bargaining agreement of 2007 (6.0%) and Fenaban s proposal for 2008 (7.5%), benefits and others, in the amount of R$462 million; (ii) higher expenses with labor proceedings in the amount of R$56 million; and (iii) higher expenses with training in the period in the amount of R$10 million.

The variation of R$956 million in other administrative expenses in the period basically refers to: (i) organic growth; (ii) the effects of increased volume of business; (iii) investments in the improvement and optimization of the technological platform (IT Improvements Project); and (iv) contractual adjustments.

The R$55 million of tax expenses derives basically from (i) the reduction in expenses with CPMF, in the amount of R$179 million, since it is no longer collected in 2008; **mitigated** by: (ii) the increase in PIS/Cofins expenses in the amount of R$120 million, due to the increase in taxable income.

**(f) Other Operating Income/Expenses R$(695) million**

The increase in the period is mainly due to: (i) the increase expenses with financing commissions, R$193 million; (ii) the increase in provisions for civil contingency expenses, R$146 million; (iii) the increase in expenses from the amortization of prepaid expenses arising from operational agreements, R$138 million; (iv) the increase in sundry losses, R$121 million; and (v) the increase in expenses with search and seizure, R$56 million.

(*) It does not consider the mark-to-market effects of available -for-sale securities.

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**2Q08 x 3Q08 in millions of R$**

| | 2Q08 | | | 3Q08 | | | Variations | |
|---|---|---|---|---|---|---|---|---|
| | Reported | Adjustments | Adjusted | Reported | Adjustments | Adjusted | | |
| | Statement of Income | Fiscal Hedge (1) | Statement of Income | Statement of Income | Fiscal Hedge (1) | Statement of Income | Amount | % |
| Financial Margin **(a)** | 7,034 | (441) | 6,593 | 5,152 | 1,182 | 6,334 | (259) | (3.9) |
| PDD **(b)** | (1,834) | | (1,834) | (1,824) | | (1,824) | 10 | (0.5) |
| **Intermediation Gross Income** | **5,200** | **(441)** | **4,759** | **3,328** | **1,182** | **4,510** | **(249)** | **(5.2)** |
| Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations **(c)** | 567 | | 567 | 629 | | 629 | 62 | 10.9 |
| Fee and Commission Income **(d)** | 2,775 | | 2,775 | 2,819 | | 2,819 | 44 | 1.6 |
| Personnel Expenses **(e)** | (1,715) | | (1,715) | (1,825) | | (1,825) | (110) | 6.4 |
| Other Administrative Expenses **(e)** | (1,969) | | (1,969) | (2,111) | | (2,111) | (142) | 7.2 |
| Tax Expenses **(e)** | (625) | 55 | (570) | (408) | (128) | (536) | 34 | (6.0) |
| Other Operating Income/Expenses and Equity in Earnings (Losses) of Unconsolidated Companies **(f)** | (1,072) | | (1,072) | (878) | | (878) | 194 | (18.1) |
| **Operating Income** | **3,161** | **(386)** | **2,775** | **1,554** | **1,054** | **2,608** | **(167)** | **(6.0)** |
| Non-Operating Income | (20) | | (20) | 8 | | 8 | 28 | |
| IR/CS and Minority Interest | (1,139) | 386 | (753) | 348 | (1,054) | (706) | 47 | (6.2) |
| **Net Income** | **2,002** | | **2,002** | **1,910** | | **1,910** | **(92)** | **(4.6)** |

(1) partial result of derivatives used for hedge effect of investments abroad, which, in terms of net income, simply annuls the fiscal and tax effect (IR/CS and PIS/Cofins) of this hedge strategy.

In 3Q08, Bradesco s net income reached R$1,910 million, against R$2,002 million in 2Q08, a 4.6% decrease in the quarter. This reduction was mainly impacted by non-interest income in financial margin of R$475 million, partially offset by reversals of fiscal provisions in the amount of R$186 million. Bradesco s shareholders equity amounted to R$34,168 million on September 30, 2008, a 1.4% increase in relation to June 30, 2008. Total consolidated assets reached R$422,706 million on September 30, 2008, growing 4.8% in 3Q08.

The main items influencing net income in 3Q08 compared to the previous quarter can be seen below:

**(a) Financial Margin R$(259) million**

This variation is due to the decrease in non-interest income in the amount of R$475 million, in view of: (i) the negative mark-to-market of CDS on Brazilian government securities issued abroad of R$150 million; (ii) the lower gains from the trading of Insurance Group shares of R$185 million; (iii) the negative mark-to-market of other financial instruments mainly derivatives used as market risk hedge of loan operations in the country of R$140 million, caused by world s financial market volatility in 3Q08; **mitigated** by: (iv) the increase in the result of interest -bearing operations in the amount of R$216 million (R$377 million due to the increase in volumes and R$161 million to the decrease in spreads) .

**(b) Allowance for Loan Losses R$10 million**

The slight expense variation is a result of the higher corporate operations growth, mainly in corporate segment a growth of 9.5% in 3Q08 which, due to its characteristic, requires less provisioning.

**(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans R$62 million**

The variation is mainly due to higher revenues from insurance, private pension plans and certificated savings plans related to the increase in sales volume, together with a lower claim ratio (72.4% versus 73.1% in the previous quarter) .

**(d) Fee and Commission Income R$44 million**

The increase in the quarter is due to: (i) the higher volume of card transactions resulting in R$66 million; (ii) the higher asset management revenue, R$15 million; (iii) higher collection volume resulting in R$10 million; (iv) higher income from underwriting operations, R$9 million; **offset**: (v) by the effect of the adjustment of individual checking accounts and loan operations fees of R$70 million, due to CMN Resolution 3,518.

**(e) Personnel, Administrative and Tax Expenses R$(218) million**

Personnel expenses decreased R$110 million in the quarter, basically as a result of: (i) the provision for 2008 Fenaban s proposal of collective bargaining agreement (7.5%) in the amount of R$62 million (R$36 million related to the restatement of labor liabilities and R$26 million related to the increase in payroll) and expansion of customer service network and increase in business volume, and accordingly, hiring of employees, with an impact of R$35 million.

The R$142 million increase in other administrative expenses is mainly due to higher expenses with: (i) Third-Party Services , R$96 million; (ii) Data Processing , R$12 million; (iii) Communication , R$10 million; (iv) Financial Systen Services , R$9 million; and (v) Maintenance and Repairs, R$9 million.

The R$34 million decrease of tax expenses is chiefly due to the decrease of PIS/Cofins expenses, in the amount of R$32 million, due to the reduction in the calculation basis for taxable income in 3Q08.

**(f) Other Operating Income and Expenses R$194 million**

The positive variation in the quarter is basically due to the fiscal provision reversal in the amount of R$186 million.

**Highlights**

**Income**

| | in millions of R$ | | | | | |
|---|---|---|---|---|---|---|
| | **September YTD** | | **Variation** | **2008** | | **Variation** |
| | **2007** | **2008** | **%** | **2nd Qtr.** | **3rd Qtr.** | **%** |
| Adjusted Financial Margin | 16,303 | 18,977 | 16.4 | 6,593 | 6,334 | (3.9) |
| Provision for Loan Losses Expenses | 3,942 | 5,325 | 35.1 | 1,834 | 1,824 | (0.5) |
| Fee and Commission Income | 7,910 | 8,397 | 6.2 | 2,775 | 2,819 | 1.6 |
| Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums | 14,804 | 16,688 | 12.7 | 5,666 | 5,737 | 1.3 |
| Personnel Expenses | 4,749 | 5,277 | 11.1 | 1,715 | 1,825 | 6.4 |
| Other Administrative Expenses | 4,939 | 5,895 | 19.4 | 1,969 | 2,111 | 7.2 |
| Operating Income | 7,151 | 7,951 | 11.2 | 2,775 | 2,608 | (6.0) |
| **Adjusted Net Income** | **5,356** | **5,819** | **8.6** | **2,002** | **1,910** | **(4.6)** |

**Balance Sheet**

| | in millions of R$ | | | | | |
|---|---|---|---|---|---|---|
| | **September** | | **Variation** | **2008** | | **Variation** |
| | **2007** | **2008** | **%** | **June** | **September** | **%** |
| Total Assets | 317,648 | 422,706 | 33.1 | 403,271 | 422,706 | 4.8 |
| Securities and Derivative Financial Instruments | 108,098 | 132,372 | 22.5 | 118,956 | 132,372 | 11.3 |
| Loan Operations (Expanded Concept) | 140,094 | 197,250 | 40.8 | 181,602 | 197,250 | 8.6 |
| Loan and Leasing Operations (*) | 116,357 | 160,634 | 38.1 | 148,408 | 160,634 | 8.2 |
| Sureties and Guarantees (accounted for in Memorandum Accounts) | 18,471 | 29,640 | 60.5 | 27,172 | 29,640 | 9.1 |
| Credit Cards (single payment and installment purchase plan from store owners) | 5,266 | 6,468 | 22.8 | 5,623 | 6,468 | 15.0 |
| Assignment of Credits (accounted for in Memorandum Accounts) | | 508 | | 399 | 508 | 27.3 |
| Permanent Assets | 3,539 | 4,921 | 39.1 | 4,023 | 4,921 | 22.3 |
| Deposits | 86,736 | 139,170 | 60.5 | 122,752 | 139,170 | 13.4 |
| Borrowing and Onlending | 20,735 | 31,981 | 54.2 | 24,736 | 31,981 | 29.3 |
| Technical Provisions | 55,319 | 62,888 | 13.7 | 62,068 | 62,888 | 1.3 |
| Shareholders Equity | 29,214 | 34,168 | 17.0 | 33,711 | 34,168 | 1.4 |

(*) Includes ACC and Other Credits.

