

BANK BRADESCO
Form 6-K
August 09, 2007

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

FORM 6-K

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

For the month of August, 2007

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 ☒ 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 ☒

Banco Bradesco S.A.

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

Indicators	2006			2007			
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half	YTD
CDI	4.04	3.58	7.76	3.03	2.89	6.00	13.16
Ibovespa	13.44	(3.48)	9.49	2.99	18.74	22.30	48.49
USD Commercial Rate	(7.19)	(0.37)	(7.54)	(4.10)	(6.05)	(9.90)	(11.00)
IGP-M	0.70	0.71	1.41	1.11	0.34	1.46	3.90
IPCA IBGE	1.44	0.10	1.54	1.26	0.81	2.08	3.69
TJLP	2.18	1.98	4.20	1.59	1.59	3.20	6.84
TR	0.51	0.47	0.98	0.48	0.39	0.87	1.93
Savings Deposits	2.03	1.98	4.05	1.99	1.91	3.94	8.21
Number of Business Days	63	61	124	62	62	124	249

Closing Amount

Indicators	2006		2007	
	March	June	March	June
USD Commercial Rate for Sale (R\$)	2.1724	2.1643	2.0504	1.9262
Euro (R\$)	2.6327	2.7681	2.7389	2.6073
Country Risk (Points)	235	246	167	160
Selic Copom Base Rate (% p.a.)	16.50	15.25	12.75	12.00
Pre-BM&F Rate 1 year (% p.a.)	14.84	14.78	11.85	10.77

Compulsory Deposit Rates (%)**Rates and Limits (%)**

Deposits	2006		2007		Items	2006		2007	
	1 st Qtr.	2 nd Qtr.	1 st Qtr.	2 nd Qtr.		1 st Qtr.	2 nd Qtr.	1 st Qtr.	2 nd Qtr.
Demand									
Deposits ⁽¹⁾	45	45	45	45	Income Tax	25	25	25	25
Additional ⁽²⁾	8	8	8	8	Social Contribution	9	9	9	9
	15	15	15	15	PIS ⁽¹⁾	0.65	0.65	0.65	0.65

Time Deposits
(3)

Additional (2)	8	8	8	8	Cofins (2)	4	4	4	4
Savings Account (4)	20	20	20	20	Legal Reserve on Net Income	5	5	5	5
Additional (2)	10	10	10	10	Maximum Fixed Assets (3)	50	50	50	50
					Capital Adequacy Ratio (Basel) (4)	11	11	11	11

(1) Cash deposit No remuneration.

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

(2) Cash deposit Compensation by Selic rate.

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

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

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

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

(4) Reference Equity may not be lower than 11% of Weighted Assets.

Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relative to our business, which are based on management's current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: believes, anticipates, plans, expects, intends, aims, evaluates, predicts, foresees, projects, guidelines, should and similar expressions are intended to identify forward-looking statements. These statements, however, do not guarantee future performance and involve risks and uncertainties, which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions which, depending on future events, may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such forward-looking 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 others, adversely affect our margins; competition in the banking sector, in financial services, credit card services, insurance, asset management and other related sectors; government regulations and fiscal matters; disputes or adverse legal proceedings or ruling; as well as credit risks and other loan and investment activity risks.

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

Risk Factors and Critical Accounting Practices

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

Risks Relating to Brazil

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

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

We cannot control or predict which measures or policies the Brazilian Government may take in response to the current or future situation of the Brazilian economy or how these measures or policies may affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

2) If Brazil undergoes a period of high inflation in the future, our revenues and the market value of our stocks and ADSs may be reduced

In the last 15 years, Brazil has undergone extremely high inflation rates, with annual rates (IGP-DI from Fundação Getulio Vargas) reaching as high as 2,708% in 1993. More recently, Brazil's inflation rates were 1.2% in 2005, 3.8% in 2006 and 1.4% in the 1st half of 2007. Inflation and governmental measures to combat it have had in past years significant negative effects on the Brazilian economy. In addition, public speculation about possible future actions has also contributed to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets. If Brazil suffers a period of high inflation in the future, our costs may increase, our operating and net margins may decrease and, if investor's confidence lags, the price of our stocks and ADSs may drop. Inflationary pressures may curtail our ability to access foreign financial markets and may occasionally lead to further government interventions in the economy, including the introduction of government policies that may adversely affect the overall performance of the Brazilian economy.

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

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

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

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

Occasionally, developments in other countries have adversely affected the market value of our and other Brazilian companies' stocks, as investors' high risk perception due to crises 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 stocks 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, and the laws and regulations could be amended. Besides, the enforcement or interpretation of laws and regulations could change, and new laws and regulations could be adopted. Such changes could materially affect in a negative manner our operations and our results.

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

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

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

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

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

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

On June 30, 2007 Cidade de Deus Companhia Comercial de Participações held 48.46% of our common stocks and Fundação Bradesco directly and indirectly held 48.32% of our common stocks. As a result, these stockholders 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 stockholders, as well as to approve related-party transactions or corporate reorganizations, which may not be beneficial to our other stockholders.

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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 8 of this Report.

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

1) Allowance for Loan Losses

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

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

- general economic conditions in Brazil and conditions of relevant sector;
- previous experience with borrower or relevant sector of economy, including losses recent experience;
- credit quality trends;
- guarantees amounts and quality of a loan operation;
- volume, composition and growth of our loan operations portfolio;
- Brazilian Government's monetary policy; and
- any delays when receiving information necessary to assess loan operations or confirm the deterioration of existing credit.

Our determination of allowance for loan losses is influenced by the risk rating of each loan operation. By assuming a positive fluctuation of 1% in delinquency ratio expected for our loan operations portfolio in full performance on June 30, 2007, the allowance for loan losses would increase approximately R\$44 million. Such sensitivity analysis is hypothetical and intends to illustrate the risk rating and loss severity impact on our allowance for loan losses and, thus, must not be considered as an observation of our expectations for future determinations of risk rating or future alterations in loss severity. In view of the procedures we observe, in order to determine our risk rating of loan portfolio and our assessment of loss severity, we believe that the current risk rating and the estimate of loss severity for our loan portfolio are appropriate.

For further information about our practices referring to the allowance for loan losses, see content of loan operations included in chapter 3 and notes 3e and 10 included in the chapter 8 hereof.

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

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When market-quoted 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, options volatility, when these are relevant and available.

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

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

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

3) Classification of Securities

The classification of securities occurs in three categories: for trading, available for sale and held to maturity. This classification is based on the Management's intent, on the date of acquisition of securities, of maintaining or trading such securities. The accounting treatment of securities held depends on our classification upon their acquisition. Circumstantial changes may modify our strategy related to a specific security, which will require a transfer among the three categories.

The classification of securities can be found in Note 8 included in Chapter 8 of this Report.

4) Taxes on Income

The determination of the amount of our taxes and contributions is related to the analysis of our deferred tax assets and liabilities, and taxes on income payable. Generally, our assessment requires us to estimate the future values of deferred tax assets and taxes on income payable. Our assessment about the possibility of a deferred tax asset to be realized is subjective and involves evaluations and assumptions originally uncertain. The realization of deferred tax assets is subject to alterations in future tax rates and the development of our tax planning strategies. The support to our assessments and assumptions may change over time as a result of unpredictable occurrences or circumstances, 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 taxes on income, see Notes 3f and 34 to our financial statements included in Chapter 8 of this Report.

5) Use of Estimates

Our Management estimates and makes assumptions, which include the amount of provisions for deferred taxes, the assumptions for the calculation of allowance 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 was deteriorated. The estimates are based on the judgment and available information. Therefore, effective results may differ from such estimates.

Corporate Strategy

We understand that the expansion of the Brazilian economy, jointly with a strong growth of the Brazilian population, will increase the demand for such services. Under such context, our main objective is to maintain the focus on the domestic market and take advantage of our position as the largest private bank in Brazil, to expand profitability, maximize value to our stockholders and generate higher returns compared to other Brazilian financial institutions.

We intend to achieve such goals with a strategy not only to continuously expand our customer base, but also to consolidate our role as the priority bank of each of our clients, so that to be their first option towards their financial services needs. Our goal is to be a Banco Completo (All-inclusive Bank) in the Brazilian market. In this regard, we strive to maintain a remarkable presence in every line of financial services.

In the banking segment, we aim at rendering the most varied range of services as a retail bank, supported by a staff with more than 80 thousand employees, a wide Service Network, including our Branches, Corporate Site Branches, Banco Postal and Bradesco Expresso (Correspondent Banks), besides the ATMs, always concerned with the expansion of business volume. We are also focused on expanding our businesses as a wholesale bank in all its aspects (investment bank and corporate business) and expand our private banking business.

In the insurance segment, we intend to consolidate Bradesco Seguros e Previdência leadership, and in relation to the supplementary private pension segment, we intend to take advantage of our ongoing expansion of demand for our private pension products.

In every line of our operation, we intend to stand out and be recognized by our clients as leaders in terms of performance and efficiency.

We understand that the essence of business success in the financial sector consists of the combination between winning the client and a team highly qualified and devoted to the rendering of services, permanently trained and with rigid discipline standards at work. Our growth plans are not only translated into seeking the addition of new clients but are also focused on the frequent improvement of products and distribution channels. It is fundamental to promote the business, the treatment given to our team in terms of qualification, promotion and creation of a solidarity culture at work, with a view to fomenting an environment where our employees may develop a career enduring during their entire professional life.

Finally, the main component of our philosophy is to conduct the business according to the highest ethical standards. Therefore, our strategy is always guided by seeking the best Corporate Governance practices and by the understanding that Bradesco, besides being a source of profits to its stockholders, should also be a building element in our society.

The key elements of our business strategy are:

- expansion by means of organic growth;
- performance based on the Bank-Insurance Model, which is a business model of a large banking institution, having as subsidiary an important insurance company, with a view to maintaining our profitability and consolidating our leadership in the insurance industry;
- increase of revenues, profitability and value to our stockholders, by consolidating our loan operations, our main activity, and the expansion of new products and services;
- maintenance of our commitment to the technological innovation;
- profitability and return to the stockholders by means of improved efficiency ratio;
- maintenance of acceptable risk levels in our operations; and
- expansion by means of strategic alliances and selective acquisitions, when these are beneficial.

1) To expand main business areas by means of organic growth

The Brazilian economy has been showing solidity over the past years and has been creating strategic opportunities for financial and insurance segments growth, mainly by means of increased business volume. We intend to take advantage of such opportunities to increase our revenues, obtain profitability and maximize value to the stockholders, as outlined as follows:

benefiting from the opportunity in the Brazilian markets to obtain new clients with loan and financial needs only partially met, incrementing the competition for a small level of clients with higher income levels;

expanding our financial services distribution, by using creativity in developing new products, solidly employing non-traditional means, for instance, expanding our credit cards offer and extension of loan granting to stores, by utilizing alliances with such stores and rendering services via Banco Postal;

using the distribution channels in benefit of the Bank, including our traditional branch network and technology to access the Internet in order to identify demand for new products;
offering our customer base, broadly, our products and services;
using the systems of our Branches, with a view to assessing and monitoring the use of our products by clients, so that to drive them to the appropriate sale, delivery and commercialization platforms; and
developing varied products, in compliance with the needs of our current and potential clients.

2) 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 be the priority bank for our clients, thus increasing attendance according to their banking, insurance and private pension needs. We believe to be in a privileged position to capitalize the synergy among banking, insurance, private pension services and other financial activities in order to sell our traditional banking products and insurance and private pension products, by means of our branch network, our brokers and dealerships network, distribution services via Internet and our creativity in developing new distribution channels.

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

maintaining our current policy of carefully assessing the car insurance risks and rejecting them in events where risks are too high;
intensively trading our products; and
maintaining acceptable risk levels in our operations by means of a strategy of:

- setting priorities to insurance underwriting opportunities, according to the risk spread, between the revenue expected pursuant to the terms of insurance agreement and the amount of projected claims (statistically) to be due under the terms of such agreement;
- carrying out hedge transactions, so as to set out the mismatch between the real inflation index and provisions for adjustments of interest rates and inflation in long-term agreements;
- entering into reinsurance agreements with renowned reinsurance companies, executed by means of IRB-Brasil Resseguros (IRB), viewing to reducing the exposure to great risks; and
- using reinsurance contracts with important reinsurance companies.

3) Increased revenues from banking activities, profitability and value to stockholders, by reinforcing loan operations and expanding new products and services

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

carrying out our traditional deposit-taking activities and loan operations, continuously seeking to improve the quality of our loan portfolio, by means of risk mitigation plans and improvement in the assessment of loan granting ratings;
building our customer base, legal entities and individuals, by offering services meeting the needs of specific clients, including foreign exchange services and import/export financing;
intensively seeking the development of paid services based on fees, such as collection and payment processing for current and potential clients;
expanding our financial services and products distributed out of our conventional means of branches, such as credit card activities, taking advantage of change in the consumers' behavior concerning the financial services consumption;
increasing our revenues from asset management and private pension plans; and
continuously building our high-income customer base, by providing a varied range of tailor-made financial products and services, and offering maximum efficiency in asset management.

4) To maintain Bradesco's commitment to technological innovation

The development of efficient means to reach clients and to process operations is a key element of our goal to increase our profitability and thus obtain coordinated growth opportunities. Recently, Bradesco resolved to reinforce such strategy with the challenge of changing our technological model, with a view to definitively maintaining Bradesco's market leadership in the industry in terms of technology. Thus, Bradesco set a task force devoted to the advance of our profile and public perception towards technology.

We believe that technology offers unequalled opportunities to reach our clients efficiently in terms of costs and with satisfactory levels of security. We maintain the commitment of being ahead in the banking automation process, by creating opportunities for Brazilians to contact us via the Internet. We expect to continue increasing the number of clients and operations carried out through the Internet, by means of techniques, such as:

- by continuously installing stations of access to the Internet (Web Points) in public sites, allowing clients to use our banking system via the Internet, whether or not they have access to a personal computer;

- by enlarging our mobile banking service (Bradesco Mobile Banking), allowing clients to carry out their banking operations via the Internet, with compatible mobile phones; and

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

5) To obtain profitability and return to stockholders by improving the efficiency ratio

We intend to improve our efficiency levels:

- by maintaining the austerity as guideline for our cost control policy;

- by consolidating the synergies enabled by our recent acquisitions;

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

- by still incorporating institutions to be acquired in our existing system, in order to remove potential overlaps, redundancies and inefficiency.

6) To maintain acceptable risk levels in our operations

Bradesco is constantly identifying and assessing the risks inherent to the activities we developed and we maintain proper controls, ensuring the conformity of processes and capital efficient allocation, with a view to maintaining levels similar to international standards, as well as to obtain competitive advantages.

7) To enter into strategic alliances and selective acquisitions

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

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

List of Main Abbreviations

	Association of Assistance to Disabled		
AACD	Children	IBNR	Incurred But Not Reported
ABC	Activity-Based Costing	Ibovespa	São Paulo Stock Exchange Index
	Brazilian Association of Credit Card		
Abecs	Companies and Services	Ibracon	Brazilian Institute of Independent Auditors
	Brazilian Association of Leasing		
ABEL	Companies	IBRE	Brazilian Economy Institute
ABM	Activity-Based Management	IEO	Operating Efficiency Ratio
ACC	Advances on Foreign Exchange Contracts	IFC	International Finance Corporation
ADR	American Depositary Receipt	IFT	Quarterly Financial Information
ADS	American Depositary Share	IGP-DI	General Price Index Internal Availability
	Association of Sales and Marketing		
ADVB	Managers of Brazil	IGP-M	General Price Index Market
			National Institute of Metrology,
Anbid	National Association of Investment Banks	Inmetro	Standardization
	National Agency for Supplementary		
ANS	Healthcare		and Industrial Quality
AP	Personal Accident	INSS	Social Security National Institute
	Association of the Capital Markets		
Apimec	Investment Analysts and	IPCA	Extended Consumer Price Index
	Professionals	IPO	Initial Public Offering
Bacen	Brazilian Central Bank	IPTU	Municipal Real Estate Tax
BDR	Brazilian Depositary Receipt	IR	Income Tax
BM&F	Mercantile and Futures Exchange	IRRF	Withholding Income Tax
	National Bank for Economic and Social		
BNDES	Development	ISO	International Standard Organization
Bovespa	São Paulo Stock Exchange	ISE	Corporate Sustainability Index
	Brazilian Settlement and Custody		
CBLC	Company	ISS	Tax on Services
CDB	Bank Deposit Certificate	IT	Information Technology
CDC	Consumer Sales Financing	JCP	Interest on Own Capital
			Latin American Stock Exchange Market in
CDI	Interbank Deposit Certificate	Latibex	Euros (Spain)
CEF	Federal Savings Bank	MBA	Master of Business Administration
	Clearing House for the Custody and		
CETIP	Financial Settlement of	MUFG	Mitsubishi UFJ Financial Group
	Securities	NBR	Registered Brazilian Rule
	Information Technology Congress and		
CIAB	Exposition of the	NPL	Non-Performing Loans
	Financial Institutions	NYSE	New York Stock Exchange
			Occupational Health and Safety Assessment
CMN	National Monetary Council	OHSAS	Series
CNSP	National Private Insurance Council	OIT	International Labor Organization
	Control Objectives for Information and		
Cobit	Related Technology	ON	Common Stocks
Cofins	Contribution for Social Security Financing	ONG	Non-Governmental Organization
	National Council for the Rights of Children		
Conanda	and Adolescents	PAA	Advanced Service Branch
Copom	Monetary Policy Committee	PAB	Banking Service Branch

Chart of Accounts for National Financial			
Cosif	System Institutions	PAE	Electronic Service Branch in Companies
COSO	Committee of Sponsoring Organizations	PDD	Allowance for Doubtful Accounts
	Provisory Contribution on Financial		
CPMF	Transactions	PGBL	Unrestricted Benefits Generating Plan
CRI	Certificate of Real Estate Receivables	PIS	Social Integration Program
CS	Social Contribution	PL	Stockholders Equity
CVM	Brazilian Securities Commission	PLR	Employee Profit Sharing
DJSI	Dow Jones Sustainability World Index	PN	Preferred Stocks
DPV	Available for Sale (Securities)	PPNG	Unearned Premiums Provisions
DPVAT	Compulsory Vehicle Insurance	PTRB	Online Tax Payment
DR	Depository Receipt	RCF	Optional Third-Party Liability
DRE	Statement of Income for the Year	RE	Basic lines (of Insurance Products)
DTVM	Securities Dealer	ROA	Return on Assets
DVA	Value-Added Statement	ROAA	Return on Average assets
EPE	Specific Purpose Entities	ROAE	Return on Average Equity
ERP	Enterprise Resource Planning	ROE	Return on Stockholders Equity
	Export and Import BNDES Financing		
EXIM	Line	SA 8000	Social Accountability
	National Federation of Life and Private		
Fenaprevi	Pension Plans	SAP	Systems Applications and Products
FGV	Getulio Vargas Foundation	SBPE	Brazilian Savings and Loan System
			Brazilian Micro and Small Business
FIA	Management Institute Foundation	Sebrae	Support Service
FIDC	Credit Right Funds	SEC	U.S. Securities and Exchange Commission
FIE	Exclusive Investment Fund	Selic	Special Clearance and Custody System
	Financing Line of other Assets and		
Finabens	Services	SESI	National Industry Social Service
	Fund for Financing the Acquisition of		
Finame	Industrial Machinery	SFH	National Housing System
	and Equipment		Internal Week of Labor Accident
FIPE	Economic Research Institute Foundation	Sipat	Prevention
	Accounting, Actuarial and Financial	Susep	Superintendence of Private Insurance
Fipecafi	Research Institute	TJLP	Long-term Interest Rate
	Foundation	TR	Reference Rate
FIRN	Floating Rate Note	TVM	Securities
FxRN	Fixed Rate Note	UN	United Nations
	Brazilian Institute of Geography and		
IBGE	Statistics	VaR	Value at Risk
Ibmec	Brazilian Capital Markets Institute	VGBL	Long-term Life Insurance

1 - Bradesco Line by Line

Net Income

The Reported Net Income of 2Q07 was impacted by some extraordinary events. Thus, in order to enable a better analysis and comparability between the periods, we present below the Reported Net Income statement, without considering such extraordinary events (Adjusted Net Income).

	R\$ million		
	2007		
	1 st Qtr.	2 nd Qtr.	1 st Half
Reported Net Income	1,705	2,302	4,007
Extraordinary Events in the Period:			
(-) Total Sale of Investment in Arcelor		(354)	(354)
(-) Partial Sale of Investment in Serasa		(599)	(599)
(+) Full Goodwill Amortization ⁽¹⁾		182	182
(+) Civil Provision ⁽²⁾		74	74
(-) Activated Tax Credit of Previous Periods		(41)	(41)
(+) Fiscal Effects		237	237
Adjusted Net Income	1,705	1,801	3,506

(1) It refers to the full goodwill amortization calculated in the 2nd quarter by the acquisition of investments basically represented by Josema Administração e Participação S.A. (Parent company of Credifar S.A. Crédito, Financiamento e Investimento); and

(2) Related to Economic Plans Restitution of Excluded Indices.

Returns on Stockholders Equity Adjusted Net Income in percentage

	2007		
	1 st Qtr.	2 nd Qtr.	1 st Half
Return on Equity ROE	28.9	28.9	27.1
Return on Average Equity ROAE	30.2	29.5	28.8
Return on Equity ROE (without mark-to-market adjustment TVM and Derivatives)	31.5	31.3	29.3
Return on Average Equity ROAE (without mark-to-market adjustment TVM and Derivatives)	32.6	32.9	31.5
Return on Equity ROE (straight-line calculation)	26.2	26.2	25.5
Return on Average Equity ROAE (straight-line calculation)	27.2	26.7	27.0
Return on Assets ROA	2.4	2.5	2.4
Return on Total Average Assets ROAA	2.5	2.5	2.5

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

Summarized Analysis of the Statement of Income

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

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

1H06 x 1H07 R\$ million

	1H06			1H07					
	Reported Statement of Income	Adjustments Fiscal Hedge (1)	Adjusted Statement of Income	Reported Statement of Income	Arcelor (2)	Serasa (3)	Goodwill (4)	Civil Provision (5)	Tax Credit (6)
Net Interest Income (a)	10,220	(295)	9,925	11,589	(354)				
Allowance for Doubtful Accounts PDD (b)	(2,054)		(2,054)	(2,504)					
Intermediation Gross Income	8,166	(295)	7,871	9,085	(354)				
Insurance, Private Pension Plan and Certificated Savings Plans Operating Income	355		355	357					
Fee and Commission Income (c)	4,131		4,131	5,168					
Personnel Expenses (d)	(2,888)		(2,888)	(3,109)					
Other Administrative Expenses (d)	(2,692)		(2,692)	(3,184)					
Tax Expenses (d)	(1,078)	37	(1,041)	(1,231)					
Other Operating Income/Expenses	(1,408)		(1,408)	(1,848)			182	74	
Operating Income	4,586	(258)	4,328	5,238	(354)		182	74	
Non-Operating Income	(20)		(20)	601		(599)			
	(1,434)	258	(1,176)	(1,832)	120	204	(62)	(25)	(41)

IR/CS and
Minority Interest

Net Income	3,132	3,132	4,007	(234)	(395)	120	49	(41)
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(1) the 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 the hedge strategy.