**Change in Number of Outstanding Shares**

| | Common Shares | Preferred Shares | Total |
|---|---|---|---|
| **Number of Outstanding Shares on December 31, 2007** | **1,009,337,030** | **1,009,336,926** | **2,018,673,956** |
| Shares Acquired and not Cancelled | (80,200) | (34,600) | (114,800) |
| Shares Subscription | 13,953,489 | 13,953,488 | 27,906,977 |
| 50% Stock Bonus | 511,644,460 | 511,644,407 | 1,023,288,867 |
| **Number of Outstanding Shares on September 30, 2008** | **1,534,854,779** | **1,534,900,221** | **3,069,755,000** |

**Share Performance (*)**

| | | R$ | | | | |
|---|---|---|---|---|---|---|
| | **September YTD** | | **Variation** | **2008** | | **Variation** |
| | **2007** | **2008** | **%** | **2nd Qtr.** | **3rd Qtr.** | **%** |
| Net Income per Share | 1.78 | 1.90 | 6.7 | 0.65 | 0.62 | (4.6) |
| Dividends/JCP per Common Share (net of IR) | 0.603 | 0.576 | (4.5) | 0.211 | 0.167 | (20.9) |
| Dividends/JCP per Preferred Share (net of IR) | 0.664 | 0.633 | (4.7) | 0.232 | 0.184 | (20.7) |
| Book Value per Share (Common and Preferred) | 9.65 | 11.13 | 15.3 | 10.98 | 11.13 | 1.4 |
| Last Business Day Price Common | 35.07 | 26.90 | (23.3) | 29.30 | 26.90 | (8.2) |
| Last Business Day Price Preferred | 35.73 | 30.94 | (13.4) | 32.99 | 30.94 | (6.2) |
| Market Value (in millions of R$) (**) | 107,222 | 88,777 | (17.2) | 95,608 | 88,777 | (7.1) |

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

**Cash Generation (*)**

| | in millions of R$ | | | | | |
|---|---|---|---|---|---|---|
| | 2007 | | | 2008 | | |
| | 2nd Qtr. | 3rd Qtr. | September YTD | 2nd Qtr. | 3rd Qtr. | September YTD |
| Net Income | 1,801 | 1,850 | 5,356 | 2,002 | 1,910 | 5,819 |
| Equity in Earnings (Losses) of Unconsolidated Companies | (4) | (16) | (32) | (34) | (23) | (89) |
| Provision for Loan Losses | 1,344 | 1,438 | 3,942 | 1,834 | 1,824 | 5,325 |
| Provision/Reversal for Devaluation | 1 | | 1 | 16 | (3) | 3 |
| Depreciation and Amortization | 133 | 135 | 401 | 174 | 149 | 461 |
| Goodwill Amortization | | | | | 8 | 8 |
| Other | 17 | 18 | 52 | 54 | 67 | 178 |
| **Total** | **3,292** | **3,425** | **9,720** | **4,046** | **3,932** | **11,705** |

(*) Considers the adjusted net income.

**Value Added with Hedge Adjustment and without Extraordinary Events**

| | in millions of R$ | | | | | |
|---|---|---|---|---|---|---|
| | 2007 | | | 2008 | | |
| | 2nd Qtr. | 3rd Qtr. | September YTD | 2nd Qtr. | 3rd Qtr. | September YTD |
| **Value Added (A+B+C)** | **4,645** | **4,696** | **13,661** | **5,037** | **4,967** | **14,925** |
| A Gross Income from Financial Intermediation | 4,360 | 4,142 | 12,361 | 4,759 | 4,510 | 13,652 |
| B Fee and Commission Income | 2,609 | 2,742 | 7,910 | 2,775 | 2,819 | 8,397 |
| C Other Income/Expenses | (2,324) | (2,188) | (6,610) | (2,497) | (2,362) | (7,124) |
| **Distribution of Value Added (D+E+F+G)** | **4,645** | **4,696** | **13,661** | **5,037** | **4,967** | **14,925** |
| D Employees | 1,444 | 1,426 | 4,148 | 1,490 | 1,583 | 4,596 |
| E Government Contribution | 1,400 | 1,420 | 4,157 | 1,545 | 1,474 | 4,510 |
| F JCP/Dividends to Shareholders (paid and provisioned) | 796 | 743 | 2,140 | 719 | 613 | 2,072 |
| G Profit Reinvestment | 1,005 | 1,107 | 3,216 | 1,283 | 1,297 | 3,747 |
| **Distribution of Value Added %** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| Employees | 31.1 | 30.4 | 30.4 | 29.6 | 31.9 | 30.8 |
| Government Contribution | 30.2 | 30.2 | 30.4 | 30.6 | 29.7 | 30.2 |
| | 17.1 | 15.8 | 15.7 | 14.3 | 12.3 | 13.9 |

| | | | | | | |
|---|---|---|---|---|---|---|
| JCP/Dividends to Shareholders (paid and provisioned) | | | | | | |
| Profit Reinvestments | 21.6 | 23.6 | 23.5 | 25.5 | 26.1 | 25.1 |

**Calculation of Fixed Assets to Shareholders Equity Ratio (1)**

| | in millions of R$ | | | |
|---|---|---|---|---|
| | 2007 | | 2008 | |
| | June | September | June | September |
| **Shareholders Equity + Minority Shareholders** | **27,577** | **29,390** | **33,873** | **34,795** |
| Subordinated Debts | 10,351 | 10,028 | 10,638 | 11,041 |
| Tax Credits | (79) | (79) | (102) | (102) |
| Exchange Membership Certificates | (96) | (69) | (32) | (51) |
| Other Adjustments | (107) | (1,171) | (895) | (1,018) |
| **Reference Equity (A) (*)** | **37,646** | **38,099** | **43,482** | **44,665** |
| Permanent Assets | 10,238 | 12,193 | 24,803 | 31,923 |
| Leased Assets | (6,664) | (8,561) | (20,690) | (26,913) |
| Unrealized Leasing Losses | (104) | (106) | (100) | (99) |
| Other Adjustments | (274) | 2,083 | 3,039 | 2,959 |
| **Total Premises and Equipment (B) (*)** | **3,196** | **5,609** | **7,052** | **7,870** |
| **Fixed Assets to Shareholders Equity Ratio (B/A) %** | **8.5** | **14.7** | **16.2** | **17.6** |
| **Margin** | **15,627** | **13,441** | **14,690** | **14,463** |

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

(1) Calculated based on the economic-financial consolidated.

**Performance Ratios (annualized) %**

| | 2007 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | **2nd Qtr.** | **3rd Qtr.** | **September YTD** | **2nd Qtr.** | **3rd Qtr.** | **September YTD** |
| Return on Shareholders Equity (total) | 28.9 | 27.8 | 25.2 | 26.0 | 24.3 | 23.3 |
| Return on Average Shareholders Equity | 29.5 | 29.3 | 27.7 | 26.1 | 24.5 | 24.4 |
| Return on Shareholders Equity (total) without adjustment to market value reserve Securities and Derivatives | 31.3 | 29.9 | 26.9 | 26.8 | 24.4 | 23.4 |
| Return on Average Shareholders Equity without adjustment to market value reserve Securities and Derivatives | 32.9 | 31.4 | 30.0 | 27.6 | 25.1 | 25.4 |
| Return on Shareholders Equity (total) straight-line calculation | 26.2 | 25.3 | 24.4 | 23.8 | 22.4 | 22.7 |
| Return on Average Shareholders Equity straight-line calculation | 26.7 | 26.5 | 26.8 | 23.8 | 22.5 | 23.7 |
| Return on Total Assets (total) | 2.5 | 2.4 | 2.3 | 2.0 | 1.8 | 1.8 |
| Return on Average Total Assets | 2.5 | 2.5 | 2.5 | 2.1 | 1.9 | 2.0 |
| Shareholders Equity on Total Assets | 9.5 | 9.2 | 9.2 | 8.4 | 8.1 | 8.1 |
| Capital Adequacy Ratio (Basel) Financial Consolidated (*) | 18.2 | 16.3 | 16.3 | 14.4 | 16.2 | 16.2 |
| Capital Adequacy Ratio (Basel) Total Consolidated (*) | 16.1 | 14.2 | 14.2 | 12.9 | 15.6 | 15.6 |
| Fixed Assets to Shareholders' Equity Ratio Financial Consolidated | 47.4 | 48.9 | 48.9 | 47.3 | 47.4 | 47.4 |
| Fixed Assets to Shareholders' Equity Ratio Economic-Financial Consolidated | 8.5 | 14.7 | 14.7 | 16.2 | 17.6 | 17.6 |
| Combined Ratio Insurance | 99.8 | 92.3 | 95.9 | 84.9 | 84.4 | 84.4 |
| Efficiency Ratio (in the previous 12 months) | 42.0 | 41.8 | 41.8 | 41.3 | 41.6 | 41.6 |
| Coverage Ratio (Fee and Commission Income/Administrative and Personnel Expenses) (in the previous 12 months) | 79.4 | 80.6 | 80.6 | 77.8 | 75.5 | 75.5 |

(*) in September 2008, it refers to Basel II
Obs.: Article 4 of Bacen Circular Letter 3,389 provides for the prerogative of exclusion, for capital adequacy ratio calculation purposes, of foreign currency short position, including fiscal effects, so as to hedge investments abroad. Bradesco chose this prerogative on September 29, 2008.

**Market Share Consolidated %**

| | 2007 | | 2008 | |
|---|---|---|---|---|
| | **June** | **September** | **June** | **September** |
| **Banks Source: Bacen** | | | | |
| Time Deposit | 8.3 | 8.3 | 11.7 | NA |
| Savings Deposit | 13.9 | 13.9 | 13.8 | NA |
| Demand Deposit | 17.3 | 17.4 | 18.4 | NA |
| Loan Operations | 12.5 | 12.6 | 13.1 | 13.0 |
| Online Collection (Balance) | 29.5 | 29.4 | 31.7 | 30.0 (*) |
| Number of Branches | 16.7 | 16.8 | 17.1 | 17.4 |
| **Banks Source: Federal Revenue /Serpro** | | | | |
| DARF | 18.0 | 19.0 | 19.8 | 19.8 (****) |
| DAS | I | I | 16.4 | 16.3 (****) |
| **Banks Source: INSS/Dataprev** | | | | |
| GPS | 13.6 | 13.8 | 14.0 | 14.0 (****) |
| Benefit Payment to Retirees and Pensioners | 19.7 | 19.7 | 19.5 | 19.6 |
| **Banks Source: Anbid** | | | | |
| Investment Funds + Portfolios | 14.3 | 14.1 | 14.1 | 14.9 |
| **Insurance, Private Pension Plans and Certificated Savings Plans Source: Susep and ANS** | | | | |
| Insurance, Private Pension Plans and Certificated Savings Plans Premiums | 24.7 | 25.2 | 23.8 (**) | 23.7 (***) |
| Insurance Premiums (including VGBL) | 24.6 | 25.4 | 23.6 (**) | 23.7 (***) |
| Life Insurance and Personal Accidents Premiums | 15.3 | 15.7 | 16.6 (**) | 16.6 (***) |
| Auto/RE Insurance Premiums | 10.7 | 12.5 | 10.7 (**) | 10.7 (***) |
| Health Insurance Premiums | 43.4 | 42.3 | 43.5 (**) | 42.5 (***) |
| Revenues from Private Pension Plans Contributions (excluding VGBL) | 29.6 | 28.8 | 31.0 (**) | 28.9 (***) |
| Revenues from Certificated Savings Plans | 20.2 | 20.3 | 18.3 (**) | 18.7 (***) |
| Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans | 36.3 | 36.0 | 35.5 (**) | 34.9 (***) |
| **Insurance and Private Pension Plans Source: Fenaprevi** | | | | |
| Income on VGBL Premiums | 41.0 | 41.6 | 37.4 (**) | 37.4 (***) |
| Revenues from PGBL Contributions | 28.3 | 27.3 | 28.8 (**) | 26.2 (***) |
| Private Pension Plans Investment Portfolios (including VGBL) | 42.1 | 41.1 | 39.7 (**) | 38.9 (***) |

| | | | | |
|---|---|---|---|---|
| **Credit and Debit Card Source: Abecs** | | | | |
| Credit Card Revenue | 18.2 | 18.2 | 18.3 | 18.1 |
| Debit Card Revenue | 19.9 | 19.8 | 18.8 | 19.0 |
| **Leasing Source: Abel** | | | | |
| Lending Operations | 11.2 | 12.2 | 16.6 | 17.7 (*) |
| **Banco Finasa BMC Source: Bacen** | | | | |
| Finabens (Portfolio) | 17.8 | 16.6 | 10.5 | 10.5 (*) |
| Auto (Portfolio) Including Banco Bradesco | 25.9 | 25.8 | 25.4 | 25.6 (*) |
| **Consortium Source: Bacen** | | | | |
| Real Estate | 25.9 | 26.5 | 27.8 | 27.8 (*) |
| Auto | 20.6 | 20.9 | 22.9 | 22.9 (*) |
| Trucks, Tractors and Agricultural Implements | 6.8 | 6.9 | 9.3 | 10.6 (*) |
| **International Area Source: Bacen** | | | | |
| Export Market | 20.0 | 20.4 | 21.7 | 22.2 (****) |
| Import Market | 16.6 | 15.8 | 16.3 | 16.3 (****) |

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

(**) Reference date: May 2008.

(***) Reference date: July 2008.

(****) Data subject to alteration.

NA Not Available

I Inapplicable

**Other Information**

| | September | | Variation | 2008 | | Variation |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | % | June | September | % |
| Funding and Assets Managed in millions of R$ | 452,698 | 571,740 | 26.3 | 552,082 | 571,740 | 3.6 |
| Number of Organization Employees | 81,943 | 85,577 | 4.4 | 84,224 | 85,577 | 1.6 |
| Number of Fundação Bradesco Employees | 2,727 | 2,725 | (0.1) | 2,727 | 2,725 | (0.1) |
| Number of Fimaden Employees | 844 | 872 | 3.3 | 863 | 872 | 1.0 |
| Number of ADC Employees | 17 | 25 | 47.1 | 17 | 25 | 47.1 |
| Number of Outsourced Employees | 7,647 | 8,168 | 6.8 | 7,929 | 8,168 | 3.0 |
| Number of Interns | 1,027 | 977 | (4.9) | 935 | 977 | 4.5 |
| Number of Minor Apprentices | 871 | 1,149 | 31.9 | 1,149 | 1,149 | |
| Number of Branches | 3,067 | 3,235 | 5.5 | 3,193 | 3,235 | 1.3 |
| Number of Savings Accounts thousands | 32,146 | 33,763 | 5.0 | 32,549 | 33,763 | 3.7 |
| Number of Credit, Private Label and Debit Cards thousands | 67,228 | 80,207 | 19.3 | 77,952 | 80,207 | 2.9 |

**Bradesco Shares**

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

| | December | | | | | 2008 | |
|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | June | September |
| Common Shares | 1,437,054 | 1,430,107 | 1,468,350 | 1,500,214 | 1,514,006 | 1,534,882 | 1,534,855 |
| Preferred Shares | 1,416,492 | 1,416,491 | 1,469,817 | 1,502,435 | 1,514,006 | 1,534,900 | 1,534,900 |
| **Subtotal Outstanding Shares** | **2,853,546** | **2,846,598** | **2,938,167** | **3,002,649** | **3,028,012** | **3,069,782** | **3,069,755** |
| Treasury Shares | 516 | | 696 | 1,137 | 3,368 | 88 | 115 |
| **Total** | **2,854,062** | **2,846,598** | **2,938,863** | **3,003,786** | **3,031,380** | **3,069,870** | **3,069,870** |

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

On September 30, 2008, Banco Bradesco s capital stock was R$23 billion, composed of 3,069,869,800 shares, of which 1,534,934,979 are common shares and 1,534,934,821 are preferred shares, all non-par and book-entry shares. The largest shareholder is the holding company Cidade de Deus Participações, which directly holds 49.00% of our voting capital and 24.51% of our total capital. Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações. Nova Cidade de Deus Participações is owned by Fundação Bradesco and Elo Participações e Investimento, which has as shareholders the majority of members of Bradesco s Board of Directors and Statutory Executive Board (see page 132).

**Number of Shareholders Domiciled in Brazil and Abroad**

| | 2007 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | **September** | **%** | **Capital Interest** | **September** | **%** | **Capital Interest** |
| Individuals | 1,250,454 | 91.27 | 26.59 | 1,268,732 | 91.37 | 26.81 |
| Corporations | 115,914 | 8.46 | 45.54 | 116,102 | 8.36 | 45.63 |
| **Subtotal of Domiciled in Brazil** | **1,366,368** | **99.73** | **72.13** | **1,384,834** | **99.73** | **72.44** |
| Domiciled Abroad | 3,691 | 0.27 | 27.87 | 3,787 | 0.27 | 27.56 |
| **Total** | **1,370,059** | **100** | **100** | **1,388,621** | **100** | **100** |

With regard to Bradesco s shareholders on September 30, 2008, 1,384,834 shareholders were domiciled in Brazil, accounting for 99.73% of the total shareholders base and holding 72.44% of Bradesco shares. The number of shareholders domiciled abroad was 3,787, representing 0.27% of total shareholders base and holding 27.56% of Bradesco shares.

**Market Value in millions of R$**

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

**Market Value/Shareholders Equity**

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

**Dividend Yield % (in the previous 12 months)**

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

**Payout Index  % (in the previous 12 months)**

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

**Financial Volume  Bradesco PN x Ibovespa**

Source: Economática

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

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

**Appreciation Index    Bradesco PN (BBDC4) x Ibovespa    %**

Source: Economática

**Bradesco  s Share Performance**

In 3Q08, Bradesco  s preferred shares depreciated by 6.1% (adjusted by dividends), having a higher performance than Ibovespa  s, which experienced a 23.8% loss in the period.