(2) positive result recorded in the sale of our share in Arcelor in the 2nd quarter of 2007;

(3) positive result recorded in the sale of part of our share in Serasa, in the 2nd quarter of 2007;

(4) full goodwill amortization in subsidiaries in the 2nd quarter of 2007;

(5) constitution of civil provision related to Economic Plans Restitution of Excluded Indices; and

(6) activation of the fiscal credits of previous periods

Bradesco's Net Income in 1H07 reached R\$3,506 million, accounting for an 11.9% increase in relation to Net Income of the same period of the previous year. Bradesco's Stockholders' Equity amounted to R\$27,515 million as of June 30, 2007, equivalent to a 28.2% increase compared to the balance as of June 30, 2006. Consequently, the annualized return on Average Stockholders' Equity (ROAE) reached 28.8%. Total consolidated assets reached R\$290,568 million as of June 30, 2007, accounting for a 24.7% growth in relation to the balance of same date of the previous year. The annualized return on Average Assets (ROAA), in 1H07, was 2.5%. Earnings per stock reached R\$1.75.

The main items influencing net income in 1H07, compared to the previous period, can be seen below:

(a) Net Interest Income R\$798 million

Such growth is mainly due to interest component, with a share of R\$823 million (R\$1,848 million due to the increase in business volume, and R\$1,025 million to the decrease in spreads), pointing out a 19.0% increase in the volume of loan operations for individuals carried out in the twelve-month period ended on June 30, 2007, mainly concerned with consumer sales and personal loan financing, the spread of which is higher if compared to corporate loans.

(b) Allowance for Doubtful Accounts R\$(450) million

The variation is mostly due to a 22.1% increase in the volume of loan operations in the twelve-month period ended on June 30, 2007, pointing out the individual client operations, mainly under the type consumer financing, with an increase of 24.0%, which, in view of its specific characteristic requires, a higher volume of provision.

(c) Fee and Commission Income R\$1,037 million

The increase in the period is mainly due to a higher volume of operations and to Amex Brasil consolidation, pointing out the items Card Income R\$435 million, Loan Operations R\$170 million, Checking Accounts R\$152 million, Assets under Management R\$70 million, Charging R\$52 million, Custody and Brokerage Services R\$29 million and Collections R\$16 million.

(d) Personnel, Administrative and Tax Expenses R\$(839) million

Out of such amount, R\$221 million of personnel expenses is due to: (i) the increase in salary levels resulting from the collective bargaining agreement of 2006 (3.5%); (ii) higher PLR expenses R\$68 million; (iii) the consolidation of Amex Brasil and Fidelity R\$77 million; **mitigated** by: (iv) lower expenses with provision for labor proceedings R\$44 million.

The R\$492 million of other administrative expenses basically refers to: (i) the effects on increased volume of business; (ii) the investments in the improvement and optimization of the technological platform; and (iii) contractual adjustments in the period.

The R\$126 million of tax expenses derives basically from (i) the increase in PIS/Cofins expenses R\$65 million, due to the increase in taxable income; (ii) the increase in ISS expenses R\$26 million; and (iii) the higher CPMF expenses R\$15 million.

1Q07 x 2Q07 R\$ million

	1Q06			1Q07					
	Reported Statement of Income	Adjustments Fiscal Hedge (1)	Adjusted Statement of Income	Reported Statement of Income	Arcelor (2)	Serasa (3)	Goodwill (4)	Civil Provision (5)	Tax Credit (6)
Net Interest									
Income (a)	5,231	(212)	5,019	6,358	(354)				
Allowance for									
Doubtful Accounts									
PDD (b)	(1,160)		(1,160)	(1,344)					
Intermediation									
Gross Income	4,071	(212)	3,859	5,014	(354)				
Insurance, Private									
Pension Plans and									
Certificated									
Savings Plans									
Operating									
Income (c)	241		241	116					
Fee and									
Commission									
Income (d)	2,559		2,559	2,609					
Personnel									
Expenses (e)	(1,460)		(1,460)	(1,649)					
Other									
Administrative									
Expenses (e)	(1,540)		(1,540)	(1,644)					
Tax Expenses (e)	(612)	27	(585)	(619)					
Other Operating									
Income/Expenses	(793)		(793)	(1,055)			182	74	
Operating									
Income	2,466	(185)	2,281	2,772	(354)		182	74	
Non-Operating									
Income	(3)		(3)	604		(599)			
IR/CS and									
Minority Interest	(758)	185	(573)	(1,074)	120	204	(62)	(25)	(41)
Net Income	1,705		1,705	2,302	(234)	(395)	120	49	(41)

(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 recorded in the sale of our share in Arcelor in the 2nd quarter of 2007;

(3) positive result recorded in the sale of part of our share in Serasa, in the 2nd quarter of 2007;

(4) full goodwill amortization in subsidiaries in the 2nd quarter of 2007;

(5) constitution of civil provision related to Economic Plans Restitution of Excluded Indices; and

(6) activation of the fiscal credits of previous periods.

In the 2nd quarter of 2007, Bradesco's Net Income reached R\$1,801 million, which corresponds to a 5.6% growth when compared to the 1st quarter of 2007. Bradesco's Stockholders' Equity amounted to R\$27,515 million on June 30, 2007, an 5.7% increase in relation to March 31, 2007. Total consolidated assets reached R\$290,568 million as of June 30, 2007, growing 3.1% in the quarter.

The main items influencing net income in the 2nd quarter of 2007 compared to the previous quarter can be seen below:

(a) Net Interest Income R\$685 million

Such variation is due to the growth in the non-interest income in the amount of R\$463 million, in view of the higher TVM and treasury gains in 2Q07 and the increase in the result of interest-bearing operations in the amount of R\$222 million (R\$283 million due to the increase in business volume, especially due to consumer financing operations, and R\$61 million to the decrease in spreads).

(b) Allowance for Doubtful Accounts R\$(184) million

The increase of the expense in 2Q07 is consistent with the growth of our loan portfolio (by R\$6,718 million or 6.6%) and mainly with the growth in operations with individual clients, which, due to its characteristic, requires higher provisioning volume.

(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations R\$(125) million

The variation is basically due to the higher recording of technical provision in the traditional pension plan and PGBL/Traditional and VGBL products.

(d) Fee and Commission Income R\$50 million

The increase is mostly due to an expansion in the volume of operations in the quarter, reflecting substantially in the following items: Loan Operations R\$27 million; and Card Income R\$24 million.

(e) Personnel, Administrative and Tax Expenses R\$(290) million

Out of this amount, R\$189 million of personnel expenses is due to: (i) the increase in expenses with provisions for labor proceedings in the amount of R\$73 million; (ii) the increase in the PLR expense in the amount of R\$10 million; and (iii) the higher expenses incurred this quarter as compared to the previous one due to the concentration of vacation in the 1st quarter.

The R\$104 million of other administrative expenses refers basically to higher expenses with: (i) Third-party Services R\$40 million; (ii) Advertising R\$22 million; (iii) Communication R\$12 million; and (iv) Data Processing R\$9 million.

Highlights**Income**

	R\$ million					
	1 st Half		Variation	2007		Variation
	2006	2007	%	1 st Qtr.	2 nd Qtr.	%
Adjusted Net Interest Income	9,925	10,723	8.0	5,019	5,704	13.6
Allowance for Doubtful Accounts Expenses	2,054	2,504	21.9	1,160	1,344	15.9
Fee and Commission Income	4,131	5,168	25.1	2,559	2,609	2.0
Insurance, Private Pension Plans and Certificated Savings Plans						
Retained Premiums	6,746	7,449	10.4	3,606	3,843	6.6
Personnel Expenses	2,888	3,109	7.7	1,460	1,649	12.9
Other Administrative Expenses	2,692	3,184	18.3	1,540	1,644	6.8
Operating Income	4,328	4,692	8.4	2,281	2,411	5.7
Adjusted Net Income	3,132	3,506	11.9	1,705	1,801	5.6

Balance Sheet

	R\$ million					
	June		Variation	2007		Variation
	2006	2007	%	March	June	%
Total Assets	232,935	290,568	24.7	281,944	290,568	3.1
Securities and Derivative Financial Instruments	70,382	103,577	47.2	97,534	103,577	6.2
Loan and Leasing Operations	88,643	108,191	22.1	101,473	108,191	6.6
Permanent Assets	5,779	3,498	(39.5)	3,557	3,498	(1.7)
Deposits	78,356	82,601	5.4	84,162	82,601	(1.9)
Borrowings and Onlendings	15,485	19,165	23.8	18,634	19,165	2.8
Technical Provisions	43,947	52,900	20.4	50,653	52,900	4.4
Stockholders' Equity	21,461	27,515	28.2	26,029	27,515	5.7

Change in Number of Outstanding Stocks

	ON	PN	Total
Number of Outstanding Stocks on December 31, 2006	500,071,456	500,811,468	1,000,882,924
Stocks Acquired and not Cancelled	(28,800)	(366,400)	(395,200)
100% Bonus	500,042,656	500,637,068	1,000,679,724
Number of Outstanding Stocks on June 30, 2007	1,000,085,312	1,001,082,136	2,001,167,448

Stock Performance (*)

		R\$					
		1st Half		Variation	2007		Variation
		2006	2007	%	1st Qtr.	2nd Qtr.	%
Net Income per Stock		1.60	1.75	9.4	0.85	0.90	5.9
Dividends/JCP per Stock	Common (after Income Tax)	0.474	0.588	24.1	0.243	0.345	42.0
Dividends/JCP per Stock	Preferred (after Income Tax)	0.522	0.647	23.9	0.268	0.379	41.4
Book Value per Stock (Common and Preferred)		10.96	13.75	25.5	13.01	13.75	5.7
Last Business Day Price	Common	31.99	48.75	52.4	41.45	48.75	17.6
Last Business Day Price	Preferred	33.85	46.74	38.1	42.00	46.74	11.3
Market Value (R\$ million) (**)		64,473	95,545	48.2	83,507	95,545	14.4

(*) For comparison purposes, in 2007 there was a 100% stock bonus, which was applied to 1H06.

(**) Number of stocks (disregarding the treasury stocks) x closing price of Common and Preferred stocks of the last day of the period.

Cash Generation (*)

	R\$ million					
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Net Income	1,530	1,602	3,132	1,705	1,801	3,506
Equity in the Earnings of Affiliated Companies	(5)	(30)	(35)	(12)	(4)	(16)
Allowance for Doubtful Accounts	938	1,116	2,054	1,160	1,344	2,504
Allowance/Reversal for Mark-to-Market Adjustment	16	35	51		1	1
Depreciation and Amortization	109	114	223	133	133	266
Goodwill Amortization	119	314	433			
Other	28	(25)	3	17	17	34
Total	2,735	3,126	5,861	3,003	3,292	6,295

(*) It considers the Adjusted Net Income.

Added Value with Hedge Adjustment and without Extraordinary Events

	R\$ million					
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Added Value (A+B+C)	4,138	4,094	8,232	4,320	4,645	8,965
A Gross Income from Financial Intermediation	4,037	3,835	7,872	3,859	4,360	8,219
B Fee and Commission Income	2,040	2,091	4,131	2,559	2,609	5,168
C Other Operating Income/Expenses	(1,939)	(1,832)	(3,771)	(2,098)	(2,324)	(4,422)
Distribution of Added Value (D+E+F+G)	4,138	4,094	8,232	4,320	4,645	8,965
D Employees	1,246	1,286	2,532	1,278	1,444	2,722
E Government	1,362	1,206	2,568	1,337	1,400	2,737
F JCP/Dividends to Stockholders (paid and provisioned)	539	609	1,148	601	796	1,397
G Profit Reinvestment	991	993	1,984	1,104	1,005	2,109
Distribution of Added Value percentage	100.0	100.0	100.0	100.0	100.0	100.0
Employees	30.1	31.3	30.8	29.6	31.1	30.4
Government	32.9	29.5	31.2	30.9	30.2	30.5
JCP/Dividends to Stockholders (paid and provisioned)	13.0	14.9	13.9	13.9	17.1	15.6
Profit Reinvestments	24.0	24.3	24.1	25.6	21.6	23.5

Fixed Assets to Stockholders Equity Ratio Calculation

R\$ million				
	2006		2007	
	March	June	March	June
Stockholders Equity + Minority				
Stockholders	20,447	21,516	26,090	27,577
Subordinated Debts	8,549	9,650	9,550	10,351
Tax Credits	(149)	(149)	(79)	(79)
Exchange Membership Certificates	(73)	(78)	(88)	(96)
Other Adjustments			(26)	(107)
Reference Equity (A) (*)	28,774	30,939	35,447	37,646
Permanent Assets	8,608	10,170	9,342	10,238
Fixed Assets and Leasing	(3,713)	(4,301)	(5,702)	(6,664)
Unrealized Leasing Losses	(97)	(106)	(100)	(104)
Other Adjustments	(788)	(689)	517	(274)
Total Fixed Assets (B) (*)	4,010	5,074	4,057	3,196
Fixed Assets to Stockholders Equity Ratio				
(B/A) %	13.9	16.4	11.4	8.5
Margin	10,377	10,396	13,666	15,627

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

Highlights**Performance Ratios (annualized) in percentage**

		2006			2007		
		1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Return on Stockholders	Equity (total)	33.6	33.4	31.3	28.9	28.9	27.1
Return on Stockholders	Equity (average)	34.6	35.0	33.4	30.2	29.5	28.8
Return on Stockholders	Equity (total) without mark-to-market adjustment						
	TVM and Derivatives	34.5	34.4	32.2	31.5	31.3	29.3
Return on Stockholders	Equity (average) without mark-to-market adjustment						
	TVM and Derivatives	35.8	35.8	34.3	32.6	32.9	31.5
Return on Stockholders	Equity (total) straight-line calculation	30.0	29.9	29.2	26.2	26.2	25.5
Return on Stockholders	Equity (average) straight-line calculation	30.8	31.2	31.0	27.2	26.7	27.0
Return on Total Assets	(total)	2.9	2.8	2.7	2.4	2.5	2.4
Return on Total Assets	(average)	2.9	2.9	2.9	2.5	2.5	2.5
Stockholders	Equity on Total Assets	9.4	9.2	9.2	9.2	9.5	9.5
Capital Adequacy Ratio (Basel)	Financial Consolidated	19.0	18.7	18.7	17.8	18.2	18.2
Capital Adequacy Ratio (Basel)	Total Consolidated	16.7	16.5	16.5	15.7	16.1	16.1
Fixed Assets to Stockholders' Equity Ratio	Financial Consolidated	42.6	48.0	48.0	49.2	47.4	47.4
Fixed Assets to Stockholders' Equity Ratio	Total Consolidated	13.9	16.4	16.4	11.4	8.5	8.5
Expanded Combined Ratio	Insurance	86.0	85.4	85.0	87.6	90.3	89.0
Efficiency Ratio (12 months accumulated)		44.1	43.2	43.2	42.1	42.0	42.0

Market Share Consolidated in percentage

2006		2007	
March	June	March	June

Banks Source: Bacen

Time Deposit	9.1	9.8	9.4	N/D
Savings Deposit	15.3	14.8	14.2	N/D
Demand Deposit	17.4	17.3	17.5	N/D
Loan Operations	12.8	12.7	12.4	12.5(**)
Number of Branches	16.9	16.8	16.7	16.7(*)

Banks Source: Anbid

Investment Funds + Portfolios	14.9	15.2	14.5	14.3
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Banks Source: Federal Revenue Secretariat

CPMF	19.8	20.0	19.7	19.5
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Insurance, Private Pension Plans and Certificated**Savings Plans Source: Susep and ANS**

Insurance, Private Pension Plans and Certificated Savings Plans Premiums	24.6	24.6	24.4	24.8(***)
Insurance Premiums (including VGBL)	24.7	24.7	24.4	25.4(***)
Income on VGBL Premiums	43.6	42.7	43.6	41.3(*)
Revenues from Pension Plans Contributions (excluding VGBL)	28.3	28.6	29.0	31.5(*)
Revenues from Certificated Savings Plans	19.5	19.6	19.0	20.0(*)
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	37.5	37.3	36.8	36.4(***)

Insurance and Private Pension Plans Source: Fenaprevi

Revenues from PGBL Contributions	28.9	33.1	30.9	29.1(*)
Private Pension Plans Investment Portfolios (including VGBL)	43.2	43.0	41.4	41.5(*)

Credit and Debit Card Source: Abecs

Credit and Debit Card Revenue	14.5	15.3	18.8	18.6
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Leasing Source: Abel

Active Operations	11.5	11.8	11.0	11.1(*)
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Banco Finasa Source: Bacen

Finabens (Portfolio)	20.6	20.1	18.8	17.8
Auto (Portfolio) This includes Banco Bradesco	27.0	26.4	25.4	25.9

Consortia Source: Bacen

Real Properties	23.1	25.4	25.9	26.1(*)
Auto	16.4	18.3	20.0	20.2(*)
Trucks, Tractors and Agricultural Implements	3.2	5.0	6.3	6.5(*)

International Area Source: Bacen

Export Market	23.1	22.6	20.1	20.8(**)
Import Market	14.7	14.5	16.6	16.6(**)

(*) Reference date: May 2007, except for Consortia, whose reference date is April 2007.

(**) Previous data.

(***) Reference date: May 2007. Definitive data of Susep and estimated data of ANS.

ND Not available

Highlights**Other Information**

		2007		Variation	June		Variation
		March	June	%	2006	2007	%
Funding and Assets Managed	in R\$ million	406,970	421,602	3.6	343,628	421,602	22.7
Number of Employees		79,686	80,287	0.8	75,295	80,287	6.6
Number of Branches		3,015	3,031	0.5	2,993	3,031	1.3
Checking Account Holders	thousand	16,627	16,930	1.8	16,629	16,930	1.8
Savings Account Holders	thousand	31,329	31,330		32,407	31,330	(3.3)
Debit and Credit Card Base	million	60.2	63.2	5.0	52.5	63.2	20.4

Bradesco's Stocks**Number of Stocks (in thousands) Common and Preferred Stocks (*)**

	December					2007	
	2002	2003	2004	2005	2006	March	June
Common	863,212	958,036	953,405	978,900	1,000,143	1,000,085	1,000,085
Preferred	850,244	944,328	944,327	979,878	1,001,623	1,001,274	1,001,082
Subtotal Outstanding Stocks	1,713,456	1,902,364	1,897,732	1,958,778	2,001,766	2,001,359	2,001,167
Treasury Stocks	5,878	344		464	758	962	1,154
Total	1,719,334	1,902,708	1,897,732	1,959,242	2,002,524	2,002,321	2,002,321

(*) For comparison purposes, 100% stock bonuses occurred in 2005 and 2007, which were applied for previous years. Until 2004, the number of stocks was adjusted at 200% due to their splitting and for the years prior to 2003, they were divided by 10,000 in view of their reverse split.

On June 30, 2007, Bradesco's capital stock was R\$18 billion, composed of 2,002,321,048 stocks, of which 1,000,866,112 are common and 1,001,454,936 are preferred, non-par and book-entry stocks. The largest stockholder is the holding company Cidade de Deus Participações, which directly holds 48.46% of our voting capital and 24.33% 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 is owned by Fundação Bradesco and Elo Participações e Investimento. Elo Participações e Investimento has as stockholders the majority of members of Bradesco's Board of Directors and Statutory Executive Board (see page 126).

Number of Stockholders Domiciled in the Country and Abroad

December	2007
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	2002	2003	2004	2005	2006	March	June
Individuals	2,153,800	2,158,808	1,254,044	1,244,572	1,248,275	1,253,542	1,250,814
Corporate	179,609	180,559	116,894	116,225	116,040	116,276	116,025
Subtotal of Residents in the Country	2,333,409	2,339,367	1,370,938	1,360,797	1,364,315	1,369,818	1,366,839
Residents Abroad	373	465	3,780	3,701	3,689	3,688	3,688
Total	2,333,782	2,339,832	1,374,718	1,364,498	1,368,004	1,373,506	1,370,527

Concerning Bradesco's stockholders, domiciled in the country and overseas, on June 30, 2007, 1,366,839 stockholders were domiciled in Brazil, accounting for 99.73% of total stockholders' base and holding 72.18% of Bradesco's outstanding stocks. Whereas the number of stockholders living abroad was 3,688, representing 0.27% of total stockholders' base and holding 27.82% of Bradesco's outstanding stocks.

Bradesco's Stocks

Market Value R\$ million

N.B.: the market value considers the closing quotation of the preferred and common stocks multiplied by the respective number of stocks.

Market Value / Stockholders' Equity

Market Value/Stockholders' Equity: indicates the number of times Bradesco's market value is higher than its book value.

Formula used: number of common and preferred stocks multiplied by the closing price of common and preferred stocks of the last business day of the period. The amount is divided by the accounting stockholders' equity of the period.

Dividend Yield in percentage (accumulated over the past 12 months)

Dividend Yield: is the ratio between the dividends and/or interest on own capital distributed to stockholders over the past 12 months and the stock price, indicating the investors' return related to profit sharing.

Formula used: amount received by stockholders as dividends and/or interest on own capital (gross of IR) over the past 12 months, which is divided by the preferred stock closing price of the last business day of the period.

Payout Index in percentage

Payout Index: indicates the percentage of net income paid as dividends/interest on own capital.

Formula used: amount received by stockholders as dividends and/or interest on own capital (gross of IR), which is divided by net income adjusted by legal reserve (5% of net income).

Financial Volume Bradesco PN x Ibovespa R\$ billion (except percentage)

Source: Economática

Earnings per Share R\$ (accumulated over the past 12 months) (*)

(*) For comparison purposes, in 2007 there was a 100% stock bonus, which was applied for previous years, and in 2005 there was also a 100% stock bonus, which was applied for previous years. Until 2004, the number of stocks was adjusted at 200% due to their splitting, and for the years prior to 2003, they were divided by 10,000 in view of their reverse split. Adjusted Net Income was used.

Appreciation Index (in percentage) Bradesco PN (BBDC4) x Ibovespa

Source: Economática

Bradesco Stock Performance

Bradesco's preferred stocks appreciated by 11.8% (adjusted by dividends), whereas Ibovespa had accrued gains of 18.7% in 2Q07. In 1H07, the accrued performance of Bradesco's preferred stocks appreciated by 8.8% (adjusted by dividends), whereas Ibovespa increased by 22.3% .

The 2nd quarter of 2007 was marked by a favorable international scenario, as the main world markets renewed their maximum historical performances, partially due to the good performance of the United States' economy. In Brazil, two rating agencies, in May, increased the sovereign ceiling to a level below the investment rate, which also contributed to a good performance of the market.

Statement of Income

	R\$ million					
	1 st Half		Variation	2007		Variation
	2006	2007	%	1 st Qtr.	2 nd Qtr.	%
Revenues from Financial Intermediation	18,475	19,191	3.9	9,313	9,878	6.1
Loan Operations	9,684	9,931	2.6	4,936	4,995	1.2
Leasing Operations	286	385	34.6	192	193	0.5
Securities Transactions	2,580	3,049	18.2	1,482	1,567	5.7
Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans	3,456	3,544	2.5	1,685	1,859	10.3
Derivative Financial Instruments	1,328	1,358	2.3	553	805	45.6
Foreign Exchange Transactions	464	293	(36.9)	149	144	(3.4)
Compulsory Deposits	677	631	(6.8)	316	315	(0.3)
Expenses From Financial Intermediation (not including PDD)	8,550	8,468	(1.0)	4,294	4,174	(2.8)
Market Funding Operations	5,553	5,616	1.1	2,885	2,731	(5.3)
Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	1,958	2,141	9.3	1,043	1,098	5.3
Borrowings and Onlendings	1,035	706	(31.8)	364	342	(6.0)
Leasing Operations	4	5	25.0	2	3	50.0
Net Interest Income	9,925	10,723	8.0	5,019	5,704	13.6
Allowance for Doubtful Accounts	(2,054)	(2,504)	21.9	(1,160)	(1,344)	15.9
Gross Income from Financial Intermediation	7,871	8,219	4.4	3,859	4,360	13.0
Other Operating Income (Expense)	(3,543)	(3,527)	(0.5)	(1,578)	(1,949)	23.5
Fee and Commission Income	4,131	5,168	25.1	2,559	2,609	2.0
Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans	355	357	0.6	241	116	(51.9)
(+) Net Premiums Issued	8,646	9,856	14.0	4,801	5,055	5.3
(-) Reinsurance Premiums and Redeemed Premiums	(1,900)	(2,407)	26.7	(1,195)	(1,212)	1.4
(=) Retained Premiums from Insurance, Private Pension Plans and Certificated Savings Plans	6,746	7,449	10.4	3,606	3,843	6.6
Retained Premiums from Insurance	3,899	4,040	3.6	1,953	2,087	6.9
Private Pension Plans Contributions	2,181	2,664	22.1	1,310	1,354	3.4
Income on Certificated Savings Plans	666	745	11.9	343	402	17.2

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

Plans	(1,045)	(1,760)	68.4	(663)	(1,097)	65.5
Variation in Technical Provisions for Insurance	(386)	(505)	30.8	(214)	(291)	36.0
Variation in Technical Provisions for Private Pension Plans	(653)	(1,277)	95.6	(461)	(816)	77.0
Variation in Technical Provisions for Certificated Savings Plans	(6)	22		12	10	(16.7)
Retained Claims	(2,985)	(2,931)	(1.8)	(1,428)	(1,503)	5.3
Certificated Savings Plans Draws and Redemptions	(573)	(654)	14.1	(301)	(353)	17.3
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(494)	(522)	5.7	(260)	(262)	0.8
Insurance Products Selling Expenses	(401)	(414)	3.2	(206)	(208)	1.0
Private Pension Plans Selling Expenses	(86)	(100)	16.3	(49)	(51)	4.1
Certificated Savings Plans Selling Expenses	(7)	(8)	14.3	(5)	(3)	(40.0)
Expenses with Private Pension Plans Benefits and Redemptions	(1,294)	(1,225)	(5.3)	(713)	(512)	(28.2)
Personnel Expenses	(2,888)	(3,109)	7.7	(1,460)	(1,649)	12.9
Other Administrative Expenses	(2,692)	(3,184)	18.3	(1,540)	(1,644)	6.8
Tax Expenses	(1,041)	(1,167)	12.1	(585)	(582)	(0.5)
Equity in the Earnings of Affiliated Companies	35	16	(54.3)	12	4	(66.7)
Other Operating Income	571	636	11.4	337	299	(11.3)
Other Operating Expenses	(2,014)	(2,244)	11.4	(1,142)	(1,102)	(3.5)
Operating Income	4,328	4,692	8.4	2,281	2,411	5.7
Non-Operating Income	(20)	2		(3)	5	
Income before Taxes and Profit Sharing	4,308	4,694	9.0	2,278	2,416	6.1
Taxes on Income	(1,171)	(1,183)	1.0	(570)	(613)	7.5
Minority Interest in Consolidated Subsidiaries	(5)	(5)		(3)	(2)	(33.3)
Net Income	3,132	3,506	11.9	1,705	1,801	5.6
Annualized Return on Stockholders Equity (%)	31.3	27.1		28.9	28.9	

Analysis of the Statement of Income R\$ million**Income from Loan Operations and Leasing Result**

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
9,966	10,311	3.5	5,126	5,185	1.2

In the period, income was up mainly a result of: (i) the increase in the volume of the loan portfolio, which totaled R\$108,191 in June/07 against R\$88,643 in June/06, i.e., a 22.1% increase, particularly in the corporate portfolio, with an increase of 24.3%, focusing on BNDES Onlending , Guaranteed Account , Operations Abroad funds and Working Capital products. In the individual portfolio, the BNDES Onlending growth was 19.0%, with focus on the products connected to consumer financing; which was partially **affected** by; (ii) higher exchange loss variation of 9.9% in 1H07, against an exchange loss variation of 7.5% in 1H06, affecting foreign currency indexed and/or denominated operations, which comprise 10.1% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts ACC); and (iii) decrease in average interest rates, observing the 6.0% CDI variation in 1H07, against 7.8% in 1H06.

The variation in income in the quarter was mainly due to: (i) an increase of 6.6% in the loan portfolio volume, which reached the amount of R\$108,191 in June/07, against R\$101,473 in March/07, considering that in the corporate portfolio there was an increase of 6.1%, with funds on Operations Abroad , Working Capital and portfolio the increase was 7.4%, with focus on products linked to consumer financing, which was partially **mitigated**: (ii) by the drop in the average interest rates, observing the 2.9% CDI variation in 2Q07, against 3.0% in 1Q07; and (iii) by the higher exchange loss variation of 6.1% in 2Q07, against exchange loss variation of 4.1% in 1Q07, affecting our foreign currency indexed and/or denominated operations, comprising 10.1% of total Loan and Leasing Operations, basically derived from the corporate portfolio (excluding Advances on Foreign Exchange Contracts ACC).

Income from Operations with Securities (TVM) and Derivative Financial Instruments

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
3,908	4,407	12.8	2,035	2,372	16.6

The increase in income in the period is practically due to: (i) the increase in the portfolio's average volume; which was partially **offset** by: (ii) the higher exchange loss variation of 9.9% in 1H07, against an exchange loss variation of 7.5% in 1H06, impacting on the foreign currency indexed and/or denominated operations, comprising 6.3% of the portfolio; (iii) the lower non-interest income R\$194; and (iv) the reduction in the average interest rates, observing the 6.0% CDI variation in 1H07, against 7.8% in 1H06.

The variation in income in the quarter is mainly due to: (i) the increase in the portfolio's average volume; (ii) the higher non-interest income gains of R\$376; partially **offset** by: (iii) the higher exchange loss variation of 6.1% in 2Q07, against exchange loss variation of 4.1% in 1Q07, impacting on the foreign currency indexed and/or denominated operations, comprising 6.3% of the portfolio; and (iv) the reduction in the average interest rates, observing the 2.9% CDI variation in 2Q07, against 3.0% in 1Q07.

Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
3,456	3,544	2.5	1,685	1,859	10.3

The variation in the period was basically due to: (i) the increase in the portfolio's average volume; (ii) the higher IGP-M variation of 1.5% in 1H07, against 1.4% in 1H06; partially **offset**: (iii) by the reduction in the average interest rates, observing the 6.0% CDI variation in 1H07, against 7.8% in 1H06; and (iv) the lower non-interest income of R\$273 in 1H07, against R\$287 in 1H06.

The variation in the quarter was substantially due to: (i) higher non-interest income of R\$160 in 2Q07, against R\$113 in 1Q07; (ii) the increase in the portfolio's average volume; partially **offset** by: (iii) the lower IGP-M variation of 0.3% in 2Q07, against 1.1% in 1Q07; and (iv) the reduction in average interest rates, accompanying the 2.9% CDI variation in 2Q07, against 3.0% in 1Q07.

Foreign Exchange Transactions

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
464	293	(36.9)	149	144	(3.4)

For a better analysis, this item should be analyzed deducted from expenses with foreign funding, used for import/export operation financing, in accordance with Note 11a. After the deductions, the result would be R\$159 in 1H06 and R\$163 in 1H07, basically due to the increase in the average volume of the exchange portfolio.

For a better analysis, this item should be analyzed deducted from expenses with foreign funding, used for import/export operation financing, in accordance with Note 11a. After such deductions, the result had an increase, being R\$72 in 1Q07 and R\$91 in 2Q07, basically due to the increase in the average volume of the exchange portfolio.

Compulsory Deposits

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
677	631	(6.8)	316	315	(0.3)

The decrease in the period is basically due to: (i) the variation in CDI of 6.0% in 1H07, against 7.8% in 1H06, used to remunerate the additional compulsory deposit; which was **offset**: (ii) by the increase in the average volume of deposits in the period.

Revenues remained practically stable in 2Q07 when compared to 1Q07.

Market Funding Operations Expenses

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
5,553	5,616	1.1	2,885	2,731	(5.3)

The variation in the period is mostly due to: (i) the increase in the average funding volume; which was **offset** by: (ii) the lower exchange loss variation of 9.9% in 1H07, against exchange loss variation of 7.5% in 1H06, impacting the foreign currency indexed and/or denominated funding; and (iii) the reduction in the average interest rates, observing the 6.0% CDI variation in 1H07, against 7.8% in 1H06, mainly affecting the time deposits expenses.

The variation in the quarter derives basically from: (i) the higher exchange loss variation of 6.1% in 2Q07, against exchange loss variation of 4.1% in 1Q07, impacting on the foreign currency indexed and/or denominated funding; (ii) the reduction in the average interest rates, following the CDI variation of 3.0% in 1Q07, against 2.9% in 2Q07, mainly affecting time deposit expenses; **offset**: (iii) by the increase in the average volume of the portfolio.

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

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
1,958	2,141	9.3	1,043	1,098	5.3

The variation in the period is basically due to: (i) the higher average volume of technical provisions, especially the VGBL product; (ii) the higher IGP-M variation of 1.5% in 1H07, against 1.4% in 1H06, one of the indexes which also remunerates the technical provisions; **mitigated**: (iii) by the reduction in the average interest rates, observing the 6.0% CDI variation in 1H07, against 7.8% in 1H06.

The variation in the quarter is mostly due to: (i) the higher average volume of technical provisions, especially the VGBL product; partially **offset** by: (ii) the lower IGP-M variation of 0.3% in 2Q07, against 1.1% in 1Q07, one of the indexes which also remunerates the technical provisions; and (iii) the drop in the average interest rates, observing the 2.9% CDI variation in 2Q07, against 3.0% in 1Q07.

Borrowings and Onlendings Expenses

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
1,035	706	(31.8)	364	342	(6.0)

The variation in the period is basically due to: (i) the higher exchange loss variation of 9.9% in 1H07, against exchange loss variation of 7.5% in 1H06, impacting on foreign currency indexed and/or denominated borrowings and onlendings, which represent 36.1% of the Borrowings and Onlendings portfolio; (ii) the decrease in average interest rates, according to the 6.0% CDI variation in 1H07, against 7.8% in 1H06; which was

The variation in the quarter is substantially due to the higher exchange loss variation of 6.1% in 2Q07, against exchange loss variation of 4.1% in 1Q07, impacting on foreign currency indexed and/or denominated borrowings and onlendings, which represent 36.1% of the Borrowing and Onlending portfolio.

mitigated by: (iii) the increase in the average funding volume, mainly represented by Finame and BNDES operations.

Net Interest Income

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
9,925	10,723	8.0	5,019	5,704	13.6

The variation of R\$798 in net interest income is basically due to the increase in interest-bearing operations of R\$823, R\$1,848 due to a growth in the average business volume, and R\$1,025 due to the decrease in spreads.

The variation of R\$685 in net interest income is due to: (i) the increase in non-interest income of R\$463, due to higher gains with treasury and TVM verified in 2Q07; and (ii) by the growth in the result of interest-bearing operations in the amount of R\$222, R\$283 due to the increase in the average business volume and R\$61 due to the decrease in spreads.

Allowance for Doubtful Accounts Expenses

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
2,054	2,504	21.9	1,160	1,344	15.9

The increase in the period of R\$450 is compatible with the growth of our loan portfolio (22.1% or R\$19,548 over the last 12 months), and with the relevant participation of individual (41.3%) which, due to its characteristic, requires higher provisioning volume, although its growth in the period (19.0% or R\$7,135) was slightly lower than the total portfolio.

The variation in the quarter is consistent with the growth of our loan portfolio and mainly with the growth in the operations with individual clients which, due to its characteristic, requires higher provisioning volume.

Fee and Commission Income

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
4,131	5,168	25.1	2,559	2,609	2.0

The increase in the period is mainly due to a hike in the volume of operations, with focus on: (i) income from cards R\$435, which includes the consolidation of Amex Brasil in the amount of R\$238; (ii) loan operations R\$170; (iii) checking account R\$152; (iv) assets management R\$70; (v) charging R\$52; (vi) custody and brokerage services R\$29; and (vii) collections R\$16.

The variation in the quarter is mostly due to expansion of businesses, substantially reflecting on: (i) loan operations R\$27; and (ii) income from cards R\$24.

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

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
6,746	7,449	10.4	3,606	3,843	6.6

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

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

a) Retained Premiums from Insurance

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
3,899	4,040	3.6	1,953	2,087	6.9

The variation in the period basically resulted from: (i) the increase in Health insurance production R\$170, substantially due to the corporate plan, in the Life line R\$55; and in the basic lines R\$46; **offset** by: (ii) the recording, in 1H06 of premiums of effective and non-issued risks, which had its accounting system changed by means of the Susep Circular 314, not affecting 1H07, in the Auto segment R\$67 and in the Basic lines R\$31; and (iii) the reduction of Auto insurance production R\$31.

The variation in the quarter is mainly due to the increase in the production of: (i) the Auto segment R\$64, basically due to the fee restatement of the trucks portfolio and to the profile adequacy, which improved our competitiveness and market penetration index; (ii) the Health line R\$52, due to the corporate plan; and (iii) the Life line R\$19.

b) Private Pension Plans Contributions

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
2,181	2,664	22.1	1,310	1,354	3.4

The increase in the period is mainly due to: (i) the sales of VGBL product R\$875 and PGBL/Traditional product R\$102; **mitigated** by: (ii) the increase in the volume of redemption of VGBL R\$494.

N.B.: according to Susep, the recording of VGBL redemptions reduces the retained contributions.

The variation is mainly due to: (i) the sale of VGBL product R\$67; **mitigated**: (ii) by the increase in the volume of redemption of VGBL R\$13 in 2Q07.

N.B.: according to Susep, the recording of VGBL redemptions reduces the retained contributions.

c) Income on Certificated Savings Plans

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
666	745	11.9	343	402	17.2

The variation in the period is mainly due to the higher sale of certificated savings plans connected to sustainability actions.

The variation in 2Q07 is mainly due to the higher sale of certificated savings plans connected to sustainability actions.

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

1st Half/2006	1st Half/2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(1,045)	(1,760)	68.4	(663)	(1,097)	65.5

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

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

a) Variation in Technical Provisions for Insurance

1st Half/2006 (386)	1st Half/2007 (505)	Variation % 30.8	1st Qtr./2007 (214)	2nd Qtr./2007 (291)	Variation % 36.0
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The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The main variations occurred in 1H07 were comprised of: (i) the higher constitution of provision in the Health insurance R\$499 and Life segment R\$106; **mitigated:** (ii) by the lower constitution of provision in the Auto segment R\$111. The variations occurred in 1H06 were comprised of: (i) the higher constitution of technical provision in the Health portfolio R\$290 (R\$244 of which refers to the additional provision in the Individual Health portfolio), Life segment R\$83 and Basic Lines R\$18; (ii) constitution of provision for effective and non-issued risks (PPNG) previously accounted for in memorandum accounts to meet Susep Circular 314, in the Auto R\$50 and Basic Lines R\$29 segments; and **mitigated:** (i ii) by the reversal of provision of the Auto segment R\$84.

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The main variations occurred in 2Q07 were comprised of: (i) the higher constitution of provision in the Health insurance R\$237 and Life segment R\$68; **mitigated:** (ii) by the lower constitution of provision in the Auto segment R\$21. The main variations occurred in 1Q07 were comprised of: (i) higher constitution of provision in the Individual Health insurance R\$258 (R\$236 of which refers to the complement of the extraordinary technical provision R\$387 recorded in 4Q06) and Life segment R\$38; **mitigated:** (ii) by the lower constitution of provision in the Auto segment R\$90.

b) Variation in Technical Provisions for Private Pension Plans

1st Half/2006 (653)	1st Half/2007 (1,277)	Variation % 95.6	1st Qtr./2007 (461)	2nd Qtr./2007 (816)	Variation % 77.0
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Variations in technical provisions are directly related to production, combined with benefits and redemptions. The variations in the period are due to the higher recording of provisions for the VGBL R\$498 and PGBL/Traditional

Variations in technical provisions are directly related to production, combined with benefits and redemptions. The variations in the quarter are due to the higher recording of provisions for the VGBL R\$127 and PGBL/Traditional

R\$126 products.

R\$228 products.

c) Variation in Technical Provisions for Certificated Savings Plans

1 st Half/2006	1 st Half/2007	Variation %	1 st Qtr./2007	2 nd Qtr./2007	Variation %
(6)	22		12	10	(16.7)

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

The variation is mainly due to the lower reversion of the technical provision for contingency in 2Q07.

Retained Claims

1 st Half/2006	1 st Half/2007	Variation %	1 st Qtr./2007	2 nd Qtr./2007	Variation %
(2,985)	(2,931)	(1.8)	(1,428)	(1,503)	5.3

The variation in the period is due to: (i) a decrease in reported claims in the Life R\$83, Auto R\$8 and other lines R\$25; **mitigated:** (ii) by the increase of reported claims of Health R\$46 and Basic lines R\$16.

N.B.: The claims ratio decreased from 78.5% to 76.2% between the halves.

The variation in the quarter is due to: (i) the increase in reported claims in the Health line R\$90, resulting from seasonality, as in the 1st quarters there is a decrease in utilization due to the insured and prospects vacation period; Life segment R\$5; **mitigated:** (ii) by the decrease in reported claims of the Auto R\$2, Basic lines R\$11 and other lines R\$7.

N.B.: Between the quarters, we recorded an increase in the claims ratio from 73.3% to 79.1%.

Certificated Savings Plans Draws and Redemptions

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(573)	(654)	14.1	(301)	(353)	17.3

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

The redemptions are directly related to revenue. The variation in the quarter is due to higher revenues from certificated savings plans.

Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(494)	(522)	5.7	(260)	(262)	0.8

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

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

a) Insurance Products Selling Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(401)	(414)	3.2	(206)	(208)	1.0

In nominal terms, selling expenses remained practically steady in 1H07 when compared to 1H06. In the sale/received premium ratio, there was a slight growth in the indexes (from 11.2% in 1H06 to 11.5% in 1H07).

In nominal terms, selling expenses remained practically steady in 2Q07 when compared to 1Q07. In the sale/received premiums ratio, there was a slight growth in the indexes (from 11.4% in 1Q07 to 11.7% in 2Q07).

b) Private Pension Plans Selling Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(86)	(100)	16.3	(49)	(51)	4.1

The variation in the period is basically a result of the increase in sales of the VGBL product and, consequently, in selling expenses R\$11. The expenses remained practically stable in 2Q07 when compared to 1Q07.

c) Certificated Savings Plans Selling Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(7)	(8)	14.3	(5)	(3)	(40.0)

The expenses remained practically stable in 1H07 when compared to 1H06. The variation in the quarter derives from the lower selling expenses referring to the Pé Quente products in 2Q07.

Private Pension Plans Benefits and Redemptions Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(1,294)	(1,225)	(5.3)	(713)	(512)	(28.2)

The variation in the period is derived from: (i) the lower volume of redemptions in Traditional Plans R\$167; **mitigated** by: (ii) the higher volume of redemptions in PGBL plans R\$62; and (iii) the higher volume of benefits paid R\$36.

The variation in the quarter is mainly due to the lower volume of redemptions in PGBL plans R\$208.

Personnel Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(2,888)	(3,109)	7.7	(1,460)	(1,649)	12.9

The growth in the period is due to: (i) the increase in salary levels resulting from the 2006 collective bargaining agreement (3.5%); (ii) the higher expenses of PLR R\$68; (iii) the consolidation of Amex Brasil and Fidelity R\$77; **mitigated**: (iv) by the lower expenses with provisions for labor proceedings R\$44.

The variation in 2Q07 basically derives from: (i) the increase in expenses with provisions for labor proceedings R\$73; (ii) the lower concentration of vacation R\$48; and (iii) the higher expenses with PLR R\$10.