In 3Q08, the large Brazilian banks   shares were protected from the damage of the global scenario that started in the period. The perception was that the performance of large banks, in a moderate slowdown scenario in the Brazilian economy, would be maintained when compared to other sectors traded in stock exchanges (such as mining, steel and oil), which also suffered with the pressure of the world wide economic slowdown.

**Statement of Income**

| | in millions of R$ | | | | | |
|---|---|---|---|---|---|---|
| | September YTD | | | 2008 | | |
| | 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| **Revenues from Financial Intermediation** | **30,431** | **40,543** | **33.2** | **12,769** | **16,081** | **25.9** |
| Loan Operations | 16,299 | 20,998 | 28.8 | 6,423 | 8,004 | 24.6 |
| Leasing Operations | 633 | 1,581 | 149.8 | 517 | 691 | 33.7 |
| Securities Transactions | 5,842 | 8,762 | 50.0 | 2,240 | 4,702 | 109.9 |
| Insurance, Private Pension Plans and Certificated Savings Plans | 5,433 | 5,010 | (7.8) | 2,468 | 866 | (64.9) |
| Derivative Financial Instruments | 874 | 1,385 | 58.5 | 762 | 95 | (87.5) |
| Foreign Exchange Transactions | 415 | 1,626 | 291.8 | (14) | 1,244 | |
| Compulsory Deposits | 935 | 1,181 | 26.3 | 373 | 479 | 28.4 |
| **Expenses from Financial Intermediation (excluding PDD)** | **14,128** | **21,566** | **52.6** | **6,176** | **9,747** | **57.8** |
| Federal Funds Purchased and Securities Sold under Agreements to Repurchase | 10,202 | 15,096 | 48.0 | 4,718 | 6,560 | 39.0 |
| Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans | 3,329 | 3,082 | (7.4) | 1,712 | 346 | (79.8) |
| Borrowing and Onlending | 590 | 3,385 | 473.7 | (255) | 2,840 | |
| Leasing Operations | 7 | 3 | (57.1) | 1 | 1 | |
| **Financial Margin** | **16,303** | **18,977** | **16.4** | **6,593** | **6,334** | **(3.9)** |
| Provision for Loan Losses | 3,942 | 5,325 | 35.1 | 1,834 | 1,824 | (0.5) |
| **Gross Income from Financial Intermediation** | **12,361** | **13,652** | **10.4** | **4,759** | **4,510** | **(5.2)** |
| **Other Operating Income/Expenses** | **(5,210)** | **(5,701)** | **9.4** | **(1,984)** | **(1,902)** | **(4.1)** |
| Fee and Commission Income | 7,910 | 8,397 | 6.2 | 2,775 | 2,819 | 1.6 |
| **Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans** | **565** | **1,711** | **202.8** | **567** | **629** | **10.9** |
| (+) Net Premiums Written | 15,303 | 16,944 | 10.7 | 5,756 | 5,821 | 1.1 |
| (-) Reinsurance Premiums | (499) | (256) | (48.7) | (90) | (84) | (6.7) |
| **(=) Retained Premiums from Insurance, Private Pension Plans and Certificated Savings Plans** | **14,804** | **16,688** | **12.7** | **5,666** | **5,737** | **1.3** |
| Retained Premiums from Insurance | 6,471 | 7,489 | 15.7 | 2,526 | 2,695 | 6.7 |
| Private Pension Plans Contributions | 7,194 | 7,976 | 10.9 | 2,732 | 2,599 | (4.9) |
| Income from Certificated Savings Plans | 1,139 | 1,223 | 7.4 | 408 | 443 | 8.6 |
| **Variation in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans** | **(8,024)** | **(7,800)** | **(2.8)** | **(2,643)** | **(2,624)** | **(0.7)** |
| Variation in Technical Provisions for Insurance | (1,128) | (374) | (66.8) | (97) | (222) | 128.9 |
| Variation in Technical Provisions for Private Pension Plans | (6,913) | (7,422) | 7.4 | (2,545) | (2,397) | (5.8) |
| Variation in Technical Provisions for Certificated Savings Plans | 17 | (4) | | (1) | (5) | 400.0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Retained Claims | (4,419) | (5,245) | 18.7 | (1,782) | (1,823) | 2.3 |
| Certificated Savings Plans Drawings and Redemptions | (1,000) | (1,055) | 5.5 | (355) | (382) | 7.6 |
| **Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses** | **(796)** | **(877)** | **10.2** | **(319)** | **(279)** | **(12.5)** |
| Insurance Products Selling Expenses | (631) | (696) | 10.3 | (237) | (237) | |
| Private Pension Plans Selling Expenses | (153) | (173) | 13.1 | (59) | (58) | (1.7) |
| Certificated Savings Plans Selling Expenses | (12) | (8) | (33.3) | (23) | 16 | |
| Personnel Expenses | (4,749) | (5,277) | 11.1 | (1,715) | (1,825) | 6.4 |
| Other Administrative Expenses | (4,939) | (5,895) | 19.4 | (1,969) | (2,111) | 7.2 |
| Tax Expenses | (1,766) | (1,711) | (3.1) | (570) | (536) | (6.0) |
| Equity in Earnings of Unconsolidated Companies | 32 | 89 | 178.1 | 34 | 23 | (32.4) |
| Other Operating Income | 1,012 | 1,197 | 18.3 | 323 | 544 | 68.4 |
| Other Operating Expenses | (3,275) | (4,212) | 28.6 | (1,429) | (1,445) | 1.1 |
| **Operating Income** | **7,151** | **7,951** | **11.2** | **2,775** | **2,608** | **(6.0)** |
| Non-Operating Income | 3 | 3 | | (20) | 8 | |
| **Income before Tax on Income and Interest** | **7,154** | **7,954** | **11.2** | **2,755** | **2,616** | **(5.0)** |
| Income Tax and Social Contribution | (1,790) | (2,118) | 18.3 | (750) | (696) | (7.2) |
| Minority Interest in Subsidiaries | (8) | (17) | 112.5 | (3) | (10) | 233.3 |
| **Net Income** | **5,356** | **5,819** | **8.6** | **2,002** | **1,910** | **(4.6)** |
| **Annualized Return on Shareholders Equity (*) (%)** | **30.0** | **25.4** | | **27.6** | **25.1** | |

(*) Refers to average Shareholders Equity and does not consider the mark-to-market effects on available-for-sale securities.

**Analysis of the Statement of Income in millions of R$**

**Income from Loan and Leasing Operations**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **16,925** | **22,576** | **33.4** | **6,939** | **8,694** | **25.3** |

In the period, income was up mainly as result of: (i) the increase in the average volume of the loan portfolio, which totaled R$144,842 in September/08 against R$105,560 in September /07, that is, a 37.2% increase. We highlight the corporate portfolio, with an increase of 44.5% due to Financing to Export, Working Capital Leasing and Real Estate Financing products. In the individual portfolio, the growth was 29.3%, with focus on the products connected to consumer financing; (ii) the better credit recovery R$295; partially **mitigated**: (iii) by the decrease in average rate, from 16.0% in the period/07 to 15.6% in the period/08, observing CDI variation.

The variation was basically due to: (i) the 20.3% foreign exchange variation, which impacted Loans and Financing indexed/denominated in foreign currency, which represent 8.7% of the loan portfolio, impacting the average rate of 4.8% in 2Q08 to 5.6% in 3Q08, observing CDI variation. We point out the 9.5% increase in the corporate portfolio basically due to the Foreign Operations, Working Capital, and Leasing products; (ii) the 6.3% increase in the individual portfolio, with focus on products linked to consumer financing and (iii) the better credit recovery R$33.

**Income from Securities and Derivative Financial Instruments**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **6,716** | **10,147** | **51.1** | **3,002** | **4,797** | **59.8** |

The increase in income during the period is mainly due to: (i) the increase in the average portfolio volume (Securities, Derivative Financial Investments and Interbank Investments); (ii) the increase in the average rate of 9.3% in the period/07 to 9.9% in the period/08, as a result of IGP-M, CDI and U.S. dollar variation; partially **offset**: (iii) by the lower non-interest income in the amount of R$263, basically due to the negative mark-to-market of CDS on Brazilian government securities issued abroad and the negative mark-to-market adjustment of derivative financial instruments used as market risk hedge of loan operations in the country in 3Q08.

The variation in income in the quarter is mainly due to: (i) the increase in the average portfolio volume (Securities, Derivative Financial Instruments and Interbank Investments); (ii) the increase in the average rate of 2.9% in 2Q08 to 4.0% in 3Q08, as a result of IGP-M, CDI and U.S. dollar variation, partially **mitigated**: (iii) by the lower non-interest income gains in the amount of R$318, basically due to the negative mark-to- market of CDS on Brazilian government securities issued abroad, R$150, and the negative mark-to-market adjustment of other financial instruments mainly derivatives used as market risk hedge of loan operations in the country, R$140.

**Income from Insurance, Private Pension Plans and Certificated Savings Plans**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **5,433** | **5,010** | **(7.8)** | **2,468** | **866** | **(64.9)** |

The variation in the period was basically due to: (i) the lower non-interest income of R$159, chiefly due to the lower gains in share trading, resulting from the world s financial market volatility in 3Q08; (ii) the decrease in average rate from 9.0% in the period/07 to 7.2% in the period/08, as a result of the IGP-M, CDI and Ibovespa index variation in the period; **offset** by: (iii) the increase in the average portfolio volume.

The variation in the quarter was substantially due to: (i) the lower non- interest income of R$185, chiefly due to the lower gains in share trading, resulting from the world s financial market volatility; (ii) the decrease in the average rate from 3.6% in 2Q08 to 1.2% in 3Q08, as a result of the IGP-M reduction and negative impact of variable income funds that comprise the PGBL/VGBL and traditional plans portfolio in the amount of R$1,299; **offset** by: (iii) the increase in the average portfolio volume.

**Income from Foreign Exchange Transactions**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **415** | **1,626** | **291.8** | **(14)** | **1,244** | |

For a better analysis, this item should be analyzed with the deduction of expenses with foreign funding, used to finance import/export operations, in accordance with note 11a. After these deductions, the result would be R$575 in the period/08 and R$265 in the period/07, chiefly due to the increase in the foreign exchange portfolio volume.

For a better analysis, this item should be analyzed with the deduction of expenses with foreign funding used to finance import/export operations, in accordance with note 11a. After these deductions, the result would be R$257 in 3Q08 and R$184 in 2Q08, primarily due to the increase in the foreign exchange portfolio volume.

**Income from Compulsory Deposits**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **935** | **1,181** | **26.3** | **373** | **479** | **28.4** |

The variation in the period is basically due to the increase in the average volume of time deposits in the period, since average rates remained steady.

The variation is primarily due to: (i) the increase in the average volume of time deposits in the quarter; (ii) the increase in the average rate from 1.5% in 2Q08 to 1.9% in 3Q08, as a result of the IGP-M and TR variation (indexes that remunerate the additional compulsory deposit and savings deposit, respectively).

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

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **10,202** | **15,096** | **48.0** | **4,718** | **6,560** | **39.0** |

The variation in the period is mostly due to (i) the increase in the average funding volume, especially time deposits; and (ii) the increase in the average funding cost.

The variation in the quarter essentially derives from: (i) the increase in the average volume of the portfolio; and (ii) the increase in the average rate from 2.3% in 2Q08 to 2.9% in 3Q08, as a result of the CDI and TR variation, chiefly affecting time deposit expenses.

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

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **3,329** | **3,082** | **(7.4)** | **1,712** | **346** | **(79.8)** |

The variation in the period is basically due to: (i) the decrease in the average rate from 6.4% in the period/07 to 5.1% in the period/08, as a result of the IGP-M, CDI and Ibovespa index variation in the period (indexes which remunerate technical provisions), **mitigated** by: (ii) the higher average volume of technical provisions, especially the VGBL product.

The variation in the quarter is mostly due to: (i) the decrease in the average rate from 2.8% in 2Q08 to 0.6% in 3Q08, as a result of the impact of negative, variable income funds variation that comprise the PGBL/VGBL portfolio and the IGP-M decrease in the quarter (indexes which remunerate technical provisions), in the amount of R$1,100; **mitigated** by: (ii) the higher average volume of technical provisions, especially the VGBL product.

**Borrowing and Onlending Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **590** | **3,385** | **473.7** | **(255)** | **2,840** | |

The variation in the period is basically due to: (i) the increase in the average funding volume, mainly represented by Finame and BNDES operations; and (ii) the increase of the average rate from 3.1% in the period/07 to 13.0% in the period/08, resulting from a positive exchange variation and IGP-M variation.

The variation in the quarter is mainly due to: (i) the increase in the average rate from (1.0)% in 2Q08 to 10.0% in 3Q08, resulting from high foreign exchange variation; and (ii) the increase in the average funding volume, chiefly represented by Finame and BNDES operations.

**Financial Margin**

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

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **16,303** | **18,977** | **16.4** | **6,593** | **6,334** | **(3.9)** |

The variation of R$2,674 in the financial margin is basically due to: (i) the increase in the result of interest-bearing operations of R$2,802, R$4,682 of which is due to a growth in the average business volume and R$1,880 is due to the decrease in spreads; and (ii) the increase in non-interest income of R$128, basically derived from lower treasury gains in the period of R$422, affected by the world s financial market volatility in 3Q08, **mitigated** by higher credit recovery in the amount of R$295.

The variation of R$259 in financial margin is due to: (i) the reduction the non-interest income of R$475, mainly in view of the negative mark-to-market of credit derivatives (CDS) on Brazilian government securities issued abroad R$150, and the lower gains from the trading of Insurance Group shares R$185 and the negative mark-to-market adjustment of other financial instruments, mainly derivatives used as market risk hedge of loan operations in the country R$140, as a result of the world s financial market volatility; **offset** (ii) by the growth in the result of interest-bearing operations in the amount of R$216, R$377 of which due to the increase in the average business volume and R$161 to the decrease in spreads.

**Provision for Loan Losses Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **3,942** | **5,325** | **35.1** | **1,834** | **1,824** | **(0.5)** |

The increase in the period of R$1,383 is compatible with the growth of our loan portfolio (38.1% or R$44,277 in the 12-month period) with the relevant participation of individuals that, due to their characteristics, require higher provisioning volume, whose growth in the period was 29.3% or R$14,461.

The slight expense variation is a result of the higher corporate operations growth, mainly in corporate segment, of 9.5% in 3Q08, mainly from corporate segment, due to its characteristics, which requires less provisioning.

**Fee and Commission Income**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| 7,910 | 8,397 | 6.2 | 2,775 | 2,819 | 1.6 |

The increase of income in the period is mainly due to: (i) the higher volume of operations; with focus on: (a) card income, R$408; (b) asset management, R$129; (c) collection R$87; and (d) consortium R$63; (e) custody and brokerage services, R$58; which was **mitigated**: (ii) by the effect of the fee adjustments related to checking accounts and loan operations of individuals, R$188.

The increase in income in the quarter is mostly due to the higher transaction volume of: (i) card R$66; (ii) asset management, R$15; (iii) collection, R$10; (iv) underwriting operations R$9; **mitigated**: (v) by the lower individuals loan operation and checking account revenue, R$70, caused by fees adjustment charged to individuals.

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

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| 14,804 | 16,688 | 12.7 | 5,666 | 5,737 | 1.3 |

The growth of premiums in the period is detailed in the charts below.

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

**a) Retained Premiums from Insurance**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **6,471** | **7,489** | **15.7** | **2,526** | **2,695** | **6.7** |

The variation in the period is due to the increase in the production of: (i) Health line, R$714, in which premiums presented an increase due to the expansion of the corporate health and dental insurance portfolio and SPG, as well as the implementation of annual restatements (medical, hospital and dental costs variation) and technical balance of the policies. Furthermore, there was a growth in individual insurance portfolio premium due to the collection of the difference arising from old plans annual adjustment, for policyholders domiciled in the State of São Paulo, as per judicial decision; (ii) Life line, R$253 (mainly in the Moneylender and Group Life lines); (iii) basic lines, R$39; (iv) other lines, R$75; **mitigated**: (v) by the decrease in Auto line, R$63 (despite the strong competition in auto insurance, the insurance company had growth in premiums excluding premiums collected by former subsidiary by Indiana in the same period last year. This fact is mainly due to the competitiveness maintenance policy and the pricing according to profile, improvement of processes and creation of products destined to specific publics, such as Auto Mulher for women).

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

The variation in the quarter is due to the increase in the production of: (i) Auto line, R$80 (maintenance of the competitiveness policy due to the pricing according to profile and expansion of the active broker base); (ii) the Health line, R$61, in which there was an increase in individual insurance portfolio premium due to the collection of the difference arising from old plans annual adjustment, for policyholders domiciled in the State of São Paulo, as per judicial decision; (iii) the Life line, R$24; and (iv) basic lines R$10; **mitigated**: (v) by the decrease in other lines, R$6.

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

**b) Private Pension Plans Contributions**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **7,194** | **7,976** | **10.9** | **2,732** | **2,599** | **(4.9)** |

The increase in the period is basically due to the higher commercialization of the VGBL product R$762.

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

The variation in the quarter is basically due to the lower commercialization of the VGBL product, R$126.

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

**c) Income on Certificated Savings Plans**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **1,139** | **1,223** | **7.4** | **408** | **443** | **8.6** |

The variation is due to: (i) the increase in the volume of new sales of single payment plans; and (ii) the increase in monthly payment plans.

The variation is due to the large volume of new sales of single payment plans.

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

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(8,024)** | **(7,800)** | **(2.8)** | **(2,643)** | **(2,624)** | **(0.7)** |

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

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

a) Variation in Technical Provisions for Insurance

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(1,128)** | **(374)** | **(66.8)** | **(97)** | **(222)** | **128.9** |

The variation in technical provisions is directly related to the sale of insurance in its respective effectiveness period. The higher the sale of premiums, the higher the recording of technical provisions, considering an average period of 12 months. The higher constitutions of technical provisions in the period/08 were: (i) in the Life line, R$239; (ii) Health line, R$73; (iii) basic lines, R$33; and (iv) Auto line, R$26.