Other Administrative Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(2,692)	(3,184)	18.3	(1,540)	(1,644)	6.8

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

The variation in the quarter is basically due to increased expenses with: (i) third-party services R\$40; (ii) advertising R\$22; (iii) communication R\$12; and (iv) data processing R\$9.

Tax Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(1,041)	(1,167)	12.1	(585)	(582)	(0.5)

The increase in the period mainly derives from: (i) the PIS/Cofins increased expenses R\$65 in view of the increase of taxable income; (ii) the ISS increased expenses R\$26; and (iii) the higher expenses with CPMF R\$15.

The variation in the quarter is essentially due to: (i) the IPTU decreased expenses R\$16, due to the prepayment with discount in the 1st quarter; **offset**: (ii) by the PIS/Cofins increased expenses R\$10; and (iii) the higher expenses with CPMF R\$3.

Equity in the Earnings of Affiliated Companies

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
35	16	(54.3)	12	4	(66.7)

The variation in the period is substantially due to the lower results in affiliated companies in 1H07.

The variation in the quarter mainly derives from lower results obtained in the affiliated companies in 2Q07.

Other Operating Income

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
571	636	11.4	337	299	(11.3)

The increase in the period is due to: (i) higher reversions for operating provisions R\$141; (ii) higher result in the sale of goods R\$19; **mitigated** by: (iii) lower financial revenues R\$54; and (iv) lower revenues from the recovery of charges and expenses R\$41.

The variation in the quarter is mainly due to: (i) lower financial revenues R\$26; (ii) lower revenues from the sale of goods R\$21; (iii) lower recoveries of charges and expenses R\$2; **mitigated**: (iv) by lower reversions for operating provision R\$15.

Other Operating Expenses

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(2,014)	(2,244)	11.4	(1,142)	(1,102)	(3.5)

The increase in the period is mostly due to: (i) the higher financial expenses R\$277; (ii) the increase in sundry losses R\$146 (R\$ 58 of which from consolidation of Amex Brasil); (iii) the higher costs of services rendered R\$51; **mitigated** by: (iv) the reduction with goodwill amortization expenses R\$242; and (v) the lower operating provision recording R\$138.

The variation in the quarter basically derives from: (i) the lower expenses with operating provisions R\$57; (ii) the lower costs of services rendered R\$20; **mitigated**: (iii) by the higher sundry losses R\$27.

Operating Income

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
4,328	4,692	8.4	2,281	2,411	5.7

The increase in the period derives from: (i) the increased fee and commission income R\$1,037; (ii) the higher net interest income R\$798; (iii) the increase in the result of insurance, private pension plans and certificated savings plans operations R\$2; **offset** by: (iv) the increased personnel and administrative expenses R\$713; (v) the higher allowance for doubtful accounts expenses R\$450; (vi) the increased operating expenses (net of income) R\$165; (vii) the higher tax expenses R\$126; and (viii) the decrease in the equity in the earnings of affiliated companies R\$19.

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

The variation in the quarter derives from: (i) the higher net interest income R\$685; (ii) the increased fee and commission income R\$50; (iii) the lower tax expenses R\$3; (iv) the lower operating expenses (net of income) R\$2; **mitigated** by: (v) the higher personnel expenses R\$189; (vi) the higher expenses with allowance for doubtful accounts R\$184; (vii) the reduction in contribution margin of insurance, private pension plans and certificated savings plans operations R\$125; (viii) the higher administrative expenses R\$104; (ix) the decrease in the equity in the earnings of affiliated companies R\$8.

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

Non-Operating Income

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(20)	2		(3)	5	

The variation in the period is mainly due to higher income recorded in the sale of receivables, assets and investments.

The variation in the quarter is basically due to lower recording of other non-operating expenses.

Taxes on Income

1st Half/2006	1st Half /2007	Variation %	1st Qtr./2007	2nd Qtr./2007	Variation %
(1,171)	(1,183)	1.0	(570)	(613)	7.5

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

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

Comparative Balance Sheet

Assets	R\$ million					
	June		Variation %	March	June	Variation %
	2006	2007		2007		
Current and Long-Term Assets	227,156	287,070	26.4	278,387	287,070	3.1
Funds Available	3,161	4,916	55.5	4,244	4,916	15.8
Interbank Investments	27,569	27,394	(0.6)	31,601	27,394	(13.3)
Securities and Derivative Financial Instruments	70,382	103,577	47.2	97,534	103,577	6.2
Interbank and Interdepartmental Accounts	18,212	20,257	11.2	19,640	20,257	3.1
Restricted Deposits:						
Brazilian Central Bank	16,949	19,278	13.7	18,545	19,278	4.0
Other	1,263	979	(22.5)	1,095	979	(10.6)
Loan and Leasing Operations	76,678	94,671	23.5	88,436	94,671	7.1
Loan and Leasing Operations	82,371	101,617	23.4	95,111	101,617	6.8
Allowance for Doubtful Accounts	(5,693)	(6,946)	22.0	(6,675)	(6,946)	4.1
Other Receivables and Assets	31,154	36,255	16.4	36,932	36,255	(1.8)
Foreign Exchange Portfolio	10,123	12,047	19.0	13,620	12,047	(11.5)
Other Receivables and Assets	21,171	24,295	14.8	23,411	24,295	3.8
Allowance for Other Doubtful Accounts	(140)	(87)	(37.9)	(99)	(87)	(12.1)
Permanent Assets	5,779	3,498	(39.5)	3,557	3,498	(1.7)
Investments	1,045	585	(44.0)	661	585	(11.5)
Property, Plant and Equipment in Use and Leased Assets	2,092	2,216	5.9	2,234	2,216	(0.8)
Deferred Charges	2,642	697	(73.6)	662	697	5.3
Deferred Charges	587	697	18.7	662	697	5.3
Goodwill on Acquisition of Subsidiaries, Net of Amortization	2,055					
Total	232,935	290,568	24.7	281,944	290,568	3.1
Liabilities						
Current and Long-Term Liabilities	211,261	262,817	24.4	255,690	262,817	2.8
Deposits	78,356	82,601	5.4	84,162	82,601	(1.9)
Demand Deposits	16,646	21,019	26.3	20,115	21,019	4.5
Savings Deposits	24,835	28,406	14.4	27,609	28,406	2.9
Interbank Deposits	163	231	41.7	158	231	46.2
Time Deposits	36,435	32,360	(11.2)	35,687	32,360	(9.3)
Other Deposits	277	585	111.2	593	585	(1.3)
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	29,258	53,756	83.7	50,901	53,756	5.6
Funds from Issuance of Securities	6,201	6,645	7.2	5,879	6,645	13.0
Securities Issued Abroad	2,741	3,162	15.4	2,316	3,162	36.5
Other Funds	3,460	3,483	0.7	3,563	3,483	(2.2)
Interbank and Interdepartmental Accounts	1,963	1,926	(1.9)	1,950	1,926	(1.2)

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Borrowings and Onlendings	15,485	19,165	23.8	18,634	19,165	2.8
Borrowings	5,502	6,540	18.9	6,957	6,540	(6.0)
Onlendings	9,983	12,625	26.5	11,677	12,625	8.1
Derivative Financial Instruments	396	2,124	436.4	855	2,124	148.4
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	43,947	52,900	20.4	50,653	52,900	4.4
Other Liabilities	35,655	43,700	22.6	42,656	43,700	2.4
Foreign Exchange Portfolio	4,679	6,405	36.9	8,416	6,405	(23.9)
Taxes and Social Security Contributions, Social and Statutory Payables	8,342	10,936	31.1	9,029	10,936	21.1
Subordinated Debt	10,903	13,203	21.1	12,147	13,203	8.7
Sundry	11,731	13,156	12.1	13,064	13,156	0.7
Future Taxable Income	158	173	9.5	164	173	5.5
Minority Interest in Consolidated Subsidiaries	55	63	14.5	61	63	3.3
Stockholders' Equity	21,461	27,515	28.2	26,029	27,515	5.7
Total	232,935	290,568	24.7	281,944	290,568	3.1

Equity Analysis R\$ million**Funds Available**

June			2007		
2006	2007	Variation %	March	June	Variation %
3,161	4,916	55.5	4,244	4,916	15.8

The variation in the period is due to: (i) the increased volume of funds available in domestic currency R\$1,882; **offset:** (ii) by the reduction in the volume in foreign currency R\$127.

The variation in the quarter is basically due to: (i) the increased volume in domestic currency R\$590; and (ii) by the increased volume of funds available in foreign currency R\$82.

Interbank Investments

June			2007		
2006	2007	Variation %	March	June	Variation %
27,569	27,394	(0.6)	31,601	27,394	(13.3)

The reduction in the period substantially derives from: (i) the reduction in own portfolio position in the amount of R\$5,475; (ii) the reduction in investments in interbank deposits R\$992; partially **offset:** (iii) by the increase in the own portfolio position in the amount of R\$6,292.

The variation in the quarter is basically due to: (i) the decrease in unrestricted bonds R\$ 1,800; (ii) the reduction in investments in interbank deposits R\$1,133; (iii) the reduction in the own portfolio position in the amount of R\$918; and (iv) the decrease in third-party portfolio position in the amount of R\$356.

Securities (TVM) and Derivative Financial Instruments

June			2007		
2006	2007	Variation %	March	June	Variation %
70,382	103,577	47.2	97,534	103,577	6.2

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, as well as the issuance of subordinated debt of R\$1,519; (ii) the variation in average interest rates, observing the 13.2% CDI variation in the period; partially **mitigated** by: (iii) the exchange loss variation of 11.0% in the period from June/06 to June/07, impacting on foreign currency indexed and/or denominated securities, which comprise 6.3% of the portfolio; and (iv) the redemption/maturity of securities. The portfolio profile (excluded from purchase and sale commitments), based on Management's intent, is distributed as follows: Trading Securities 64.6%;

Securities Available for Sale 22.9%; and Securities Held to Maturity 12.5 %. In June/07, 53.3% of the total portfolio (excluded from purchase and sale commitments) was represented by Government Bonds, 18.5% by Private Securities and 28.2% by PGBL and VGBL fund quotas.

The variation in the quarter partially reflects: (i) the additional funds arising from increased funding, especially the technical provisions for insurance, private pension plans and certificated savings plans, as well as the issuance of subordinated debts of R\$996; (ii) the variation in average interest rates, observing the 2.9% CDI variation in 2Q07; which was partially **mitigated** by: (iii) the redemption/maturity of securities; and (iv) exchange loss variation of 6.1% in 2Q07, impacting on foreign currency indexed and/or denominated securities, which comprise 6.3% of the portfolio.

Interbank and Interdepartmental Accounts

June			2007		
2006	2007	Variation %	March	June	Variation %
18,212	20,257	11.2	19,640	20,257	3.1

The variation in the period is mainly due to: (i) the increase in volume of compulsory demand deposits of R\$1,285, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R\$16,836 in June/2006 to R\$22,047 in June/2007; (ii) the increase in the volume of the compulsory of savings accounts deposits in the amount of R\$658 referring to the increase in the balance of these deposits by 14.4% in the period; and (iii) the increase in the additional compulsory on deposits R\$386; offset: (iv) by the decrease in the item "Check Clearing Services and Related Services" R\$276, in view of the accounts balance represented by checks and other documents at the end of the first half of 2007.

The variation in the quarter is basically due to: (i) the increase in the volume of compulsory demand deposits R\$526; (ii) the increase in the volume of compulsory of savings accounts deposits in the amount of R\$140; (iii) the increase in the additionally compulsory on deposits in the amount of R\$67; offset by: (iii) the decrease in the item "Checks Clearing and Relationship with Correspondents Services" in the amount of R\$187, due to the balancing of accounts, represented by checks and other documents, at the end of the quarter.

Loan and Leasing Operations

June			2007		
2006	2007	Variation %	March	June	Variation %
88,643	108,191	22.1	101,473	108,191	6.6

The increase in the period is basically due to: (i) the individual client portfolio, with a 19.0% growth, in particular in the Auto products, up by 20.3% and Personal Loan, up by 10.4%. The growth of 24.3% recorded in the corporate portfolio is the result of the 25.6% increase in micro, small and medium-sized companies portfolio, coupled with a 23.0% increase in the portfolio of large companies (Corporate). In the corporate portfolio we point out the products Operations Abroad, up by 71.0% BNDES Onlending up by 33.7% and Working Capital with an increase of 30.1%, as a result of the maintenance of the economic activity level; partially offset by: (ii) exchange loss variation of 11.0% from June/06 to June/07, impacting on foreign currency indexed and/or denominated contracts, comprising 10.1% of the total portfolio. In June/07, the portfolio was distributed at 58.7% for corporate (25.1% of which was directed to industry, public and private sectors, 14.9% to commerce, 16.9% to services, 1.3% to agribusiness and 0.5% to financial intermediation) and 41.3% for individuals. In terms of concentration, the 100 largest borrowers accounted for 22.7% of the portfolio in June/06 and for 21.4% in June/07. The Loan Portfolio under Normal Course reached the amount of R\$99,216 in June/07. Out of this total, 32.2% is falling due within up to 90 days.

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

N.B.2: for a better understanding of these operations, see item loan operations, on page 78.

The variation in the quarter is mainly due to: (i) the 6.1% growth recorded in the corporate portfolio resulting from the 9.3% increase in the portfolio of micro, small and medium-sized companies and the increase of 3.0% in the portfolio of large companies (Corporate). It is worth pointing out the increase of 6.2% in Working Capital, of 7.3% in Operations Abroad and 13.3% in BNDES Onlending, as a result of the maintenance of the economic activity level. The 7.4% growth in the individual client portfolio, especially in the Auto products, with a 8.0% increase and Personal Loan, with a 5.8% increase, is a result of a stable economic scenario; offset: (ii) by the exchange loss variation of 6.1% in 2Q07, impacting foreign currency indexed and/or denominated contracts, which account for 10.1% of total portfolio. In terms of concentration, the 100 largest borrowers accounted for 22.7% of the portfolio in March/07 and 21.4% in June/07.

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

N.B.2: for a better understanding of these operations, see item loan operations, on page 78.

Allowance for Doubtful Accounts (PDD)

June			2007		
2006	2007	Variation %	March	June	Variation %
(5,833)	(7,033)	20.6	(6,775)	(7,033)	3.8

The variation in the PDD balance for the period was mostly due to a 22.1% increase in the volume of loan operations and in the improvement of loan evaluation tools. PDD ratio in relation to the loan portfolio increased from 6.6% in June/06 to 6.5% in June/07. Provision coverage ratios in relation to the loan portfolio under abnormal course, respectively, rated between E and H, decreased from 157.3% in June/06 to 148.4% in June/07 and, between D and H, reduced from 129.1% in June/06 to 125.6% in June/07. However, the preventive maintenance of high provision levels made all performance indicators remain in adequate levels. In the twelve-month period, PDD in the amount of R\$4,862 was recorded, R\$9 was incorporated arising from acquired institutions and R\$3,671 was written off. The exceeding PDD volume in relation to the minimum required increased from R\$1,080 in June/06 to R\$1,110 in June/07.

The increase in the PDD balance in the quarter basically reflects a 6.6% growth of the loan portfolio in the quarter, particularly, the individual client portfolio with a 7.4% growth. The PDD ratio in relation to the loan portfolio increased from 6.7% in March/07 to 6.5% in June/07, and the provision coverage ratios in relation to the loan portfolio under abnormal course, respectively, rated from E to H, increased from 148.3% in March/07 to 148.4% in June/07, and those rated from D to H increased from 123.3% in March/07 to 125.6% in June/07. In the quarter, PDD in the amount of R\$1,344 was recorded, R\$9 arose from acquired institutions and R\$1,095 was written off. The exceeding PDD volume in relation to the minimum required remained stable when compared to the balance of March/07.

Other Receivables and Assets

June			2007		
2006	2007	Variation %	March	June	Variation %
30,789	35,895	16.6	36,521	35,895	(1.7)

The variation in the period is mainly due to: (i) the increase of foreign exchange operations R\$1,924; (ii) the increase in tax credit balances R\$1,822, basically as a result of temporary provisions; and (iii) the increase in the balance of credit card operations R\$897, not included in loan operations.

N.B.: balances are deducted (net of corresponding PDD) of R\$365 in June/06 and of R\$360 in June/07, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

The variation in the quarter is basically due to: (i) the reduction in foreign exchange operations R\$1,573; **offset** by: (ii) the increase in the balance of credit card operations R\$391, not included in loan operations; and (iii) the increase in tax credit balances R\$380.

N.B.: balances are deducted (net of corresponding PDD) of R\$411 in March/07 and R\$360 in June/07, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

Permanent Assets

June			2007		
2006	2007	Variation %	March	June	Variation %
5,779	3,498	(39.5)	3,557	3,498	(1.7)

The variation in the period is mostly due to: (i) the full goodwill amortization; (ii) the transfer of Banco Espírito Santo (BES) investment to current assets; **mitigated** by: (iii) the increase in property, plant and equipment in use and leased assets and deferred charges.

The variation in the quarter is mostly due to the increase in property, plant and equipment and leased assets.

Deposits

June			2007		
2006	2007	Variation %	March	June	Variation %
78,356	82,601	5.4	84,162	82,601	(1.9)

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

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

a) Demand Deposits

June			2007		
2006	2007	Variation %	March	June	Variation %
16,646	21,019	26.3	20,115	21,019	4.5

The evolution of R\$4,373 is composed of: individuals R\$1,334 and corporate clients R\$3,039.

The variation in the quarter is due to the increase of funds stemming from individuals R\$356 and corporate clients R\$548.

b) Savings Deposits

June			2007		
2006	2007	Variation %	March	June	Variation %
24,835	28,406	14.4	27,609	28,406	2.9

The increase in the period is mainly due to: (i) the deposits made in the period; and (ii) the deposit remuneration (TR + 0.5% p.m.) reaching 8.2% in the last twelve months.

The increase in the quarter is basically due to: (i) the deposits made in the quarter; and (ii) by the deposit remuneration (TR + 0.5% p.m.), reaching 1.9% in the quarter.

c) Time Deposits

June			2007		
2006	2007	Variation %	March	June	Variation %
36,435	32,360	(11.2)	35,687	32,360	(9.3)

The decrease in the period is basically due to the migration of funds to other forms of investment by institutional investors, mainly by means of issuance of debentures and subordinated debts.

The decrease in the quarter is substantially due to the migration of funds to other forms of investment by institutional investors.

d) Interbank Deposits and Other Deposits

June			2007		
2006	2007	Variation %	March	June	Variation %
440	816	85.5	751	816	8.7

The variation in the period results from: (i) a hike in the volume of the Interbank Deposits item, at the amount of R\$68; and (ii) the increase in the Other Deposits Investment Account item R\$308.

The variation in the quarter is basically due to the increase in the volume of Interbank Deposits item, at the amount of R\$73.

Federal Funds Purchased and Securities Sold under Agreements to Repurchase

June			2007		
2006	2007	Variation %	March	June	Variation %
29,258	53,756	83.7	50,901	53,756	5.6

The variation of balance in the period derives from: (i) an increase in funding volume, using government and private securities of the own portfolio issued R\$18,215; (ii) the increase of third-party portfolio R\$4,808; and (iii) the increase in the unrestricted portfolio R\$1,475.

N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, at the amount of R\$5,175 in June/06 and R\$11,577 in June/07.

The variation of balance in the quarter derives from: (i) an increase in funding volume, using the own portfolio R\$3,002; and (ii) the increase in the unrestricted portfolio R\$580; **offset:** (iii) by the reduction of the third-party portfolio R\$727.

N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R\$10,571 in March/07 and R\$11,577 in June/07.

Funds from Issuance of Securities

June			2007		
2006	2007	Variation %	March	June	Variation %
6,201	6,645	7.2	5,879	6,645	13.0

The variation in the period basically derives from: (i) the increased balance of securities issued abroad, mainly in view of funding of securitization securities of future flow MT100; and (ii) the increase in the funding of MTN Program Issues, as per Note 16c.

In the quarter, the variation mostly derives from the increase in the balance of securities issued abroad, mainly in view of funding of securitization securities of future flow MT 100.

Interbank and Interdepartmental Accounts

June			2007		
2006	2007	Variation %	March	June	Variation %
1,963	1,926	(1.9)	1,950	1,926	(1.2)

The variation in the period is mostly due to lower volume of foreign currency payment orders.

The variation in the quarter is mostly due to lower volume of foreign currency payment orders.

Borrowings and Onlendings

June			2007		
2006	2007	Variation %	March	June	Variation %
15,485	19,165	23.8	18,634	19,165	2.8

The variation in the period is basically due to: (i) the increase in the volume of funds from domestic and foreign borrowings and onlendings, mainly by means of BNDES and Finame; which was **offset**: (ii) by exchange loss variation of 11.0% from June/06 to June/07, which impacted on the foreign currency indexed and/or denominated borrowings and onlendings liabilities, the balances of which were R\$5,807 in June/06 and R\$6,917 in June/07.

The variation in the quarter mainly results from: (i) the increase in the volume of funds from domestic borrowings and onlendings mainly by means of BNDES and Finame; which was **offset**: (ii) by the exchange loss variation of 6.1% in 2Q07, which impacted on the foreign currency indexed and/or denominated borrowings and onlendings liabilities, the balances of which were R\$7,311 in Mach/07 and R\$6,917 in June/07.

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

June			2007		
2006	2007	Variation %	March	June	Variation %
43,947	52,900	20.4	50,653	52,900	4.4

The increase in the period is basically due to: (i) the growth in sales of supplementary private pension plans and insurance policies; and (ii) the restatement and interest on technical provisions. The largest variations recorded were: (a) in the private pension segment,

VGBL plans at R\$5,668; PGBL plans at R\$1,406; Traditional plans at R\$236; and (b) in the insurance segment, in the Health line R\$949, partially due to the recording of additional provisions relative to the necessary amount of readjustment of the Health insurance premiums, as well as in the provisions of the Life segment R\$510.

The increase in the quarter is mainly due to: (i) the monetary restatement and interest on technical provisions; and (ii) the increase in the sales of supplementary private pension plans and insurance policies. The largest variations recorded were: (a) in the

private pension segment, in VGBL plans at R\$1,296; PGBL plans at R\$329 and Traditional plans at R\$157; and (b) in the insurance segment, in Health segment R\$242, as well as in the provisions for the Life segment R\$193.