**Obs. 1:** the 2006 and 2007 amounts were influenced by the additional provision for health insurance.
**Obs. 2:** in order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions to this item.

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The higher the sale of premiums, the higher the recording of technical provisions, considering an average period of 12 months. The higher constitutions of technical provisions in 3Q08 were: (i) in the Life Line, R$105; (ii) Auto line, R$64; and (iii) Health line, R$40.

**Obs. 1:** the 2007 quarter amounts were influenced by the additional provision for health insurance.
**Obs. 2:** In order to comply with Susep Circular Letter 356, there was a reclassification of Individual Life Plan redemptions to this item.

**b) Variation in Technical Provisions for Private Pension Plans**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(6,913)** | **(7,422)** | **7.4** | **(2,545)** | **(2,397)** | **(5.8)** |

Variations in technical provisions are directly related to production. The variations in the period are due to: (i) the higher recording of provision for VGBL products, R$558, **mitigated**: (ii) by the smaller number of provisions for PGBL/Traditional products, R$49.

**Obs.:** In order to comply with Susep Circular Letter 356, there was a reclassification of benefits and redemptions to this item.

Variations in technical provisions are directly related to production. The variations in the quarter are mainly due to the lower recording of provision for VGBL product, R$158.

**Obs.:** In order to comply with Susep Circular Letter 356, there was a reclassification of benefits and redemptions to this item.

**c) Variation in Technical Provisions for Certificated Savings Plans**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **17** | **(4)** | | **(1)** | **(5)** | **400.0** |

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

The variation in the quarter is mainly due to the creation of technical provision for contingencies and administrative provision.

**Retained Claims**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(4,419)** | **(5,245)** | **18.7** | **(1,782)** | **(1,823)** | **2.3** |

The increase of claims in the period is due to the increase in production and the resulting growth life in the volume of reported claims (i) in the Health line, R$714, (ii) in Life lines, R$66 (iii) basic line, R$52; (iv) other lines, R$70; **mitigated**: (v) by the decrease in reported claims in the Auto line, R$76.

**Obs.:** Claim ratios were recalculated due to new resolutions in Susep Circular Letter 356.

The increase of claims in the quarter is due to the increase in production and the resulting growth in the volume of reported claims: (i) in the Life line, R$50; (ii) in the Auto line, R$5; **mitigated** by the decrease in reported claims (iii) in the basic lines, R$10; and (iv) other lines, R$4.

**Obs.:** Claim ratios were recalculated due to new resolutions in Susep Circular Letter 356.

**Certificated Savings Plans Drawings and Redemptions**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(1,000)** | **(1,055)** | **5.5** | **(355)** | **(382)** | **7.6** |

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

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

**Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(796)** | **(877)** | **10.2** | **(319)** | **(279)** | **(12.5)** |

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

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

**a) Insurance Products Selling Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(631)** | **(696)** | **10.3** | **(237)** | **(237)** | |

The variation in the period is due to the increase of insurance production, mainly in the Health line, R$36, and Life lines, R$29.

**Obs.:** selling ratios were recalculated due to new resolutions in the Susep Circular Letter 356.

The expense in the quarter remained stable.

**Obs.:** selling ratios were recalculated due to new resolutions in the Susep Circular Letter 356.

**b) Private Pension Plans Selling Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(153)** | **(173)** | **13.1** | **(59)** | **(58)** | **(1.7)** |

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

The expense in the quarter remained stable.

**c) Certificated Savings Plans Selling Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(12)** | **(8)** | **33.3** | **(23)** | **16** | |

The variation in the period is due to the higher volume of selling activities in 2007.

The variation is due to the accounting reclassification of administrative and selling expenses. After this reclassification, selling expenses would be R$4 in 2Q08 and R$3 in 3Q08.

**Personnel Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(4,749)** | **(5,277)** | **11.1** | **(1,715)** | **(1,825)** | **6.4** |

The growth in the period is basically due to: (i) the expansion of the customer service network in Brazil (from 28,563 outlets in September 2007 to 36,128 in September 2008) and the subsequent hiring of employees, as well as the increase in salary levels resulting from the collective bargaining agreement of 2007 (6.0%) and Fenaban s proposal for 2008 (7.5%), benefits and others, R$462; (ii) higher expenses with labor proceedings provisions R$ 56; and (iii) higher expenses with training R$10.

The variation in the quarter is basically due to: (i) the increase in the salary levels resulting from the provision for Fenaban s proposal of the professional category s collective bargaining agreement (7.5%) in the amount of R$62 (R$36 related to restatement of labor liabilities and R$26 related to increase in payroll); and (ii) expansion of customer service network and increase in business volume, and accordingly, hiring of employees, with an impact of R$35.

**Other Administrative Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(4,939)** | **(5,895)** | **19.4** | **(1,969)** | **(2,111)** | **7.2** |

The increase in the period is basically due to: (i) organic growth, with the expansion of customer service network in Brazil (from 28,563 outlets in September 2007 to 36,128 in September 2008); (ii) the increase in the volume of businesses; (iii) contractual adjustments; and (iv) investments in the improvement and optimization of the technological platform (IT Improvements Project).

The variation in the quarter is basically due to the higher expenses with: (i) outsourced services, R$96; (ii) data processing, R$12; (iii) communication, R$10; (iv) maintenance and repairs, R$9; and (v) financial system services, R$9.

**Tax Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(1,766)** | **(1,711)** | **(3.1)** | **(570)** | **(536)** | **(6.0)** |

The reduction in the period is basically due to: (i) the lower CPMF expenses R$179, given the abolishment of this contribution in 2008, **mitigated** by (ii) the PIS/Cofins higher expenses in the amount of R$120 due to the increase of taxable income.

The variation in the quarter is basically due to the lower PIS/Cofins expenses, R$32, due to the decrease in the calculation basis of taxable income in 3Q08.

**Equity in Earnings (Losses) of Unconsolidated Companies**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| 32 | 89 | 178.1 | 34 | 23 | (32.4) |

The variation in the period is due to the higher results in affiliated companies in the period/08, basically through IRB-Brasil Resseguros.

The variation in the quarter derives from lower results in affiliated companies in 3Q08, basically through IRB-Brasil Resseguros.

**Other Operating Income**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| 1,012 | 1,197 | 18.3 | 323 | 544 | 68.4 |

The increase in the period is mainly due to: (i) higher reversals of operating provisions, R$142, basically from the fiscal provision; and (ii) higher interest income, R$62.

The variation in the quarter is mainly due to: (i) the higher reversals of operating provisions, R$179, basically from the fiscal provision; and (ii) the higher interest income, R$36.

**Other Operating Expenses**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| (3,275) | (4,212) | 28.6 | (1,429) | (1,445) | 1.1 |

The increase in the period is mostly due to: higher expenses with: (i) financing commission, R$193; (ii) creation of civil operational provisions, R$146; (iii) amortization of prepaid expenses with operational agreements, R$138; (iv) sundry losses, R$121; and (v) search and seizure, R$56.

The variation in the quarter basically derives from: (i) higher financing expenses, R$36; (ii) goodwill amortization, R$8; **offset**: (iii) by lower operational provision expenses.

**Operating Income**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | 2nd Qtr. | 3rd Qtr. | Variation % |
| 7,151 | 7,951 | 11.2 | 2,775 | 2,608 | (6.0) |

The increase in the period derives from: (i) the higher financial margin, R$2,674; (ii) the increase in the income from insurance, private pension plans and certificated savings plans operations, R$1,146; (iii) the higher fee and commission income, R$487; (iv) the increase in the equity in earnings (losses) of unconsolidated companies, R$57; (v) the lower tax expenses, R$55; **mitigated** by (vi) the higher personnel and administrative expenses, R$1,484; (vii) the higher provision for loan losses expenses, R$1,383; and (viii) the higher operating expenses (net of income), R$752.

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

The variation in the quarter derives from: (i) the higher personnel and administrative expenses, R$252; (ii) the lower financial margin, R$259; (iii) the decrease in the equity in earnings (losses) of unconsolidated companies R$11; **offset** by (iv) the lower operating expenses (net of income), R$205; (v) the increase in the income from insurance, private pension plans and certificated savings plans, R$62; (vi) the higher fee and commission income, R$44; (vii) the lower tax expenses, R$34; and (viii) the lower provision for loan losses expenses, R$10.

**Obs.:** for a more detailed analysis of the variation of each item, we recommend reading each specific item mentioned herein.

**Non-Operating Income**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **3** | **3** | | **(20)** | **8** | |

Non-operating income remained stable in the period.

The variation in the quarter is basically due to (i) higher results in sale of securities, assets and investments **mitigated** by (ii) higher recording of non-operating provisions.