Other Liabilities, Derivative Financial Instruments and Future Taxable Income

June			2007		
2006	2007	Variation %	March	June	Variation %
41,976	52,125	24.2	49,526	52,125	5.2

The variation in the period mostly derives from: (i) the issuance of Subordinated Debt R\$1,519; (ii) the increase in the balance of items Tax and Social Security R\$2,388; (iii) the increase in Credit Cards operations R\$1,879; (iv)

the increase in the Derivative Financial Instruments R\$1,727; and (v) the increase in the Exchange Portfolio R\$2,089.

N.B.: excludes advances on foreign exchange contracts of R\$5,767 and R\$6,128, allocated to the specific item in loan operations in June/06 and June /07, respectively.

The variation in the quarter is mainly due to the increase in the items: (i) Tax and Social Security R\$1,229; (ii) Subordinated Debt R\$996.

N.B.: excludes advances on foreign exchange contracts of R\$5,851 and R\$6,128, allocated to the specific item in loan operations in March/07 and June/07, respectively.

Minority Interest in Subsidiaries

June			2007		
2006	2007	Variation %	March	June	Variation %
55	63	14.5	61	63	3.3

The variation in the period is mainly due to the increase in the number of the minority stockholders of Indiana Seguros.

In the quarter, the Minority Interest in Subsidiaries item remained practically steady.

Stockholders Equity

June			2007		
2006	2007	Variation %	March	June	Variation %
21,461	27,515	28.2	26,029	27,515	5.7

The variation in the period is due to: (i) the appropriation of reported net income R\$5,929; (ii) the increase in the reserve for securities and derivatives mark-to-market adjustment R\$1,353; (iii) capital increase R\$1,200; (iv) premium in stock subscription R\$18; which was partially **offset** by: (v) interest on own capital/dividends paid and provisioned R\$2,409; and (vi) treasury stock buyback R\$37.

The variation in the quarter is due to: (i) the appropriation of reported net income R\$2,302; which was **offset** by: (ii) interest on own capital and dividends paid and provisioned R\$796; (iii) the decrease in reserve for securities and derivatives mark-to-market adjustment R\$11; and (iv) treasury stock buyback R\$9.

2-Main Statement of Income Information

Consolidated Statement of Adjusted Income R\$ thousand

	Years				
	2006	2005	2004	2003	2002
Revenues from Financial Intermediation	37,666,266	32,968,153	26,203,227	28,033,866	31,913,379
Loan Operations	20,055,120	16,704,318	12,731,435	12,294,528	15,726,929
Leasing Operations	653,260	444,389	300,850	307,775	408,563
Operations with Securities	6,090,822	5,552,008	4,921,179	7,832,965	9,527,663
Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans	6,887,472	6,171,213	5,142,434	5,359,939	3,271,913
Derivative Financial Instruments	1,923,358	1,983,152	1,238,890	55,192	(2,073,247)
Foreign Exchange Transactions	729,647	617,678	691,302	797,702	4,456,594
Compulsory Deposits	1,326,587	1,495,395	1,177,137	1,385,765	594,964
Expenses from Financial Intermediation (Excluding PDD)	17,827,105	16,419,196	12,972,347	14,752,199	20,441,257
Market Funding Operations	11,994,711	11,285,324	8,486,003	10,535,497	10,993,327
Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	4,004,823	3,764,530	3,215,677	3,120,342	2,241,283
Borrowings and Onlendings	1,819,413	1,360,647	1,253,175	1,083,379	7,194,161
Leasing Operations	8,158	8,695	17,492	12,981	12,486
Net Interest Income	19,839,161	16,548,957	13,230,880	13,281,667	11,472,122
Allowance for Doubtful Accounts Expenses	4,412,413	2,507,206	2,041,649	2,449,689	2,818,526
Gross Income from Financial Intermediation	15,426,748	14,041,751	11,189,231	10,831,978	8,653,596
Other Operating Income (Expenses)	(6,759,505)	(6,543,186)	(7,071,120)	(7,278,870)	(6,343,850)
Fee and Commission Income	8,897,882	7,348,879	5,824,368	4,556,861	3,711,736
Operating Income on Insurance, Private Pension Plans and Certificated Savings Plans	1,025,221	620,991	(60,645)	(148,829)	658,165
Retained Premiums from Insurance, Private Pension Plans and Certificated Savings Plans	15,179,418	13,647,089	13,283,677	11,726,088	10,134,873
Net Premiums Issued	19,021,852	16,824,862	15,389,170	13,111,896	10,687,384
Reinsurance Premiums and Redeemed Premiums	(3,842,434)	(3,177,773)	(2,105,493)	(1,385,808)	(552,511)
Variation in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	(3,515,047)	(2,428,589)	(3,964,106)	(3,670,163)	(2,784,647)
Retained Claims	(6,126,664)	(5,825,292)	(5,159,188)	(3,980,419)	(3,614,963)
Certificated Savings Plans Draws and Redemptions	(1,221,626)	(1,228,849)	(1,223,287)	(1,099,554)	(720,932)
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(1,022,737)	(961,017)	(867,094)	(762,010)	(667,527)
Private Pension Plans Benefits and Redemptions Expenses	(2,268,123)	(2,582,351)	(2,130,647)	(2,362,771)	(1,688,639)
Personnel Expenses	(5,932,406)	(5,311,560)	(4,969,007)	(4,779,491)	(4,075,613)
Other Administrative Expenses	(5,870,030)	(5,142,329)	(4,937,143)	(4,814,204)	(4,028,377)
Tax Expenses	(2,149,905)	(1,827,337)	(1,464,446)	(1,054,397)	(847,739)
Equity in the Earnings of Affiliated Companies	72,324	76,150	163,357	5,227	64,619

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Other Operating Income	1,420,217	1,096,968	1,198,532	1,697,242	1,320,986
Other Operating Expenses	(4,222,808)	(3,404,948)	(2,826,136)	(2,741,279)	(3,147,627)
Operating Income	8,667,243	7,498,565	4,118,111	3,553,108	2,309,746
Non-Operating Income	(8,964)	(106,144)	(491,146)	(841,076)	186,342
Income before Taxes on Profit and Interest	8,658,279	7,392,421	3,626,965	2,712,032	2,496,088
Taxes on Income	(2,286,765)	(1,869,516)	(554,345)	(396,648)	(460,263)
Minority Interest in Subsidiaries	(9,007)	(8,831)	(12,469)	(9,045)	(13,237)
Net Income	6,362,507	5,514,074	3,060,151	2,306,339	2,022,588
 Profitability on Stockholders' Equity	 25.83%	 28.41%	 20.11%	 17.02%	 18.65%
Net Interest Income/Total Assets	7.47%	8.28%	7.15%	7.54%	8.03%

Consolidated Statement of Adjusted Income R\$ thousand

	2007			2006			2005	
	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.
Revenues from								
Financial								
Intermediation	9,876,267	9,313,588	9,566,436	9,624,065	9,678,900	8,796,865	10,114,120	8,371,118
Loan Operations	4,994,278	4,936,359	5,112,754	5,258,086	5,166,814	4,517,466	5,220,326	4,296,030
Leasing								
Operations	192,700	191,817	192,898	174,990	151,474	133,898	128,647	133,604
Operations with								
Securities	1,124,485	1,481,724	1,716,957	1,793,642	1,532,264	1,047,959	2,236,854	1,357,055
Financial Income								
on Insurance,								
Private Pension								
Plans and								
Certificated								
Savings Plans	2,001,085	1,685,144	1,840,259	1,591,834	1,622,810	1,832,569	1,748,960	1,515,755
Derivative								
Financial								
Instruments	1,105,847	553,119	290,601	303,403	528,246	801,108	118,208	586,559
Foreign								
Exchange								
Operations	143,305	149,264	98,051	167,557	349,797	114,242	296,868	89,974
Compulsory								
Deposits	314,567	316,161	314,916	334,553	327,495	349,623	364,257	392,141
Expenses from								
Financial								
Intermediation								
(Excluding								
PDD)	4,172,818	4,294,503	4,520,722	4,756,794	4,729,262	3,820,327	5,510,528	4,034,524
Market Funding								
Operations	2,731,654	2,884,640	3,010,976	3,430,965	3,016,360	2,536,410	3,713,534	2,897,471
Price-level								
Restatement and								
Interest on								
Technical								
Provisions for								
Insurance,								
Private Pension								
Plans								
and								
Certificated								
Savings Plans	1,096,964	1,043,589	1,138,529	907,865	915,781	1,042,648	1,050,944	872,695
Borrowings and								
Onlendings	341,203	364,583	369,088	415,788	794,801	239,736	744,611	262,910
Leasing								
Operations	2,997	1,691	2,129	2,176	2,320	1,533	1,439	1,448

Net Interest Income	5,703,449	5,019,085	5,045,714	4,867,271	4,949,638	4,976,538	4,603,592	4,336,594
Allowance for Doubtful Accounts Expenses	1,343,964	1,159,661	1,189,941	1,168,044	1,115,986	938,442	770,560	539,900
Gross Income from Financial Intermediation Other Operating Income (Expenses)	(1,949,496)	(1,577,991)	(1,675,438)	(1,542,072)	(1,752,656)	(1,789,339)	(1,807,520)	(1,688,151)
Fee and Commission Income	2,608,536	2,559,188	2,423,752	2,342,847	2,090,735	2,040,548	2,009,563	1,918,367
Operating Income of Insurance, Private Pension Plans and Certificated Savings Plans	115,334	241,430	345,135	325,144	239,400	115,542	263,092	146,207
Retained Premiums from Insurance, Private Pension Plans and certificated Savings Plans	3,842,668	3,605,971	4,626,761	3,807,017	3,287,286	3,458,354	4,303,785	3,546,484
Net Premiums Issued	5,054,748	4,801,108	5,662,096	4,714,041	4,249,174	4,396,541	5,083,889	4,314,294
Reinsurance Premiums and Redeemed Premiums	(1,212,080)	(1,195,137)	(1,035,335)	(907,024)	(961,888)	(938,187)	(780,104)	(767,810)
Variation of Technical Provisions of Insurance, Private Pension Plans and Certificated Savings Plans	(1,097,267)	(663,215)	(1,568,675)	(901,468)	(465,746)	(579,158)	(1,318,642)	(739,487)
Retained Claims	(1,503,530)	(1,427,886)	(1,651,421)	(1,489,845)	(1,476,763)	(1,508,635)	(1,533,502)	(1,462,742)
Certificated Savings Plans Draws and Redemptions	(352,506)	(301,043)	(343,384)	(305,545)	(288,144)	(284,553)	(331,479)	(337,735)

Insurance, Private Pension Plans and Certificated Savings Plans								
Selling Expenses	(261,961)	(259,833)	(268,731)	(259,861)	(251,020)	(243,125)	(263,324)	(244,611)
Private Pension Plans Benefits and Redemption Expenses	(512,070)	(712,564)	(449,415)	(525,154)	(566,213)	(727,341)	(593,746)	(615,702)
Personnel Expenses	(1,649,408)	(1,459,826)	(1,460,199)	(1,584,533)	(1,468,665)	(1,419,009)	(1,361,355)	(1,483,256)
Other Administrative Expenses	(1,644,146)	(1,539,500)	(1,671,274)	(1,506,957)	(1,374,340)	(1,317,459)	(1,439,655)	(1,270,824)
Tax Expenses	(581,290)	(585,370)	(577,132)	(532,175)	(532,474)	(508,124)	(523,037)	(454,201)
Equity in the Earnings of Affiliated Companies	4,505	11,589	30,257	7,587	29,786	4,694	7,281	64,227
Other Operating Income	298,938	337,274	430,410	418,941	316,150	254,716	299,948	237,711
Other Operating Expenses	(1,101,965)	(1,142,776)	(1,196,387)	(1,012,926)	(1,053,248)	(960,247)	(1,063,357)	(846,382)
Operating Income	2,409,989	2,281,433	2,180,335	2,157,155	2,080,996	2,248,757	2,025,512	2,108,543
Non-Operating Income	4,129	(2,714)	(29,038)	40,570	11,330	(31,826)	(69,388)	(10,149)
Income before Taxes on Profit and Interest	2,414,118	2,278,719	2,151,297	2,197,725	2,092,326	2,216,931	1,956,124	2,098,394
Taxes on income	(612,311)	(570,335)	(530,168)	(584,759)	(490,445)	(681,393)	(488,742)	(665,871)
Minority Interest in Subsidiaries	(1,450)	(3,067)	(1,580)	(2,393)	245	(5,279)	(4,829)	(2,294)
Net Income	1,800,357	1,705,317	1,619,549	1,610,573	1,602,126	1,530,259	1,462,553	1,430,229
Profitability on Stockholders' Equity (Annualized)	28.06%	28.90%	29.00%	33.04%	33.88%	33.60%	33.72%	35.20%
Net Interest Income/Total Assets (Annualized)	8.05%	7.31%	7.82%	8.25%	8.80%	10.09%	8.77%	9.21%

Profitability

Bradesco's Adjusted Net Income reached R\$3,506 million in 1H07, against R\$3,132 million reached in the same period of 2006, which corresponds to an 11.9% increase. Stockholders' Equity amounted to R\$27,515 million on June 30, 2007, with a growth of 28.2% compared to the balance as of June 30, 2006. Accordingly, the annualized Return on Average Stockholders' Equity (ROAE) reached 28.8%. Total Assets added up to R\$290,568 million at the end of June 30, 2007, growing 24.7% when compared to the balance of June 30, 2006. The annualized Return on Average Assets (ROAA) in 1H07 was 2.5%. Earnings per stock reached R\$1.75.

In 2Q07, the income was R\$1,801 million, representing an increase of R\$96 million or 5.6% when compared to the Net Income in 1Q07. The annualized Return on Average Stockholders' Equity (ROAE) reached 29.5% in the quarter and the Return on Average Assets (ROAA), in 2Q07, was 2.5%. Earnings per stock reached R\$0.90.

2Q07 showed an increase in the income composing the Net Interest Income which, composed mainly by higher non-interest results, reached the amount of R\$874 million, a R\$463 million increase, compared to 1Q07, deriving, basically, from higher gains of treasury and TVM operations. In addition, the result with interest reached R\$4,830 million, a R\$222 million increase (R\$283 million related to business volume increase and R\$61 million related to spread reduction). That increase is mainly due to the growth in business volume, particularly the 6.6% growth in the volume of loan operations for individual and corporate clients, which was offset by the fall in the interest rates, which had a negative impact on the result of several of Bradesco's assets and liabilities which generate interest.

The Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans showed in 2Q07 a decrease of R\$125 million, a reflection of the higher constitution of technical provision in the PGBL/Traditional and VGBL products.

In 2Q07, the allowance for doubtful accounts expenses was R\$1,344 million, an increase of R\$184 million when compared to the previous quarter. This variation is due to the growth of our loan portfolio and mainly to the growth in the operations with individual clients, which requires a higher provision volume due to its characteristic.

The Operating Efficiency Ratio, in the 12-month period ended on June 30, 2007 was 42.0%, an improvement of 0.1 percentage point when compared to the ratio of the 12-month period ended on March 30, 2007, which was 42.1%, and 1.2 percentage point when compared to the period ended on June 30, 2006, principally as a result of the combination of strict expense control with permanent efforts for increase in revenue.

The Coverage Ratio in the last 12 months [(fee and commission income)/(personnel expenses + administrative expenses)] improved 1.4 percentage point, increasing from 78.0% in March 2007 to 79.4% in June 2007 and 7.0 percentage points when compared to the 72.4% of June 2006.

Results by Business Segment

Income Breakdown in percentage

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

Variation in the Main Statement of Income Items

1st Half of 2007 compared to 1st Half of 2006 R\$ million

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

2nd Quarter of 2007 compared to the 1st Quarter of 2007 R\$ million

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

Variation in Items Composing the Net Interest Income with Exchange Adjustment

1st Half of 2007 compared to the 1st Half of 2006 R\$ million

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).
- (2) Includes Market Funding Expenses, excluding Expenses from Purchase and Sale Commitments + Expenses from Borrowings and Onlendings + Income on Compulsory Deposits + Adjustments to Income on Foreign Exchange Transactions (Note 11a).
- (3) Includes Result of Operations with Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans + Income on Derivative Financial Instruments + Adjustments to Income on Foreign Exchange Transactions (Note 11a).
- (4) This refers to price-level restatement and interest of Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans.

2nd Quarter of 2007 compared to the 1st Quarter of 2007 R\$ million (*)

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).
- (2) Includes Market Funding Expenses, excluding Expenses from Purchase and Sale Commitments + Expenses from Borrowings and Onlendings + Income on Compulsory Deposits + Adjustments to Income on Foreign Exchange Transactions (Note 11a).
- (3) Includes Result of Operations with Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans + Income on Derivative Financial Instruments + Adjustments to Income on Foreign Exchange Transactions (Note 11a).
- (4) This refers to price-level restatement and interest of Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans.

Analysis of the Adjusted Net Interest Income and Average Rates**Loan Operations x Income**

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
Loan Operations	75,923	91,289	88,549	93,883
Leasing Operations	2,812	4,291	4,013	4,481
Advances on Exchange	5,409	5,894	5,777	5,989
1 Total Average Balance (Quarterly)	84,144	101,474	98,339	104,353
2 Income (Loan Operations, Leasing and Exchange) (**)	10,007	10,440	5,182	5,258
3 Average Rate Annualized Exponentially (2/1)	25.2%	21.6%	22.8%	21.7%

(*) Does not include other loans.

(**) Includes Income from Loan Operations, Net Results from Leasing Operations and adjusted Results on Foreign Exchange Transactions (Note 11a).

Securities (TVM) x Income on TVM

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
Securities	67,787	99,454	97,392	100,556
Interbank Investments	25,429	28,328	28,795	29,498
Purchase and Sale Commitments	(25,978)	(50,778)	(49,288)	(52,329)
Derivative Financial Instruments	(587)	(1,166)	(687)	(1,490)
4 Total Average Balance (Quarterly)	66,651	75,838	76,212	76,235
5 Income on Securities (Net of Purchase and Sales Commitments Expenses) (*)	5,242	5,143	2,381	2,762
6 Average Rate Annualized Exponentially (5/4)	16.3%	14.0%	13.1%	15.3%

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

Total Assets x Income from Financial Intermediation

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
7 Total Assets Average Balance (Quarterly)	218,723	279,353	273,746	286,256
8 Income from Financial Intermediation	18,475	19,191	9,313	9,878
9 Average Rate Annualized Exponentially (8/7)	17.6%	14.2%	14.3%	14.5%

Funding x Expenses

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
Deposits	76,028	83,556	84,034	83,381
Funds from Acceptance and Issuance of Securities	6,237	6,053	5,758	6,262
Interbank and Interdepartmental Accounts	1,809	2,036	2,091	1,938
Subordinated Debt	9,079	12,433	12,048	12,675
10 Total Funding Average Balance (Quarterly)	93,153	104,078	103,931	104,256
11 Expenses (*)	2,868	2,181	1,231	950
12 Average Rate Annualized Exponentially (11/10)	6.3%	4.2%	4.8%	3.7%

(*) Funding Expenses without Purchase and Sale Commitment, less Income on Compulsory Deposits and Foreign Exchange Adjustment (Note 11a).

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

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
13 Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans Average Balance (Quarterly)	42,455	50,894	49,891	51,776
14 Expenses (*)	1,958	2,141	1,043	1,098
15 Average Rate Annualized Exponentially (14/13)	9.4%	8.6%	8.6%	8.7%

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

Borrowings and Onlendings (Local and Foreign) x Expenses

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
Borrowings	6,217	6,425	6,368	6,749
Onlendings	9,660	11,981	11,659	12,151
16 Total Borrowings and Onlendings				
Average Balance (Quarterly)	15,876	18,406	18,027	18,900
17 Expenses for Borrowings and Onlendings				
(*)	497	539	269	270
18 Average Rate Annualized Exponentially				
(17/16)	6.4%	5.9%	6.1%	5.8%

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

Total Assets x Net Interest Income

R\$ million	1 st Half		2007	
	2006	2007	1 st Qtr.	2 nd Qtr.
19 Total Assets Average Balance (Quarterly)	218,723	279,353	273,746	286,256
20 Net Interest Income (*)	9,925	10,723	5,019	5,704
21 Average Rate Annualized Exponentially				
(20/19)	9.3%	7.8%	7.5%	8.2%

(*) Gross Income from Financial Intermediation excluding PDD.

Financial Market Indicators**Analysis of Net Interest Income****a) Net Interest Income Adjustment**

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

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

Thus, the gross hedge result is reflected in the Net Interest Income, in the Results of Derivative Financial Instruments account, and in the Tax Expenses and Taxes on Income accounts, the respective taxes, as shown below:

Hedge Fiscal Effect of Investments Abroad R\$ million

Effect in the Accounts	Effect in the 1 st Half of 2006				Effect in the 1 st Half of 2007			
	Net Interest Income	Tax Expenses	IR/CS	Net Income	Net Interest Income	Tax Expenses	IR/CS	Net Income
Partial Result of the Hedge of Investments Abroad	796	(37)	(258)	501	1,382	(64)	(448)	870
Foreign Exchange Variation of Investments Abroad	(501)			(501)	(870)			(870)
Total	295	(37)	(258)		512	(64)	(448)	
Effect in the Accounts	Effect in the 1 st Quarter of 2007				Effect in the 2 nd Quarter of 2007			
	Net Interest Income	Tax Expenses	IR/CS	Net Income	Net Interest Income	Tax Expenses	IR/CS	Net Income
Partial Result of the Hedge of Investments Abroad	574	(27)	(185)	362	808	(37)	(263)	508
Foreign Exchange Variation of Investments Abroad	(362)			(362)	(508)			(508)

Total	212	(27)	(185)	300	(37)	(263)
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For a better evaluation of Net Interest Income evolution in the periods, the effects of this hedge and the foreign exchange variation of investments abroad in net interest income were excluded, as well as the sale of our stake in Arcelor in 2Q07, as follows:

Adjusted Net Interest Income

	R\$ million					
	1 st Half			2007		
			Variation			Variation
	2006	2007		1 st Qtr.	2 nd Qtr.	
Reported Net Interest Income	10,220	11,589	1,369	5,231	6,358	1,127
(-) Sale of Arcelor		(354)	(354)		(354)	(354)
(-) Hedge/Exchange Variation	(295)	(512)	(217)	(212)	(300)	(88)
Adjusted Net Interest Income	9,925	10,723	798	5,019	5,704	685
% Adjusted over Average Assets	9.3	7.8		7.5	8.2	

b) Comments on the Adjusted Net Interest Income Variation

In 1H07, the adjusted net interest income reached R\$10,723 million, an 8.0% increase on the R\$9,925 million recorded in 1H06. The result in 2Q07 was R\$5,704 million, a 13.6% increase compared to the R\$5,019 million in 1Q07. The analytical opening of the net interest income result among interest and non-interest results is shown below:

Adjusted Net Interest Income Breakdown

	R\$ million					
	1 st Half			2007		
			Variation			Variation
	2006	2007		1 st Qtr.	2 nd Qtr.	
Interests due to volume			1,848			283
Interests due to spreads			(1,025)			(61)
(=) Net Interest Income Interest	8,615	9,438	823	4,608	4,830	222
(+) Net Interest Income Non-Interest	1,310	1,285	(25)	411	874	463
(=) Adjusted Net Interest Income	9,925	10,723	798	5,019	5,704	685

The interest net interest income in 1H07 amounted to R\$9,438 million against R\$8,615 million recorded in the same period of the previous year, accounting for an increase of 9.6% or R\$823 million. This variation was essentially due to the increase in the volume of operations, which positively affected the interest net interest income in R\$1,848 million, offsetting the drop of R\$1,025 million resulting from the spreads shrinkage occurred between the periods compared.