**Income Tax and Social Contribution**

| September YTD | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **2nd Qtr.** | **3rd Qtr.** | **Variation %** |
| **(1,790)** | **(2,118)** | **18.3** | **(750)** | **(696)** | **(7.2)** |

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

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

**Comparative Balance Sheet**

| | | | | | | |
|---|---|---|---|---|---|---|
| | in millions of R$ | | | | | |
| **Assets** | **September** | | | **2008** | | |
| | | | **Variation** | | | **Variation** |
| | **2007** | **2008** | **%** | **June** | **September** | **%** |
| **Current and Long-Term Assets** | **314,109** | **417,785** | **33.0** | **399,248** | **417,785** | **4.6** |
| **Funds Available** | **4,100** | **7,259** | **77.0** | **5,134** | **7,259** | **41.4** |
| **Interbank Investments** | **39,856** | **57,351** | **43.9** | **73,692** | **57,351** | **(22.2)** |
| **Securities and Derivative Financial Instruments** | **108,098** | **132,372** | **22.5** | **118,956** | **132,372** | **11.3** |
| **Interbank and Interdepartmental Accounts** | **20,968** | **27,082** | **29.2** | **26,163** | **27,082** | **3.5** |
| Restricted Deposits: | | | | | | |
| Brazilian Central Bank | 19,989 | 25,541 | 27.8 | 24,580 | 25,541 | 3.9 |
| Others | 979 | 1,541 | 57.4 | 1,583 | 1,541 | (2.7) |
| **Loan and Leasing Operations** | **102,294** | **144,349** | **41.1** | **131,791** | **144,349** | **9.5** |
| Loan and Leasing Operations | 109,626 | 153,336 | 39.9 | 140,324 | 153,336 | 9.3 |
| Allowance for Loan Losses | (7,332) | (8,987) | 22.6 | (8,533) | (8,987) | 5.3 |
| **Other Receivables and Assets** | **38,793** | **49,372** | **27.3** | **43,512** | **49,372** | **13.5** |
| Foreign Exchange Portfolio | 11,621 | 13,435 | 15.6 | 12,243 | 13,435 | 9.7 |
| Other Receivables and Assets | 27,269 | 36,086 | 32.3 | 31,388 | 36,086 | 15.0 |
| Allowance for Other Loan Losses | (97) | (149) | 53.6 | (119) | (149) | 25.2 |
| **Permanent Assets** | **3,539** | **4,921** | **39.1** | **4,023** | **4,921** | **22.3** |
| **Investments** | **604** | **823** | **36.3** | **784** | **823** | **5.0** |
| **Premises and Equipment and Leased Assets** | **2,209** | **2,517** | **13.9** | **2,435** | **2,517** | **3.4** |
| **Deferred Charges** | **726** | **1,581** | **117.8** | **804** | **1,581** | **96.6** |
| **Total** | **317,648** | **422,706** | **33.1** | **403,271** | **422,706** | **4.8** |
| **Liabilities** | | | | | | |
| **Current and Long-Term Liabilities** | **288,084** | **387,684** | **34.6** | **369,190** | **387,684** | **5.0** |
| **Deposits** | **86,736** | **139,170** | **60.5** | **122,752** | **139,170** | **13.4** |
| Demand Deposits | 22,134 | 26,694 | 20.6 | 25,843 | 26,694 | 3.3 |
| Savings Deposits | 30,231 | 35,681 | 18.0 | 34,150 | 35,681 | 4.5 |
| Interbank Deposits | 197 | 340 | 72.6 | 485 | 340 | (29.9) |
| Time Deposits | 33,483 | 75,529 | 125.6 | 61,343 | 75,529 | 23.1 |
| Other Deposits | 691 | 926 | 34.0 | 931 | 926 | (0.5) |
| **Federal Funds Purchased and Securities Sold under Agreements to Repurchase** | **68,621** | **87,464** | **27.5** | **98,278** | **87,464** | **(11.0)** |
| **Funds from Issuance of Securities** | **6,597** | **6,551** | **(0.7)** | **5,469** | **6,551** | **19.8** |
| Securities Issued Abroad | 3,042 | 3,433 | 12.9 | 2,931 | 3,433 | 17.1 |
| Other Funds | 3,555 | 3,118 | (12.3) | 2,538 | 3,118 | 22.9 |
| **Interbank and Interdepartmental Accounts** | **1,765** | **2,538** | **43.8** | **2,458** | **2,538** | **3.3** |
| **Borrowing and Onlending** | **20,735** | **31,981** | **54.2** | **24,736** | **31,981** | **29.3** |
| Borrowing | 7,305 | 14,004 | 91.7 | 8,275 | 14,004 | 69.2 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Onlending | 13,430 | 17,977 | 33.9 | 16,461 | 17,977 | 9.2 |
| **Derivative Financial Instruments** | **2,332** | **2,326** | **(0.3)** | **1,598** | **2,326** | **45.6** |
| **Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans** | **55,319** | **62,888** | **13.7** | **62,068** | **62,888** | **1.3** |
| **Other Liabilities** | **45,979** | **54,766** | **19.1** | **51,831** | **54,766** | **5.7** |
| Foreign Exchange Portfolio | 6,091 | 5,978 | (1.9) | 5,546 | 5,978 | 7.8 |
| Taxes and Social Security Contributions, Social and Statutory Payables | 12,030 | 12,445 | 3.4 | 12,598 | 12,445 | (1.2) |
| Subordinated Debt | 13,441 | 17,544 | 30.5 | 16,709 | 17,544 | 5.0 |
| Sundry | 14,417 | 18,799 | 30.4 | 16,978 | 18,799 | 10.7 |
| **Deferred Income** | **173** | **227** | **31.2** | **208** | **227** | **9.1** |
| **Minority Interest in Subsidiaries** | **177** | **627** | **254.2** | **162** | **627** | **287.0** |
| **Shareholders Equity** | **29,214** | **34,168** | **17.0** | **33,711** | **34,168** | **1.4** |
| **Total** | **317,648** | **422,706** | **33.1** | **403,271** | **422,706** | **4.8** |

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**Equity Analysis  in millions of R$**

**Funds Available**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **4,100** | **7,259** | **77.0** | **5,134** | **7,259** | **41.4** |

The variation in the period is due to the higher volume of funds available: (i) in foreign currency, R$2,082; and (ii) in local currency, R$1,077.

The variation in the quarter is due to: (i) the higher volume of funds available in foreign currency, R$2,131; **offset**: (ii) by the decrease in funds available in local currency, R$6.

**Interbank Investments**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **39,856** | **57,351** | **43.9** | **73,692** | **57,351** | **(22.2)** |

The variation in the period derives from: (i) the increase in the funded status in the amount of R$19,052; (ii) the increase in short position, R$2,054; (iii) the increase in our own portfolio position, R$550; **offset** by: (iv) the decrease in TLM  generic operations, R$2,801; and (v) the decrease in interest-earning deposits in other banks, R$1,360.

The variation in the quarter derives from: (i) the decrease in the funded status in the amount of R$6,788; (ii) the decrease in our own portfolio position, R$7,081; (iii) the decrease in short position, R$853; and (iv) the decrease in interest-earning deposits in other banks, R$1,619.

**Securities and Derivative Financial Instruments**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **108,098** | **132,372** | **22.5** | **118,956** | **132,372** | **11.3** |

The increase in the period is substantially due to: (i) the additional funds derived from the increase in funding, particularly technical provisions for insurance, private pension plans and certificated savings plans; (ii) the variation in average rate, mainly observing the 11.6% CDI variation in the twelve-month period between September/07 and September/08; partially **mitigated** by (iii) the redemption/maturity of securities. The portfolio profile (excluded from purchase and sale commitments), based on the Management s intent, is distributed as follows: Trading Securities, 65.2%; Available-for-Sale Securities, 14.3%; and Held-to-Maturity Securities, 20.5%. In September/08, 54.3% of the total portfolio (excluded from purchase and sale commitments) was represented by Government Bonds, 22.1% by Corporate Securities and 23.6% by P GBL and VGBL fund quotas.

The increase in the quarter is mainly due to: (i) the additional funds arising from higher funding, especially the raising of time deposits; (ii)the variation in average rate, observing the 3.2% CDI variation in 3Q08; partially **mitigated** by (iii) the redemption/maturity of securities.

**Interbank and Interdepartmental Accounts**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **20,968** | **27,082** | **29.2** | **26,163** | **27,082** | **3.5** |

The variation in the period is basically due to: (i) the increase in volume of compulsory demand deposits, R$925, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R$23,158 in September/07 to R$25,769 in September/08; (ii) the increase in the volume of compulsory savings accounts deposits in the amount of R$1,112, due to the increase in the balance of the savings deposits by 18.0% in the period; (iii) the increase in the additional compulsory on deposits, R$3,514 (of which, R$2,863 refer to time deposits); (iv) the increase in items Check Clearance Services, Financial Housing System and Interdepartmental Accounts, in the amount of R$574.

The variation in the quarter is basically due to: (i) the increase in additional compulsory deposits, R$1,018 (of which R$929 refer to time deposits), due to the average volume increase; (ii) the increase in the volume of compulsory of savings deposits, R$299; **offset** (iii) by the reduction in the volume of compulsory demand deposits, R$356, due to the decrease in the calculation basis; and (iv) the decrease in item Correspondent Relations in the amount of R$52.