Comparing 2Q07 and 1Q07, the interest net interest income amounted to R\$4,830 million, an increase of R\$222 million. This variation was positively impacted in R\$283 million as a result of the increase in volumes. The drop in spreads, however, had an adverse effect on the net interest income in R\$61 million.

The evolution of loan operations significantly contributed to the increase of the financial intermediation result, as it grew by 6.6% only this quarter and 22.1% in the last 12 months, amounting to R\$108.2 billion at the end of 2Q07.

The loan operations portfolios, mainly responsible for the increase of the net interest income, were the consumer financing operations portfolios.

We point out that the partnerships entered into with retail networks for the management of the Private Label credit cards also contributed to the increase of loan operations. The management of Private Label credit cards comprises Bradesco's products and services trading and the acquisition of credit card operations of Amex Brasil, which impacted mainly on the comparison between 1H07 and 1H06, since the merger of this company was in June 2006.

Despite the exchange loss variation of 6.1% in 2Q07 and of 9.9% in 1H07, the balance of loan operations indexed and/or denominated borrowings and onlendings (excluding ACCS) increased by 20.0% in dollars and 12.7% in reais in the quarter. In the last 12 months, the increase was 70.5% and 51.7%, respectively, mainly due to the increased volume of operations carried out in Branches and Subsidiaries abroad.

Another highlight was the growth of checking accounts base, reaching the number of 303 thousand new checking accounts in 2Q07, 275 thousand of which for individual clients and 28 thousand for corporate clients. This growth positively impacted on, among others, the expansion of the volume of demand and savings deposits which, during 2Q07, increased 4.5% and 2.9%, respectively. The comparison between the last 12 months shows a higher increase of 26.3% in demand and 14.4% in savings deposits. It is worth pointing out that this growth was essential to mitigate the drop of spread of the funding operations due to the decrease in the interest rates (Selic).

Below, we can observe the interest net interest income comparing the quarterly history since 2005:

The annualized interest net interest income rate amounted to 7.0% in 2Q07, the same as the previous quarter. The operations with individual clients had a growth of 7.4% in the last quarter, higher than the 6.1% growth in corporate clients operations. It is worth pointing out that the spreads in operations with individual clients are higher than those with corporate clients. They require, however, higher allowance for doubtful accounts, due to the higher delinquency level.

The result of the adjusted net interest income coming from non-interest results in 2Q07 showed an increase of R\$463 million when compared to 1Q07. This is due to higher gains with securities and treasury. In 1H07, the net interest income from non-interest results was practically the same as the previous year.

Allowance for Doubtful Accounts (PDD)**PDD Evolution**

	R\$ million					
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Opening Balance	4,959	5,315	4,959	6,646	6,775	6,646
Amount Recorded	938	1,116	2,054	1,160	1,344	2,504
Amount Written-off	(593)	(688)	(1,281)	(1,031)	(1,095)	(2,126)
Balance Derived from Acquired Institutions	11	90	101		9	9
Closing Balance	5,315	5,833	5,833	6,775	7,033	7,033
Specific Allowance	2,703	3,053	3,053	3,772	3,856	3,856
Generic Allowance	1,580	1,700	1,700	1,900	2,067	2,067
Exceeding Allowance	1,032	1,080	1,080	1,103	1,110	1,110
Credit Recoveries	129	146	275	178	218	396

PDD on Loan and Leasing Operations

	R\$ million			
	2006		2007	
	March	June	March	June
PDD (A)	5,315	5,833	6,775	7,033
Loan Operations (B)	84,426	88,643	101,473	108,191
PDD over Loan Operations (A/B)	6.3%	6.6%	6.7%	6.5%

Coverage Ratio PDD/Abnormal Course Loans (E to H)

	R\$ million			
	2006		2007	
	March	June	March	June
(1) Total Allowance	5,315	5,833	6,775	7,033
(2) Abnormal Course Loans (E-H)	3,235	3,708	4,569	4,740
Coverage Ratio (1/2)	164.3%	157.3%	148.3%	148.4%

Coverage Ratio Non Performing Loans (NPL) (*)

R\$ million**2006****2007****March****June****March****June**

(1) Total Allowance	5,315	5,833	6,775	7,033
(2) Non Performing Loans	3,281	3,724	4,475	4,695
NPL Ratio (1/2)	162.0%	156.6%	151.4%	149.8%

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

For further information on PDD, see pages 82, 83, 154 and 155 of this Report.

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Fee and Commission Income

	R\$ million					
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Checking Accounts	495	510	1,005	574	583	1,157
Card Income	349	354	703	557	581	1,138
Loan Operations	360	379	739	441	468	909
Assets under Management	303	306	609	334	345	679
Charging	180	183	363	204	211	415
Interbank Fees	73	70	143	76	79	155
Collection	56	64	120	70	66	136
Consortium Purchase Plan Management	44	48	92	53	57	110
Custody and Brokerage Services	38	39	77	49	57	106
Other	142	138	280	201	162	363
Total	2,040	2,091	4,131	2,559	2,609	5,168

Fee and Commission Income increased by 25.1 % in the 1st half of 2007 totaling R\$5,168 million, which represents a R\$1,037 million growth when compared to the same period of the previous year.

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

the growth of 61.9%, represented by the increase of R\$435 million in the item *Income from Cards*, related to the increase of 20.4% of the cards base, from 52.5 million to 63.2 million, influenced by the consolidation of Amex Brasil;

the strategy of client segmentation (Private, Prime, Corporate, Middle Market and Retail), jointly with the tariff realignment and client base growth, which boosted the item *Checking Accounts*, up by R\$152 million;

the increase in the volume of Loan Operations, especially to individuals, with highlights to the products *Personal Loan* and *Vehicles*, which was the major factor for the increase in the item *Revenues from Loan Operations*, with a R\$170 million improvement; and

the volume growth of 17.2% in assets under management, from R\$137.6 billion on June 30, 2006 to R\$161.3 billion on June 30, 2007, which was the main reason for the growth in the item *Assets under Management*, which increased by R\$70 million.

When compared to the previous quarter, Fee and Commission Income showed an expansion of 2.0%, with a R\$50 million growth, as a result of the increased volume of businesses in 2Q07, pointing out increases in the items *Loan Operations* R\$27 million and *Income from Cards* R\$ 24 million.

Administrative and Personnel Expenses**R\$ million**

	2006			2007		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Administrative Expenses						
Third-Party Services	271	265	536	339	379	718
Communications	187	189	376	220	232	452
Transportation	115	121	236	124	124	248
Advertising and Promotions	91	106	197	107	129	236
Depreciation and Amortization	109	113	222	133	133	266
Financial System Services	113	111	224	123	129	252
Rentals	81	83	164	96	100	196
Maintenance and Repairs	63	80	143	68	70	138
Data Processing	50	64	114	89	98	187
Leasing of Assets	54	56	110	45	46	91
Security and Vigilance	41	41	82	45	48	93
Materials	40	43	83	45	48	93
Water, Electricity and Gas	42	40	82	45	45	90
Travel	15	20	35	14	17	31
Other	45	43	88	47	46	93
Total	1,317	1,375	2,692	1,540	1,644	3,184
Personnel Expenses						
Remuneration	678	716	1,394	723	784	1,507
Social Charges	247	258	505	259	286	545
Benefits	302	299	601	315	324	639
Employee Profit Sharing	100	90	190	124	134	258
Provision for Labor Proceedings	84	91	175	29	102	131
Training	8	15	23	10	19	29
Total	1,419	1,469	2,888	1,460	1,649	3,109
Total Administrative and Personnel Expenses	2,736	2,844	5,580	3,000	3,293	6,293

In 1H07, Administrative and Personnel Expenses showed a R\$713 million increase when compared to 1H06, reaching R\$6,293 million against R\$5,580 million in the same period of 2006. The nominal variation of Administrative Expenses between the periods showed a R\$492 million increase, reaching R\$3,184 million, mainly due to: (i) the increase in businesses; (ii) the contractual adjustments in the period; and (iii) the investments in the improvement and optimization of the technological platform.

Personnel Expenses increased R\$221 million when compared to the same period of 2006, reaching R\$3,109 million, mainly: (i) the increase in the salary levels, resulting from the Collective Bargaining Agreement of 2006 (3.5%); (ii) higher PLR expenses R\$68; (iii) the consolidation of Amex Brasil and Fidelity R\$77; **mitigated**: (iv) by the lower

expenses with provisions for labor proceedings R\$44.

When compared to the previous quarter, Administrative and Personnel Expenses increased R\$293 million in 2Q07, a hike of 9.8%, increasing from R\$3,000 million in 1Q07 to R\$3,293 million in 2Q07.

Administrative Expenses increased by R\$104 million when compared to the previous quarter, basically due to the increase in expenses with: (i) outsourced services R\$40 million; (ii) advertising R\$22 million; (iii) communications R\$12 million; and (iv) data processing R\$9 million.

Personnel Expenses in 2Q07 increased R\$189 million basically due to: (i) the increase in provision for labor proceedings of R\$73 million; (ii) the increase in the expenses with PLR of R\$10 million; and (iii) higher expenses in this quarter related to higher concentration of vacation in 1Q07.

Operating Efficiency

	R\$ million						
	Years					2007 (*)	
	2002	2003	2004	2005	2006	March	June
Personnel Expenses	4,076	4,779	4,969	5,312	5,932	5,973	6,153
Employee Profit Sharing	(140)	(170)	(182)	(287)	(415)	(438)	(482)
Other Administrative Expenses	4,028	4,814	4,937	5,142	5,870	6,093	6,362
Total (1)	7,964	9,423	9,724	10,167	11,387	11,628	12,033
Net Interest Income	11,472	13,282	13,231	16,550	19,838	19,881	20,635
Fee and Commission Income	3,712	4,557	5,824	7,349	8,898	9,417	9,935
Subtotal Insurance, Private Pension Plans and Certificated Savings Plans	658	(149)	(60)	621	1,025	1,151	1,027
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	10,135	11,726	13,284	13,647	15,180	15,328	15,883
Variation in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings	(2,785)	(3,670)	(3,964)	(2,429)	(3,515)	(3,599)	(4,230)
Retained Claims	(3,615)	(3,980)	(5,159)	(5,825)	(6,127)	(6,046)	(6,073)
Certificated Savings Plans Draws and Redemptions	(721)	(1,100)	(1,223)	(1,229)	(1,222)	(1,238)	(1,303)
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(667)	(762)	(867)	(961)	(1,023)	(1,040)	(1,051)
Expenses with Private Pension Plan Benefits and Redemptions	(1,689)	(2,363)	(2,131)	(2,582)	(2,268)	(2,254)	(2,199)
Equity in the Earnings of Affiliated Companies	65	5	163	76	72	79	53
Other Operating Expenses	(3,148)	(2,741)	(2,826)	(3,405)	(4,223)	(4,405)	(4,453)
Other Operating Income	1,321	1,697	1,198	1,097	1,420	1,502	1,485
Total (2)	14,080	16,651	17,530	22,288	27,030	27,625	28,682
Operating Efficiency Ratio (%) = (1/2)	56.6	56.6	55.5	45.6	42.1	42.1	42.0

(*) Year-to-date amounts based on the statement of adjusted income.

Operating Efficiency Ratio in percentage

The Operating Efficiency Ratio (year-to-date) up to June 2007 was 42.0%, an increase of 0.1 percentage point when compared to the 12-month period ended in March 2007. It is also worth mentioning the higher net interest income in R\$754 million, basically stemming from the interest component, stimulated by an increment in business volume, with highlights to an increase in the volume of loan operations for individuals, mainly focused on consumer financing, the profitability of which is higher if compared to the corporate loans, and to an increased fee and commission income, in R\$518 million, as a result of the increase in the average volume of transactions, the fee realignment and the segmentation process.

The Coverage Ratio accumulated in the last 12 months (fee and commission income)/ (personnel expenses + administrative expenses) improved 1.4 percentage point, increasing from 78.0% in March 2007 to 79.4% in June 2007, and 7.0 percentage points when compared to the 72.4% of June 2006.

Administrative + Personnel Expenses and Fee and Commission Income (Year-to-date)

Other Indicators

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3-Main Balance Sheet Information

Consolidated Balance Sheet R\$ thousand

Assets	June		December		
	2007	2006	2005	2004	2003
Current and long-term assets	287,069,988	262,054,823	204,325,065	180,038,498	171,141,348
Funds available	4,915,684	4,761,972	3,363,041	2,639,260	2,448,426
Interbank investments	27,394,282	25,989,190	25,006,158	22,346,721	31,724,003
Open market investments	23,016,762	20,617,520	19,615,744	15,667,078	26,753,660
Interbank deposits	4,377,625	5,372,658	5,390,726	6,682,608	4,970,343
Allowance for losses	(105)	(988)	(312)	(2,965)	
Securities and derivative financial instruments	103,577,387	97,249,959	64,450,808	62,421,658	53,804,780
Own Portfolio	80,154,315	72,052,850	59,324,858	51,255,745	42,939,043
Subject to repurchase agreements	10,855,916	15,352,073	1,051,665	4,807,769	5,682,852
Derivative financial instruments	2,442,097	549,065	474,488	397,956	232,311
Restricted deposits Brazilian Central Bank	6,328,062	440,235	2,506,172	4,512,563	3,109,634
Privatization currencies	89,729	70,716	98,142	82,487	88,058
Subject to collateral provided	3,705,012	765,129	995,483	1,365,138	1,752,882
Securities purpose of unrestricted purchase and sale commitments	2,256	8,019,891			
Interbank accounts	20,118,023	19,124,806	16,922,165	16,087,102	14,012,837
Unsettled receipts and payments	394,194	50,945	39,093	22,075	20,237
Restricted credits:					
Restricted deposits Brazilian Central Bank	19,277,486	18,664,706	16,444,866	15,696,154	13,580,425
National treasury rural credit	578	578	578	578	578
SFH	413,239	405,465	396,089	335,320	391,871
Interbank onlendings	2,940				
Correspondent banks	29,586	3,112	41,539	32,975	19,726
Interdepartmental accounts	138,761	186,338	172,831	147,537	514,779
Internal transfer of funds	138,761	186,338	172,831	147,537	514,779
Loan operations	90,008,688	79,714,969	68,328,802	51,890,887	42,162,718
Loan operations:					
Public sector	851,144	784,870	821,730	536,975	186,264
Private sector	95,917,819	85,315,248	72,205,630	55,242,348	45,768,970
Allowance for doubtful accounts	(6,760,275)	(6,385,149)	(4,698,558)	(3,888,436)	(3,792,516)
Leasing operations	4,662,561	3,751,558	2,411,299	1,556,321	1,306,433
Leasing receivables:					
Public sector	139,256	152,125	66,237		
Private sector	8,636,234	7,231,519	4,896,717	3,237,226	2,859,533
Unearned income from leasing	(3,927,440)	(3,472,246)	(2,444,596)	(1,576,690)	(1,438,534)
Allowance for leasing losses	(185,489)	(159,840)	(107,059)	(104,215)	(114,566)
Other receivables	34,122,235	29,302,217	22,106,013	21,664,592	24,098,765
Receivables on sureties and guarantees honored	1,055	38		811	624
Foreign exchange portfolio	12,047,077	7,946,062	6,937,144	7,336,806	11,102,537
Receivables	206,434	175,570	183,015	197,120	331,064

Negotiation and intermediation of amounts	513,745	709,034	1,124,197	357,324	602,543
Insurance premiums receivable	1,240,568	1,257,298	1,073,002	988,029	889,358
Sundry	20,200,096	19,315,264	12,941,687	12,937,408	11,324,857
Allowance for other doubtful accounts	(86,740)	(101,049)	(153,032)	(152,906)	(152,218)
Other assets	2,132,367	1,973,814	1,563,948	1,284,420	1,068,607
Other assets	374,928	369,099	367,688	477,274	586,994
Provisions for devaluations	(182,516)	(189,591)	(180,941)	(230,334)	(257,185)
Prepaid expenses	1,939,955	1,794,306	1,377,201	1,037,480	738,798
Permanent assets	3,498,204	3,492,450	4,357,865	4,887,970	4,956,342
Investments	585,130	696,582	984,970	1,101,174	862,323
Interest in affiliated companies:					
Local	426,954	403,033	438,819	496,054	369,935
Other investments	518,256	651,568	895,836	971,311	857,985
Allowance for losses	(360,080)	(358,019)	(349,685)	(366,191)	(365,597)
Property, plant and equipment in use	2,187,522	2,136,783	1,985,571	2,270,497	2,291,994
Buildings in use	1,046,863	1,055,640	1,115,987	1,357,063	1,398,735
Other fixed assets	4,149,052	4,101,918	3,644,874	3,604,741	3,480,636
Accumulated depreciation	(3,008,393)	(3,020,775)	(2,775,290)	(2,691,307)	(2,587,377)
Leased assets	28,162	16,136	9,323	18,951	34,362
Leased assets	40,468	25,142	23,161	58,463	63,812
Accumulated depreciation	(12,306)	(9,006)	(13,838)	(39,512)	(29,450)
Deferred charges	697,390	642,949	1,378,001	1,497,348	1,767,663
Organization and expansion costs	1,682,630	1,593,771	1,315,881	1,170,866	1,124,058
Accumulated amortization	(985,240)	(950,822)	(785,364)	(699,710)	(572,620)
Goodwill on acquisition of subsidiaries, net of amortization			847,484	1,026,192	1,216,225
Total	290,568,192	265,547,273	208,682,930	184,926,468	176,097,690

Consolidated Balance Sheet R\$ thousand

Liabilities	June		December		
	2007	2006	2005	2004	2003
Current and long-term liabilities	262,817,808	240,673,011	189,163,465	169,596,632	162,406,307
Deposits	82,600,618	83,905,213	75,405,642	68,643,327	58,023,885
Demand deposits	21,019,183	20,526,800	15,955,512	15,297,825	12,909,168
Savings deposits	28,405,401	27,612,587	26,201,463	24,782,646	22,140,171
Interbank deposits	230,980	290,091	145,690	19,499	31,400
Time deposits	32,359,675	34,924,541	32,836,656	28,459,122	22,943,146
Other deposits	585,379	551,194	266,321	84,235	
Federal funds purchased and securities sold under agreements to repurchase	53,755,946	47,675,433	24,638,884	22,886,403	32,792,725
Own portfolio	32,353,250	36,595,268	12,690,952	8,248,122	6,661,473
Third-party portfolio	19,350,502	3,471,383	11,947,932	14,430,876	17,558,740
Unrestricted portfolio	2,052,194	7,608,782		207,405	8,572,512
Acceptances and issuance of securities	6,645,148	5,636,279	6,203,886	5,057,492	6,846,896
Exchange acceptances	6,927				
Mortgage notes	875,154	857,697	847,508	681,122	1,030,856
Debentures funds	2,601,254	2,603,194	2,624,899		7,291
Securities issued abroad	3,161,813	2,175,388	2,731,479	4,376,370	5,808,749
Interbank accounts	164,646	5,814	139,193	174,066	529,332
Interbank onlendings					159,098
Correspondent banks	164,646	5,814	139,193	174,066	370,234
Interdepartmental accounts	1,761,699	2,225,711	1,900,913	1,745,721	1,782,068
Third-party funds in transit	1,761,699	2,225,711	1,900,913	1,745,721	1,782,068
Borrowings	6,539,968	5,777,906	7,135,327	7,561,395	7,223,356
Local borrowings official institutions	616	778	1,088	1,376	2,070
Local borrowings other institutions	349	44,447	18	11,756	4,010
Foreign currency borrowings	6,539,003	5,732,681	7,134,221	7,548,263	7,217,276
Local onlending official institutions	12,619,534	11,640,969	9,427,571	8,355,398	7,554,266
National treasury	33,550	99,073	52,318	72,165	51,398
BNDES	6,018,261	5,532,018	4,237,973	3,672,007	3,403,462
CEF	84,251	69,909	59,588	395,820	459,553
Finame	6,481,863	5,938,037	5,075,232	4,211,762	3,638,966
Other institutions	1,609	1,932	2,460	3,644	887
Foreign onlendings	5,513	170	183	42,579	17,161
Foreign onlendings	5,513	170	183	42,579	17,161
Derivative financial instruments	2,124,188	519,004	238,473	173,647	52,369
Technical Provisions for insurance, private pension plans and certificated savings plans	52,899,514	49,129,214	40,862,555	33,668,654	26,408,952
Other liabilities	43,701,034	34,157,298	23,210,838	21,287,950	21,175,297
Collection of taxes and other contributions	1,566,436	175,838	156,039	204,403	130,893
Foreign exchange portfolio	6,405,313	2,386,817	2,206,952	3,011,421	5,118,801
Social and statutory payables	1,311,895	190,916	1,254,651	900,266	851,885

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Fiscal and pension plans activities	9,624,700	8,014,520	5,041,312	4,495,387	4,781,458
Negotiation and intermediation of amounts	149,309	422,232	893,957	312,267	595,958
Financial and development funds	1,137	876			
Subordinated debt	13,202,983	11,949,457	6,719,305	5,972,745	4,994,810
Sundry	11,439,261	11,016,642	6,938,622	6,391,461	4,701,492
Future taxable income	173,303	180,460	52,132	44,600	31,774
Future taxable income	173,303	180,460	52,132	44,600	31,774
Minority interest in consolidated subsidiary	62,557	57,440	58,059	70,590	112,729
Stockholders' equity	27,514,524	24,636,362	19,409,274	15,214,646	13,546,880
Capital:					
Local residents	16,756,490	13,162,481	11,914,375	6,959,015	6,343,955
Foreign residents	1,243,510	1,037,519	1,085,625	740,985	656,045
Realizable capital				(700,000)	
Capital reserves	55,459	55,005	36,032	10,853	8,665
Profit reserves	7,596,750	8,787,106	5,895,214	7,745,713	6,066,640
Mark-to-market adjustment TVM and derivatives	1,937,589	1,644,661	507,959	458,080	478,917
Treasury stock	(75,274)	(50,410)	(29,931)		(7,342)
Stockholders' equity managed by parent company	27,577,081	24,693,802	19,467,333	15,285,236	13,659,609
Total	290,568,192	265,547,273	208,682,930	184,926,468	176,097,690

Total Assets by Currency and Maturity

Total Assets by Currency R\$ million

Total Assets by Maturity R\$ million

Securities

Summary of the Classification of Securities

	R\$ million					
	Financial	Insurance/ Certificated Savings Plans	Private Pension Plans	Other Activities	Total	%
Trading Securities	27,016	4,855	26,604	990	59,465	64.6
Securities Available for Sale	8,279	954	11,788	24	21,045	22.9
Securities Held to Maturity	939	4,249	6,302		11,490	12.5
Subtotal	36,234	10,058	44,694	1,014	92,000	100.0
Purchase and Sale Commitments	4,489	2,553	4,535		11,577	
Total on June 30, 2007	40,723	12,611	49,229	1,014	103,577	
Total on March 31, 2007	38,188	11,876	46,940	530	97,534	
Total on June 30, 2006	19,475	10,883	39,623	401	70,382	

Composition of Securities by Issuance

	R\$ million			
Securities	2006		2007	
	March	June	March	June
Government	29,712	30,734	49,607	49,061
Private	14,422	13,262	14,376	16,982
PGBL/ VGBL	20,890	21,211	22,980	25,957
Subtotal	65,024	65,207	86,963	92,000
Purchase and Sale Commitments:	3,645	5,175	10,571	11,577
Funds	3,167	3,703	5,420	7,777
PGBL/VGBL	478	1,472	5,151	3,800
Total	68,669	70,382	97,534	103,577

Classification of Securities by Segment in percentage

(*) Insurance/Certificated Savings Plans

(**) Other Activities

N.B.:

The composition of Securities Portfolio consolidated by issuer, maturity, business segment and category can be found in Note 8.

Loan Operations

The consolidated balance of loan operations (according to the concept defined by Bacen which does not include debentures, guarantees, loans to be granted, credit letters, interbank deposit certificates etc.) reached at the end of 2Q07 a total of R\$108.2 billion, representing a 6.6% increase in the quarter and a 22.1% growth in the last twelve months.

There was a higher growth in operations destined to individuals compared to the previous quarter, while the growth for corporate entities is still higher in the last twelve months.

Loan Operations Total Portfolio

The loans and onlendings balance indexed and/or denominated in foreign currency (excluding ACCs) reached the amount of U\$5.7 billion in June 2007, showing a growth of 20.0% in dollars in the quarter and of 12.7% in Reais, recording in the quarter an increase in its share in the total loan portfolio. In the last twelve months, the growth was 68.9% and 50.3%, respectively, mainly due to the higher volume of operations carried out in branches and subsidiaries abroad.

Loan Operations By Purpose

The loan portfolio for individuals showed an upturn when compared to the previous quarter, with evolution of 7.4% in the quarter, accruing 19.0% in the last twelve months. The main products responsible for the portfolio growth in the quarter were the vehicles financing and personal loan.

Loan Operations Individual

In the graph below, for analysis purposes of the portfolio for individuals, the types related to the consumer financing were considered (vehicles, personal loan, leasing, assets financing and credit card in the latter, the amounts related to cash and credit purchases store owners and which are not in the total loan operations are included). The balance reached the amount of R\$40.1 billion in June 2007, representing an 8.3% growth in the quarter and 24.0% in the last twelve months. We point out the vehicle financing and the payroll-deductible loans that are linked to payroll charges types, for its guarantees and characteristics, provided the portfolio with an adequate loan risk level. Thus, these two portfolios represented, at the end of 2Q07, 60.5% of the total consumer financing balance.

Loan Operations Consumer Financing

Loan Operations

The performance of loans granted to companies also presented an upturn in the quarter and in the last twelve months, with an evolution of 6.1% and 24.3%, respectively. Such behavior in the quarter was influenced by the good performance of the BNDES onlendings portfolios and operations carried out in the branches and subsidiaries abroad.

Loan Operations Corporate

The graph below shows the growth of the main five types of products destined to corporate entities services, which represented 64.1% of the total loan portfolio in June.

Loan Operations Main Types Corporate

It is worth pointing out the increase in the relative share in the micro, small and medium-sized companies loan portfolio in the quarter and in the last twelve months, which has increased over the average of the portfolio as a whole.

Loan Operations Client Characteristics

	R\$ billion							
	2006				2007		Variation (%)	
	June	%	March	%	June	%	Quarterly	Last twelve months
Large Companies	25.1	28.3	30.0	29.6	30.9	28.6	3.0	23.0
Micro, Small and Medium-Sized Companies	25.9	29.3	29.9	29.4	32.6	30.1	9.3	25.6
Individuals	37.6	42.4	41.6	41.0	44.7	41.3	7.4	19.0
Total	88.6	100.0	101.5	100.0	108.2	100.0	6.6	22.1

In the table below, the evolution in the representativeness of the Bank's business segments is observed, in which it is worth highlighting the Companies segment, which showed an evolution higher than the total portfolio in the quarter and in the last twelve months.

Loan Operations By Business Segment

	R\$ billion							
	2006				2007		Variation (%)	
	June	%	March	%	June	%	Quarterly	Last twelve months
Corporate	28.9	32.6	33.5	33.0	34.9	32.3	4.3	20.8
Retail	28.1	31.7	30.2	29.7	32.0	29.6	5.9	13.7
Finasa	16.7	18.8	19.3	19.0	20.7	19.1	7.4	24.1
Companies	10.5	11.8	12.9	12.8	14.2	13.1	9.9	35.7
Other	4.4	5.1	5.6	5.5	6.4	5.9	15.0	42.7
Total	88.6	100.0	101.5	100.0	108.2	100.0	6.6	22.1

Loan Operations By Type R\$ million

The evolution of balance and share in the type of loans and discounted securities in 2Q07 and in the last twelve months is once more worthy of mentioning due to its performance, which is higher than the growth of the portfolio. It is also worth pointing out the growth in the balance of operations with Sureties and Guarantees granted, mainly carried out with clients of the Corporate segment.

We present below the total loan operations, including Sureties and Guarantees and credit card (cash and credit purchases store owners), which presented a growth of 6.9% in 2Q07 and 22.9% in the last twelve months.

R\$ million

Items	2006		2007	
	March	June	March	June
Loans and Discounted Securities (1)	38,048	39,398	46,609	50,143
Financings	31,034	32,930	36,678	38,723
Rural and Agribusiness Loans	6,651	6,865	7,711	7,903
Leasing operations	2,740	3,178	4,113	4,848
Advances on Foreign Exchange Contracts	5,443	5,767	5,851	6,128
Subtotal of Loans Operations	83,916	88,138	100,962	107,745
Other Loans	510	505	511	446
Total Loan Operations (2)	84,426	88,643	101,473	108,191
Sureties and Guarantees Recorded in				
Memorandum Accounts	10,737	13,369	15,969	17,325
Credit Card (3)	2,655	4,407	4,913	5,304
Total	97,818	106,419	122,355	130,820

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

Loan Operations Delinquency

In June 2007, the delinquency ratio in the consolidated portfolio remained steady when compared to the previous quarter.

Loan Operations Delinquency over 90 days %

Loan Operations Portfolio Movement

The movement of the consolidated loan portfolio in the last twelve months showed the adequacy and consistency of the loan evaluation instruments used in the concession process, maintaining its quality, as shown in the tables below:

Loan Operations Portfolio Movement Between June 2006 and 2007

Loan Operations Portfolio Movement by Rating between June 2006 and 2007

Rating	Borrowers Remaining from June 2006		New Borrowers between June 2006 and 2007		Total Loans in June 2007	
	R\$ million	%	R\$ million	%	R\$ million	%
AA C	82,453	92.0	17,554	94.5	100,007	92.4
D	1,760	2.0	251	1.3	2,011	1.9
E H	5,396	6.0	777	4.2	6,173	5.7
Total	89,609	100.0	18,582	100.0	108,191	100.0

Loan Operations Portfolio Indicators

In order to facilitate the follow-up of the quantitative and qualitative performance of the Conglomerate's loan portfolio, we present below a comparative summary of the main figures and indicators:

Items	R\$ million (except percentages)			
	2006		2007	
	March	June	March	June
Total Loan Operations	84,426	88,643	101,473	108,191
Individual	35,718	37,559	41,628	44,694
Corporate	48,708	51,084	59,845	63,497
Existing Provision	5,315	5,833	6,775	7,033
Specific	2,703	3,053	3,772	3,856
Generic	1,580	1,700	1,900	2,067
Additional	1,032	1,080	1,103	1,110
Specific Provision/Existing Provision (%)	50.8	52.3	55.7	54.8
Existing Provision/ Loan Operations (%)	6.3	6.6	6.7	6.5
AA C Rated Loan Operations / Loan Operations (%)	92.8	92.4	92.2	92.4
D Rated Operations under Risk Management / Loan Operations (%)	2.1	2.0	2.0	1.9
E H Rated Loan Operations / Loan Operations (%)	5.1	5.6	5.8	5.7
D Rated Loan Operations	1,827	1,769	1,998	2,011
Existing Provision for D Rated Loan Operations	482	467	532	534
D Rated Provision/Loan Operations (%)	26.4	26.4	26.6	26.6
D H Rated Loan Operations Overdue	4,006	4,518	5,492	5,599
Existing Provision/D H Rated Loan Operations Overdue (%)	132.7	129.1	123.3	125.6
E H Rated Loan Operations	4,274	4,928	5,869	6,173
Existing Provision for E H Rated Loan Operations	3,720	4,271	5,111	5,346

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Provision/E H Rated Loan Operations (%)	87.0	86.7	87.1	86.6
E H Rated Loan Operations Overdue	3,235	3,708	4,569	4,740
Existing Provision/E H Rated Loan Operations Overdue (%)	164.3	157.3	148.3	148.4
Non Performing Loans / Loan Operations (*) (%)	3.9	4.2	4.4	4.3
Existing Provision/ Non Performing Loans (*) (%)	162.0	156.6	151.4	149.8

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

For 2H07, Bradesco remains prepared to take full advantage of all business opportunities, focused on increasing the loan portfolio, while respecting the established loan granting parameters, based on the security, consistency, selectivity, diversification and adequate assessment of the risk/return ratio.

Funding**Composition of Deposits by Maturity**

R\$ million						
2007						
Deposits	March		June			Total
	Total	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	
Demand	20,115	21,019				21,019
Savings	27,609	28,405				28,405
Interbank	158	59	121	51		231
Time	35,687	1,922	4,536	4,222	21,680	32,360
Other Deposits	593	586				586
Total	84,162	51,991	4,657	4,273	21,680	82,601

Demand Deposits R\$ billion**Checking Accounts**

The balance of the Checking Accounts of Bradesco Organization at the end of 1H07 was R\$21.0 billion, representing an increase of 26.3% compared to the balance at the end of June 2006, which was R\$16.6 billion.

After being completely reformulated, we implemented in April 2007 the Bradesco's New Statement for Individuals. Designed after analysis of competitors and client's suggestions, we had as purpose to make it clearer and objective, and enabling a higher control and understanding of information to our clients.

Number of Checking Accounts Individuals and Corporate in thousands

Savings Accounts

At the end of 1H07, the balance of Bradesco Organization Savings Accounts totaled R\$28.4 billion, corresponding to a 17.5% market share in the Brazilian Savings and Loan System (SBPE) and ensured the leadership of Bradesco among all private banks in the Brazilian Financial System.

Savings Account Deposits R\$ billion

Due to our accumulated profitability in 1H07 (TR + 0.5% per month), the Savings Account had an increase of 3.9%, and our balance had a growth of 2.9% in the period, mitigated by the withdraws occurred. The fall in the interest rates observed in the market made savings accounts more appealing, causing a different seasonal behavior in which investments offset withdrawals, thus resulting in a balance higher than the levels as in December 2006.

Share of SBPE in percentage

Number of Savings Accounts in thousands

Asset under Management

Bradesco is the best in fund management according to ValorInveste

Bradesco is a complete bank always seeking for the best results. Bradesco Asset Management (Bram), a company managing Bradesco Investment Funds, is an example, since it was granted by ValorInveste in partnership with Standard & Poor's with the Top Gestão de Fundos 2007 award in the category Mixed Income.

Stockholders Equity R\$ million

	R\$ million			
	2006		2007	
	March	June	March	June
Investment Funds	116,875	121,640	139,777	148,831
Managed Portfolios	8,468	10,400	7,115	7,429
Third-party Fund Quotas	5,937	5,608	4,759	5,021
Total	131,280	137,648	151,651	161,281

Asset Distribution

		R\$ million			
		2006		2007	
		March	June	March	June
Investment Funds	Fixed Income	113,023	117,776	133,415	139,933
Investment Funds	Variable Income	3,852	3,864	6,362	8,898
Investment Funds	Third-Party Funds	5,565	5,245	4,500	4,947
Total		122,440	126,885	144,277	153,778
Managed Portfolio	Fixed Income	6,478	8,392	4,377	4,359
Managed Portfolio	Variable Income	1,990	2,008	2,738	3,070
Managed Portfolios	Third-Party Funds	372	364	259	74
Total		8,840	10,764	7,374	7,503
Total Fixed Income		119,501	126,168	137,792	144,292
Total Variable Income		5,842	5,872	9,100	11,968
Total Third-Party Funds		5,937	5,608	4,759	5,021
Overall Total		131,280	137,648	151,651	161,281

Total Assets under Management according to Anbid's Global Ranking R\$ million (*)

(*) Considering third-party fund quotas.

Number of Funds, Portfolios and Quotaholders

	June 2006		March 2007		June 2007	
	Number	Quotaholders	Number	Quotaholders	Number	Quotaholders
Investment Funds	530	3,388,288	546	3,309,959	617	3,317,275
Managed Portfolios		481	98	525		516

	103				107	
Total	633	3,388,769	644	3,310,484	724	3,317,791

4- Operating Companies

Grupo Bradesco de Seguros e Previdência**Insurance Companies (Consolidated)**

Consolidated Balance Sheet (*)

	R\$ million			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	51,600	53,790	61,114	65,918
Securities	48,742	50,429	57,294	61,943
Insurance Premiums Receivable	1,102	1,093	1,069	1,148
Other Receivables	1,756	2,268	2,751	2,827
Permanent Assets	825	1,111	1,276	1,060
Total	52,425	54,901	62,390	66,978
Liabilities				
Current and Long-Term Liabilities	46,041	48,484	55,070	58,462
Tax, Civil and Labor Contingencies	1,237	1,522	1,665	1,703
Payables on Operations of Insurance, Private Pension Plans and				
Certificated Savings Plans	420	436	369	455
Other Liabilities	1,829	2,579	2,383	3,404
Technical Provisions for Insurance	4,027	4,146	4,903	5,128
Technical Provisions for Life and Private Pension Plans	36,353	37,574	43,430	45,409
Technical Provisions for Certificated Savings Plans	2,175	2,227	2,320	2,363
Minority Interest	108	112	64	67
Stockholders' Equity	6,276	6,305	7,256	8,449
Total	52,425	54,901	62,390	66,978

Consolidated Statement of Income (*)

	R\$ million					
	2006			2007		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Net Premiums Written	4,397	4,249	8,646	4,801	5,055	9,856
Reinsurance Premiums and Redeemed						

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Premiums	(938)	(962)	(1,900)	(1,195)	(1,212)	(2,407)
Insurance, Private Pension Plans and Certificated Savings Plans						
Retained						
Premiums	3,459	3,287	6,746	3,606	3,843	7,449
Variation in Technical						
Provisions	(579)	(466)	(1,045)	(1,049)	(1,098)	(2,147)
Fee and Commission Income	127	126	253	156	161	317
Retained Claims	(1,509)	(1,476)	(2,985)	(1,428)	(1,503)	(2,931)
Certificated Savings Plans						
Draws and						
Redemptions	(285)	(288)	(573)	(301)	(353)	(654)
Private Pension Plans Benefits and						
Redemptions	(727)	(567)	(1,294)	(713)	(512)	(1,225)
Selling Expenses	(247)	(255)	(502)	(260)	(262)	(522)
Other Operating						
Income/Expenses	(75)	(77)	(152)	(5)	30	25
Personnel and Administrative						
Expenses	(244)	(249)	(493)	(240)	(276)	(516)
Tax Expenses	(48)	(51)	(99)	(60)	(44)	(104)
Financial Result	768	722	1,490	636	906	1,542
Operating Income	640	706	1,346	342	892	1,234
Equity Result	43	1	44	72	69	141
Non-Operating Income	(5)	115	110	399	(6)	393
Minority Interest	(2)	(1)	(3)	(5)	(2)	(7)
Income before Taxes and						
Contributions	676	821	1,497	808	953	1,761
Taxes and Contributions on						
Income	(215)	(241)	(456)	(279)	(257)	(536)
Net Income	461	580	1,041	529	696	1,225

(*) Information prepared in accordance with the accounting policies established by CNSP, Susep and ANS.

Performance Ratios in percentage

	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Claims Ratio (1)	78.7	79.9	78.5	73.3	79.1	76.2
Selling Ratio (2)	11.0	11.4	11.2	11.4	11.7	11.5
Administrative Expense Ratio (3)	10.9	11.8	11.4	10.8	12.4	11.6
Combined Ratio (4)	99.3	101.9	99.7	104.1	109.0	106.6
Expanded Combined Ratio (5)	86.0	85.4	85.0	87.6	90.3	89.0

For calculation purposes, the expanded and combined ratios would be 93.2% and 79.5%, respectively, if we N.B.: exclude the exceeding provision in Health Insurance during the first half.

(1) Retained Claims/Earned Premiums.

(2) Selling Expenses/Earned Premiums.

(3) Administrative Expenses/Earned Premiums.

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

(5) (Retained Claims + Selling Expenses + Administrative Expenses + Taxes + Other Operating Income and Expenses)/(Earned Premiums + Financial Result).

Insurance Premiums Market Share (%)

Source: Susep and ANS

According to information published by Susep and ANS, up to May 2007, in the insurance segment, Bradesco collected R\$6.6 billion in premiums and maintained its leadership in the ranking with a 24.5% market share. The insurance sector obtained a total of R\$26.9 billion in premiums in the same period.

Increase in Technical Provisions for Insurance R\$ million

The exhibits presenting the technical provisions of Bradesco Vida e Previdência and Bradesco Capitalização are presented in the section specifically related to these companies.

Earned Premiums (Retained Premiums less Variation of Technical Provisions) by Insurance Line R\$ million

Insurance Line	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Health	925	929	1,854	983	1,038	2,021
Auto/RCF	528	510	1,038	511	506	1,017
Life/AP/VGBL	348	276	624	313	228	541
Basic Lines	79	90	169	108	113	221
Other Lines	66	70	136	72	62	134
Total	1,946	1,875	3,821	1,987	1,947	3,934

In 1H07, there was an increase of 3.0% in premiums earned in the insurance segment, if compared to the 1H06.

Earned Premiums (Retained Premiums less Variation of Technical Provisions) by Insurance Line (%)

Retained Claims by Insurance Line R\$ million

Insurance Line	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Health	782	794	1,576	766	856	1,622
Auto/RCF	379	391	770	383	379	762
Life/AP/VGBL	230	219	449	186	200	386
Basic Lines	57	41	98	63	53	116
Other Lines	84	54	138	58	52	110
Total	1,532	1,499	3,031	1,456	1,540	2,996

Claims Ratio by Insurance Line (%)

Selling Expenses by Insurance Line R\$ million

Insurance Line	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Health	27	26	53	30	32	62
Auto/RCF	95	93	188	97	98	195
Life /AP/VGBL	76	79	155	78	73	151
Basic Lines	17	15	32	21	22	43
Other Lines		1	1		2	2
Total	215	214	429	226	227	453

Selling Ratios by Insurance Line (%)

Number of Insured in thousands

In 1H07, there was an increase of 14.3% in the client base compared to 1H06.

Operating Risk

Grupo Bradesco de Seguros, integrating Bradesco Organization, in permanent commitment to comply with the laws and regulations, has adapted its processes and activities, by means of the utilization of methodologies and resources aligned with the best market practices, mainly those related to risk management.

Within this aspect, in order to comply with the guidelines established by the New Capital Basel Accord (Basel II), provisions of the monetary authority, and alignment to future definitions related to Solvability II, we carried out the survey and analysis of the events related to operating risk, enabling the improvement in the management and knowledge of losses and their causes. The disseminations of the operating risk management culture on several levels, the disclosure of corporate policies and establishment of continuous monitoring procedure of exposure levels are inserted in this context.

Awards/Recognition

1 Bradesco Seguros e Previdência was elected the most remembered company and the preferred one in the Insurance Company category by the research *Marcas de Quem Decide* (Brands of People Who Decide Survey), conducted by QualiData Institute in partnership with Jornal do Comércio do Rio Grande do Sul. In its ninth edition, the survey was carried out with businessmen and self-employed professionals of Rio Grande do Sul, and encompassed 100 categories of products, services and companies.

2 Grupo Bradesco de Seguros e Previdência received the *Segurador Brasil 2007* award, in the Best Global Performance (with Health Insurance) category. The award was promoted by Segurador Brasil magazine and its purpose is to acknowledge the leadership, performance and achievements of the companies of the sector in the previous year, in addition to showing a scenario involving the importance of companies and entities in the implementation and in the development of concepts, products and services for the Brazilian insurance market.