**Loan and Leasing Operations**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **116,357** | **160,634** | **38.1** | **148,408** | **160,634** | **8.2** |

The increase in the period is due to the individuals client portfolio, with 29.3% growth, particularly in the products Leasing, up by 371.4%, Vehicles, up by 6.3%, Personal Loan, up by 14.5%, Credit Card, up by 45.2%, Rural, up by 62.0% and Real Estate Financing, up by 57.4%. The 44.5% growth recorded in the corporate portfolio is a result of the 43.7% increase in micro, small and medium-sized companies portfolio, coupled with a 45.4% increase in the portfolio of large companies (Corporate). In the corporate portfolio we point out Financing to Export operations, up by 49.5%, Working Capital, with an increase of 108.0%, Leasing, up by 114.3% and Real Estate Financing, up by 55.9%. In September/08, the portfolio was distributed at 60.4% for corporate (25.1% d irected to industry, public and private sectors, 13.4% to commerce, 19.9% to services, 1.3% to agribusiness and 0.7% to financial intermediation)and 39.6% for individuals. In terms of concentration, the 100 largest borrowers accounted for 20.0% of the portfolio in September/07 and for 20.7% in September/08. The Performing Loan Portfolio reached the amount of R$148,787 in September/08. Out of this total, 29.3% is due within up to 90 days.

**Obs. 1:** this item includes advances on foreign exchange contracts and other receivables and does not include the allowance for loan losses, as described in note 10.
**Obs. 2:** for a better understanding of these operations, see item Loan Operations on page 81.

The variation in the quarter is a result of the 9.5% growth recorded in the corporate portfolio resulting from the 9.1% increase in the portfolio of micro-, small- and medium-sized companies and also the growth of 10.0% in the portfolio of large companies (Corporate). It is worth pointing out the increase of 34.1% in Foreign Operations, 20.2% in Leasing and 15.1% in Working Capital . There was 6.3% growth in the individual portfolio, especially in the Leasing products, with a 36.1% increase, Rural, with a 16.5% and Real Estate Financing, up by 9.2%. In terms of concentration, the 100 largest borrowers accounted for 20.7% of the portfolio in June/08 and 20.7% in September/08.

**Obs. 1:** this item includes advances on exchange contracts and other receivables and does not take into account the allowance for loan losses, as described in Note 10.
**Obs. 2:** for a better understanding of these operations, see item Loan Operations on page 81.

**Allowance for Loan Losses (PDD)**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **(7,428)** | **(9,136)** | **23.0** | **(8,652)** | **(9,136)** | **5.6** |

The variation in the PDD balance for the period was mostly due to a 38.1% increase in the volume of loan operations. The PDD ratio in relation to the loan portfolio went from 6.4% in September/07 to 5.7% in September/08. Provision coverage ratios in relation to the portfolio of non-performing loans, respectively, rated between E and H, decreased from 147.5% in September/07 to 143.9% in September/08 and, between D and H, reduced from 125.9% in September/07 to 121.6% in September/08. The preventive maintenance of current provision levels made all performance indicators remain at high levels. From September 2007 to September 2008, PDD in the amount of R$6,881 was recorded, and R$5,173 was written off. The exceeding PDD volume in relation to the minimum required increased from R$1,112 in September/07 to R$1,192 in September/08.

The increase in the PDD balance in the quarter basically reflects 8.2% growth of the loan portfolio in the quarter, particularly the corporate portfolio with a 9.5% growth, which due to its characteristics, requires a lower provisioning. The PDD ratio in relation to the loan portfolio went from 5.8% in June/08 to 5.7% in September/08. The provision coverage ratios in relation to the portfolio of non-performing loans, respectively, rated from E to H, went from 147.2% in June/08 to 143.9% in September/08, and those rated from D to H went from 124.0% in June/08 to 121.6% in September/08. The preventive maintenance of current provision levels made all performance indicators remain at high levels. Between the quarters, PDD in the amount of R$1,824 was recorded and R$1,340 was written off. The exceeding PDD volume in relation to the minimum required went from R$1,1 83 in June/08 to R$1,192 in September/08.

**Other Receivables and Assets**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **38,368** | **49,011** | **27.7** | **43,122** | **49,011** | **13.7** |

The variation in the period is mainly due to (i) the increase in tax credit balances, R$2,361, basically as a result of temporary provisions; (ii) the increase in foreign exchange operations, R$1,814; (iii) the increase in the balance of debtors by guarantee deposits, R$1,494; (iv) the increase in credit card operations, R$1,202; (v) the balance of securities trading and intermediation of R$995; and (vi) the increase in prepaid expenses with the agreement in the provision of banking services, R$931.

**Obs.:** balances are deducted (net of corresponding PDD) of R$425 in September/07 and of R$361 in

The variation in the quarter is mainly derived from (i) the increase in exchange operations, R$1,192; (ii) the higher tax credit balances, R$1,119, basically due to temporary provisions; (iii) the increase in the balance of securities trading, R$942; and (iv) the increase in credit card operations, R$845.

**Obs.:** balances are deducted (net of corresponding PDD) from R$390 in June/08 and R$361 in September/08, allocated to the Loan and Leasing Operations and Allowance for Loan Losses items.

September/08, allocated to the Loan and Leasing Operations and Allowance for Loan Losses items.

**Permanent Assets**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **3,539** | **4,921** | **39.1** | **4,023** | **4,921** | **22.3** |

The variation in the period is basically due to: (i) the goodwill in the acquisition of Ágora Corretora, R$686; (ii) the increase in investments in affiliated companies, R$133, basically resulting from the non- consolidation of Serasa as of 2008 and equity in the earnings of unconsolidated companies; and (iii) the increase in premises and equipment, leased assets and deferred assets, R$477.

The variation in the quarter is basically due to: (i) the goodwill in the acquisition of Ágora Corretora, R$686; (ii) the increase in investments in affiliated companies, R$18, basically resulting from the equity in the earnings of unconsolidated companies; and (iii) the increase in premises and equipment, leased assets and deferred assets, R$174.

**Deposits**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **86,736** | **139,170** | **60.5** | **122,752** | **139,170** | **13.4** |

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

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

**a) Demand Deposits**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **22,134** | **26,694** | **20.6** | **25,843** | **26,694** | **3.3** |

The increase of R$4,560 in the period is composed of the increase in funds from individuals, R$1,681, and from corporate clients, R$2,879.

The R$851 variation in the quarter is due to (i) the increase in funds resulting from corporate clients, R$1,256; **offset** by (ii) the decrease in funds resulting from individuals, R$405.

**b) Savings Deposits**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **30,231** | **35,681** | **18.0** | **34,150** | **35,681** | **4.5** |

The increase is mainly due to (i) the deposits made in the period; and (ii) the deposit remuneration (TR + 0.5% p.m.), which reached 7.5% in the twelve-month period between September/07 and September/08.

The variation is mainly due to (i) the deposit remuneration (TR + 0.5% p.m.), which reached 2.1% in 3Q08; and (ii) the deposits occurred in the quarter.

**c) Time Deposits**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | June | September | Variation % |
| 33,483 | 75,529 | 125.6 | 61,343 | 75,529 | 23.1 |

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

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

**d) Interbank Deposits and Other Deposits**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| 2007 | 2008 | Variation % | June | September | Variation % |
| 888 | 1,266 | 42.6 | 1,416 | 1,266 | (10.6) |

The variation in the period results from: (i) the increase in Other Deposits Investment Account in the amount of R$235; and (ii) the increase in the volume of Interbank Deposits in the amount of R$143.

The variation in the quarter is due to: (i) the decrease in Other Deposits Investment Account in the amount of R$5; and (ii) the decrease in the volume of Interbank Deposits in the amount of R$145.

**Federal Funds Purchased and Securities Sold under Agreements to Repurchase**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **68,621** | **87,464** | **27.5** | **98,278** | **87,464** | **(11.0)** |

The variation in the period derives from: (i) the increase in third-party portfolio by R$19,823; (ii) the increase in the funding volume, using as base government and private securities of its own portfolio by R$4,579; **offset** by (iii) the decrease in the unrestricted portfolio by R$5,559.

**Obs.:** includes investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R$12,107 in September/07 and R$15,691 in September/08.

The variation in the quarter derives from (i) the decrease in the third- party portfolio, R$7,073; (ii) the decrease in funding volume, using as base its own portfolio, R$2,652; and (iii) the decrease in the unrestricted portfolio, R$1,089.

**Obs.:** includes investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R$13,922 in June/08 and R$15,691 in September/08.

**Funds from Issuance of Securities**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **6,597** | **6,551** | **(0.7)** | **5,469** | **6,551** | **19.8** |

The variation in the period basically derives from: (i) the increase in the volume of funding of securitization securities of the future flow MTN100; (ii) the exchange variation of 4.1% in the twelve-month period between September/07 and September/08; **offset**: (iii) by the decrease in the balance of debentures, R$1,143, repurchased from clients and redirected to purchase and sale commitments.

The increase mainly derives from (i) the 20.3% exchange variation in the quarter; and (ii) the funding from letters of credit for agribusiness, R$579.

**Interbank and Interdepartmental Accounts**

| September | | | 2008 | | |
|---|---|---|---|---|---|
| **2007** | **2008** | **Variation %** | **June** | **September** | **Variation %** |
| **1,765** | **2,538** | **43.8** | **2,458** | **2,538** | **3.3** |

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

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

**Borrowing and Onlending**

| September | 2008 |
|---|---|