3 Bradesco Seguros e Previdência conquered the Top of Mind award, promoted by *Amanhã* magazine of Rio Grande do Sul, being the most remembered brand among the customers of this state in the Insurance Company category. For this survey, 1,200 interviews were carried out, comprising people from both genders, aged from 16 to 65 years from all household income classes, from January 3 to 17, 2007. This is the first time the Insurance Company category is included in the survey.

4 Grupo Bradesco de Seguros e Previdência received the *As Melhores Seguradoras do Brasil* award, for being appointed as the Largest Insurance Group in Brazil by Awards Earned, Net Income, Shareholders Equity and Total Assets. Fundação Getulio Vargas (FGV) award, by means of *Conjuntura Econômica* magazine, issued by the Brazilian Institute of Economy (IBRE), of FGV, considers the companies economic and financial performance in 2006.

5 Bradesco Seguros e Previdência received the *Top de Marketing ADVB 2007* award. The Brazilian Association of Sales and Marketing Managers (ADVB) granted this award due to the Christmas Tree of Bradesco Seguros e Previdência A gift for the Brazilian Family case. The award aims at recognizing organizations which stimulate the creation and permanence of its product, service or brand by means of innovative and consistent marketing strategies.

6 Bradesco Seguros e Previdência received the e-finance award, of Management of Mainframe Systems Development. The award promoted by *Executivos Financeiros* magazine aims at pointing out the implementations of more innovative infrastructure and application solutions in the IT and Telecommunications area which contributed to the improvement of services rendered by financial institutions operating in Brazil.

7 Bradesco Seguros e Previdência received the *Gaivota de Ouro* trophy for Excellence in Total Insurances. Promoted by *Seguro Total* magazine, the award aims at recognizing the companies, products/services, innovative actions and people who contributed to the growth and strengthening of the insurance market.

Sponsorships

1 Bradesco Seguros e Previdência was one of the sponsors of the *III Seminário de Petróleo e Gás* (Third Oil and Gas Seminar), promoted by the Brazilian Institute of Economy IBRE and *Conjuntura Econômica* magazine, of Fundação Getulio Vargas, on March 20, 2007, at the Stock Exchange Auditorium, in Rio de Janeiro. The event gathered approximately 250 professionals, among officers and executives of the Oil and Gas sector.

2 Bradesco Seguros e Previdência was one of the main supporting companies of the campaign *Vote Cristo. Ele é uma Maravilha* (Vote Christ. He's a Wonder), which had the purpose of electing the Christ Redeemer as one of the seven new wonders on a worldwide choice, promoted by the Swiss institution New 7 Wonders Foundation, which aims at protecting and disclosing the humanity's heritage.

3 Bradesco Seguros e Previdência promoted, on May 20, the *Corrida e Caminhada da Longevidade* (Running and Walk for Longevity), in Rio de Janeiro. The initiative intends to arouse interest for the theme and stimulate people to increase their quality of life by practicing physical exercises.

4 Bradesco Seguros e Previdência is once more the sponsor of the Series *O Globo/Dell Arte Concertos Internacionais Temporada 2007* (Globo/Dell Arte International Concerts Season 2007), with presentations at the Municipal Theater of Rio de Janeiro, from May to November 2007.

Bradesco Saúde

Health Insurance Premiums Market Share (%)

Source: ANS

Net Premiums Written R\$ million

Insurance Lines	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Corporate Plan	702	714	1,416	758	810	1,568
Individual Plan	240	244	484	251	251	502
Total	942	958	1,900	1,009	1,061	2,070

Growth in Technical Provisions for Health R\$ million

Number of Insured of the Health Insurance Lines in thousands

When comparing June 2007 to June 2006, Bradesco Saúde maintained its noteworthy market position (source: ANS). Brazilian companies are increasingly convinced that Health and Dental Insurance are the best alternatives for meeting their medical, hospital and dental care needs. At present, Bradesco Saúde has more than 2.7 million customers, of which 2.5 million pertain to the corporate segment.

The large share of corporate insurance in the total portfolio of Bradesco Saúde (89.8% in June/2007) confirms the insurance company's high level of expertise and personalization in the corporate insurance services, a distinct advantage in the Supplementary Health Insurance market.

More than 15 thousand companies in Brazil have acquired Bradesco Saúde insurance products. Out of Brazil's 100 largest companies in terms of revenues, 32 are Bradesco's insurance clients and out of the country's 50 largest companies, 28% are Bradesco Saúde's clients. (source: *Exame magazine's Maiores e Melhores de julho de 2006* Biggest and Best List, July 2006).

In this half year, a new version of SIGE (Grantor Management Information System), important tool available for the management of health and dental insurance of Bradesco Saúde's corporate clients, was implemented.

Finally, emphasis should also be given to the user-friendly nature of the Bradesco Saúde Portal (www.bradescosauade.com.br), which, in addition to providing information on available products, also offers access to a number of services for the insured, prospects and brokers.

Awards/Recognition

1 Bradesco Saúde was elected the best company in the Health Insurance category and featured among the ten best companies in the survey The Top 100 Best HR Suppliers in Brazil, promoted by Gestão & RH Editora. The survey was conducted among Human Resources managers of the one thousand largest and best companies to work for, according to Exame magazine.

2 Bradesco Saúde received the *Gaivota de Ouro* trophy for Excellence in Health Portfolio. Promoted by Seguro Total magazine, the award aims at recognizing the companies, products/services, innovative actions and people who contribute to the growth and strengthening of the insurance market.

Highlight

Bradesco Saúde was one of the sponsors of the Supplementary Health Forum, promoted by Sincor-SP, on June 14, at Hotel Maksoud Plaza, in São Paulo. Debates and lectures on important issues, such as available products, individual plans, plans for small and medium-sized companies and opportunities for the broker were carried out.

Bradesco Auto/RE

Insurance Premiums of Auto/RE Market Share (%)

Source: Susep

Growth in Technical Provisions of Auto/RE R\$ million

N.B.: In 2004, the Auto/RE portfolio of Bradesco Seguros was merged.

Net Premiums Issued R\$ million

Insurance Lines	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Auto/RE	766	612	1,378	604	693	1,297

Number of Auto/RE Insured in thousands

In this half, Grupo Bradesco maintained an outstanding position among the main insurance companies in the Brazilian Basic Line (RE) Insurance Market, with a 7.6% share of total market sales in this area.

The Brazilian economic growth has been providing the obtainment of new insurances in the Great Risks area, due to the establishment of new industries, expansion of industrial park of several companies and circulation of goods in the Brazilian ports, highways and railroads. In addition, the development of the oil area and growth of aircraft fleet in Brazil has determined new business opportunities in the Oil and Aeronautic Risks segment.

In Lines related to Equity Insurances, Bradesco Auto/RE has updated the insurance programs of its main clients, by means of partnerships with brokers specialized in the segment and closeness to Bradesco Corporate and Bradesco Empresas.

The Transportation segment is still the main focus, with material investments to improve new businesses, specially, among others, the qualification of Managers of Transportation Products, which will be established in the main Brazilian Economic Centers, and the creation of Bradesco Cargo System, a complete Transports Insurance Management System in the Internet.

In the mass market insurance segment of Basic Lines, whose products are designed to individuals, self-employed professionals and SMEs, the launch of new products and continuous improvement of processes and systems has contributed to the growth of the client base, mainly in the residential and equity insurances, such as *Bradesco Seguro Residencial* and *Bradesco Seguro Empresarial*. These products were updated, and a new system for sale in the Internet was developed, which enabled a faster and more efficient contracting process.

Another positive aspect is the increase in sales of agricultural machinery and equipment, which enables opportunities of contracting insurance lines related to these segments: *Bradesco Seguro Equipamentos*, *Bradesco Seguro Benfeitorias*, *Bradesco Seguro Penhor Rural Público* and *Bradesco Seguro Penhor Rural Privado*.

In the Auto/RCF Line, despite of the strong competition, the Insurance Company has increased its client base, mainly due to the creation of products for specific publics, such as *Bradesco Seguro Exclusivo Cliente Bradesco*, for Banco Bradesco's account holders, *Auto Mulher*, for the female public, and *Auto Corretor*, for insurance brokers.

One of the positive factors for the second half is the growth in sales of new vehicles, which contributes to the increase of insurance production of this line.

Bradesco Group's market share of the Auto/RCF portfolio, up to May 2007, was 13.3% .

Awards/Recognition

1 Bradesco Auto/RE Companhia de Seguros received the *Segurador Brasil 2007* award, in the Best Performance in Residential Risks category. The award is promoted by Segurador Brasil magazine and its purpose is to acknowledge the leadership, performance and achievements of the companies of the sector in 2006, in addition to showing a scenario involving the importance of companies and entities in the implementation and in the development of concepts, products and services for the Brazilian insurance market.

2 Bradesco Auto/RE Companhia de Seguros received the *Top de Marketing ADVB 2007* award. The Brazilian Association of Sales and Marketing Managers (ADVB) granted this award due to *Bradesco Seguro Auto Mulher Um Produto Exclusivo e Diferenciado Para o Público Feminino* (an exclusive and special product for the female public) case. The award aims at recognizing organizations which stimulate the creation and permanence of its product, service or brand by means of innovative and consistent marketing strategies.

3 Bradesco Auto/RE Companhia de Seguros received the *Gaivota de Ouro* trophy for Excellence in Auto Portfolio . Promoted by Seguro Total magazine, the award aims at recognizing the companies, products, services, innovative actions and people who contributed to the growth and strengthening of the insurance market.

Bradesco Vida e Previdência

Income from Private Pension Plans and VGBL Market Share (%)

Source: Susep

In 1H07, total income from private pension plans totaled R\$4.7 billion.

Grupo Bradesco de Seguros e Previdência

Insurance Premiums (Life and Personal Accidents) Market Share (%)

Source: Susep

In 1H07, total income from net premiums issued in the Life and Personal Accidents segment amounted to R\$766 million.

Growth in Technical Provisions (Life and Pension Plans) R\$ million

Total technical provisions of Bradesco Vida e Previdência in June 2007 was R\$45.4 billion. That amount was comprised of R\$22.4 billion for supplementary private pension plans, R\$21.1 billion for VGBL, R\$1.9 billion for life/personal accident and other lines.

Private Pension Plans and VGBL Investment Portfolios Market Share (%)

Source: Fenaprevi

In June 2007, the Investment Portfolio reached R\$46.4 billion.

Increase in Number of Participants in thousands

Increase in Life Insurance and Personal Accidents Insured in thousands

Thanks to its solid structure, innovative product policy and trusted market standing, Bradesco Vida e Previdência maintained its leadership of both markets in which it operates, with a 38.2% share of income from private pension plans and VGBL and a 15.3% share of life insurance premiums and personal accident.

Bradesco is also sole leader in VGBL plans, with a 41.3% share, and a 29.1% share in PGBL (sources: Susep Superintendence of Private Insurance and Fenaprevi National Federation of Private Pension Plans and Life), respectively May/2007 data).

The number of Bradesco Vida e Previdência clients reached 16.2%, in June 2007, compared to June 2006, surpassing the record of 1.8 million private pension plans and VGBL participants and 10.1 million life insurance and personal accident insured. This significant increase was prompted by the strength of the Bradesco Brand name and by the use of an appropriate management and sales policies.

Technical provisions totaled R\$45.4 billion in June 2007, an increase of 20.9% as compared to June 2006. In May 2007, the Portfolio of Investments in Private Pensions Plans and VGBL totaled R\$45.6 billion, comprising 41.5% of all market resources.

Awards/Recognitions

The quality of services rendered by Bradesco Vida e Previdência was recognized with the achievement of the following awards:

Prêmio Segurador Brasil 2007 (2007 Brazil Insurer Award)

Best Performance in Private Pension Plans Segurador Brasil magazine

Melhor Empresa de Previdência (Best Private Pension Plans Company)

Balanço Financeiro 2007 magazine, of Gazeta Mercantil

Conjuntura Econômica magazine

Gaivota de Ouro Trophy

The Fundo Bradesco Master II Previdência FI Renda Fixa was awarded with:

Maximum grade of 5 diamonds , by Gazeta Mercantil

Top de Marketing ADVB 2007 Award

Market Leadership with the Prev Jovem Bradesco case

Bradesco Capitalização

Bradesco Capitalização's outstanding position in the certificated savings plans market is the result of its transparent operating policy, which is focused on adjusting its products to meet the potential consumer demand.

Regionally, Bradesco Capitalização is a leading company in two Brazilian states, according to the latest figures for May 2007 published by Susep. The company's market share was 29.3% in Amazonas and 27.2% in São Paulo.

Aiming at offering the bond that best suits its clients' different profiles and budgets, a number of products were developed, which vary in accordance with the type of payment (single or monthly), contribution terms, regularity of draws and related prize amounts. That phase was important due to the closeness to the public, by means of the consolidation of *Pé Quente Bradesco* family products.

Continuing the consolidation process of traditional products, in March 2007, the product *Pé Quente Bradesco Sorte Dia&Noite* was launched. The monthly-paid new product arouses interest due to the low value installments (R\$10.00) and offers raffles of R\$25 thousand, gross, every Saturday, and one special prize of R\$50 thousand from July to December. The public may obtain this new product through the Internet, Fone Fácil Bradesco and ATMs.

We also point out the important performance of social-environmental products, such as *Pé Quente Bradesco SOS Mata Atlântica*, which, in addition to enabling the formation of a financial reserve, contributes to reforestation projects of Fundação SOS Mata Atlântica, as well as *Pé Quente Bradesco GP Ayrton Senna*, whose great competitive advantage is the destination of a percentage of the amount collected with bonds to social projects of Instituto Ayrton Senna and *O Câncer de Mama no Alvo da Moda* (Breast Cancer in the Fashion Target). Upon acquiring this last product, the client contributes to the development of projects of prevention, early diagnosis and treatment of cancer in Brazil, since part of the amount collected is given to IBCC - Brazilian Institute of Cancer Control.

Rating

Standard & Poor's increased from brAA+/Positive to brAAA/Stable the rating of Bradesco Capitalização, which is the only company of the certificated savings plans segment with this rating. The solid financial and equity protection standard that Bradesco Capitalização ensures to its clients contributed to the result.

Quality Management System

Bradesco Capitalização S.A. was the first private certificated savings plans company in Brazil to receive ISO 9002 Certification. In December 2005, it received again the certification of its quality management system, in the ISO 9001:2000 version within the scope of Bradesco Certificated Savings Plans Management. Granted by Fundação Vanzolini, it shows the quality of its internal processes and confirms the principle which is the origin of Bradesco Certificated Savings Plans: good products, good services and permanent evolution.

Income from Certificated Savings Plans Market Share (%)

Source: Susep

Technical Provisions for Certificated Savings Plans Market Share (%)

Source: Susep

Growth in Technical Provisions for Certificated Savings Plans R\$ million

Due to the growing strengthening of the Technical Provisions volume, Bradesco Capitalização reached the amount of R\$2.4 billion in June 2007, and, according to May 2007 data, released by Susep, it holds 20.6% of the total volume of Technical Provisions in the market.

All these results convey safety and reaffirm the financial solidity and the ability to honor the commitments assumed with clients.

Number of Clients of Certificated Savings Plans in thousands

As a result of a customer loyalty building policy, focused on the quality of the customer service and on the offer of innovative products, Bradesco Capitalização ended 1H07 amounting to 2.3 million clients.

Outstanding Traditional Certificated Savings Plans in thousands

Outstanding Certificated Savings Plans With Transfer of Draw Participation Rights in thousands

Outstanding Certificated Savings Plans in thousands

The outstanding certificated savings plans portfolio increased from 13.4 million in June 2006 to 14.4 million in June 2007. Out of this total, 68.9% comprise bonds with Transfer of Draw Participation Rights modality, including: Bradesco Cartões, Bradesco Vida e Previdência, Banco Finasa, etc.

Considering that the purpose of this type of certificated savings plans is to add value to partners' products or even to provide incentives for customer due payments, these bonds are sold with reduced terms and grace periods and at a lower unit purchase price.

Awards/Acknowledgment

- 1 Bradesco Capitalização received the Top of Quality 2007 award from the Ordem dos Parlamentares do Brasil (OPB), an institute with a 30-year tradition. The award was created by OPB to acknowledge, distinguish and reward the work of companies that contribute to the Country's social-economic development.
- 2 Bradesco Capitalização received the *Troféu Desbravadores* (Pathfinders Trophy), for the Company's pioneering nature, and the *Troféu Segurador Ambiental* (Environmental Insurer Trophy), for its actions in the preservation of the environment with the certificated savings plan *Pé Quente Bradesco SOS Mata Atlântica*, at the ceremony of the *Prêmio Segurador Brasil 2007* (2007 Brazil Insurer award). The award, promoted by *Segurador Brasil* magazine, aims at acknowledging the leadership, performance and achievements of the companies of the sector in the previous year, in addition to showing a scenario involving the importance of companies and entities in the implementation and in the development of concepts, products and services for the Brazilian insurance market.
- 3 Bradesco Capitalização received the *Top de Marketing ADVB 2007* award. The Brazilian Association of Sales and Marketing Managers (ADVB) granted this award due to the Marketing focused on Products and Services strengthens Bradesco Capitalização Position case. The award aims to acknowledge organizations which stimulate the creation and permanence of its product, service or brand by means of innovative and consistent marketing strategies.
- 4 Bradesco Capitalização received the *Balanço Financeiro* award, as the best company in the Certificated Savings Plans category. The award, promoted by *Gazeta Mercantil* newspaper based on study of Consultoria Austin Rating, considers the growth, performance and results obtained in 2006.

5 Bradesco Capitalização received the *Top Social 2007* award of the Brazilian Association of Sales and Marketing Managers (ADVBSM). The case awarded was *Pé Quente Bradesco o Câncer de Mama no Alvo da Moda* (Breast Cancer in the Fashion Target). This award is one of the most important in the sector and intends to evaluate and point out socially responsible actions.

6 Bradesco Capitalização received three *Gaivota de Ouro* trophies: The Best Certificated Savings Plans Company , Outstanding Product in 2006 (*Pé Quente Bradesco O Câncer de Mama no Alvo da Moda*) and Excellence in Social-environmental Responsibility (*Pé Quente Bradesco SOS Mata Atlântica*). Promoted by Seguro Total magazine, the award aims at recognizing the companies, products, services, innovative actions and people who contribute to the growth and strengthening of the insurance market.

Banco Finasa

Consolidated Balance Sheet

	R\$ million			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	16,619	17,438	20,777	22,270
Funds Available	6	13	6	7
Interbank Investments	192	186	830	757
Securities and Derivative Financial Instruments	54	55	82	118
Interbank Accounts	26	41	38	27
Loan and Leasing Operations	15,833	16,665	19,267	20,686
Allowance for Doubtful Accounts	(613)	(764)	(1,035)	(1,104)
Other Receivables and Other Assets	1,121	1,242	1,589	1,779
Permanent Assets	1,840	1,918	1,832	1,902
Total	18,459	19,356	22,609	24,172
Liabilities				
Current and Long-Term Liabilities	17,435	18,228	21,438	22,899
Demand, Time and Interbank Deposits	17,087	17,875	20,969	22,285
Borrowings and Onlendings	6	4	2	1
Derivative Financial Instruments	17	9	2	2
Other Liabilities	325	340	465	611
Future Taxable Income	38	33	17	17
Stockholders Equity	986	1,095	1,154	1,256
Total	18,459	19,356	22,609	24,172

Consolidated Statement of Income

R\$ million

	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Income from Financial Intermediation	1,209	1,317	2,526	1,486	1,564	3,050
Financial Intermediation Expenses	(723)	(759)	(1,482)	(858)	(905)	(1,763)
Net Interest Income	486	558	1,044	628	659	1,287
Allowance for Doubtful Accounts Expenses	(207)	(262)	(469)	(275)	(309)	(584)
Gross Income from Financial Intermediation	279	296	575	353	350	703
Other Operating Income/Expenses	(214)	(227)	(441)	(243)	(192)	(435)
Operating Income	65	69	134	110	158	268
Non-Operating Income	(1)		(1)	(2)	(3)	(5)
Income before Taxes and Contributions	64	69	133	108	155	263
Taxes and Contributions on Income	(4)	(10)	(14)	(20)	(17)	(37)
Net Income	60	59	119	88	138	226

Profile

Banco Finasa offers financing lines of direct loan to consumer for acquisition of passenger vehicles, transportation and other goods and services, in addition to leasing and personal loan operations.

Operating in a special way of trading products, by means of partnerships with stores and resale, Banco Finasa complements the distribution network of Bradesco Organization's financing products.

Combined with Bradesco's innate vocation for the granting of financing, Banco Finasa also continued with the policy to enter into operational agreements with large car makers, auto and truck resale and implements, in addition to important retail chains.

For the new business prospect, Banco Finasa contracts the services of Finasa Promotora de Vendas, its wholly-owned subsidiary which, through its 392 branches established nationwide and a structure of business partners, represented in June 2007 by 18,455 auto dealers and 21,616 stores selling furniture and home décor, auto parts, IT programs and equipment, home improvement material, tires, tourism and telephony, amongst others. At the end of 1H07, Finasa Promotora recorded 5,055 employees, 81% of which were directly performing in new businesses prospect.

Operating Performance

In 1H07, the Bank surpassed the amount of R\$20 billion in financing portfolio, leasing and personal loan, ending the half year with R\$20.686 billion, a growth of 24.1% over the same period in 2006. The production of new businesses increased, on average, from R\$1.267 billion/month in 1H06 to R\$1.514 billion/month in 1H07, with a growth of 19.5%.

The balances of the operations showed the following growth, per type:

Finasa Portfolio R\$ million

Line of Business	June		Evolution (%)
	2006	2007	
Individuals (CDC + CP)	14,590	17,544	20.2
Corporate (CDC + CP)	1,165	1,271	9.1
Leasing	910	1,871	105.6
Overall Total	16,665	20,686	24.1

Market Share in June 2007 CDC Vehicles 21.2% and CDC Finabens 17.8%.

In 1H07, the corporate result was R\$226 million, against R\$119 million examined in 2006, growth of 90%, pointing out the accounting results with investments in Banco Alvorada, net of funding cost, in 2007, of R\$102 million, when compared to the R\$40 million recorded in the same period in 2006.

Banco Bradesco BBI**Balance Sheet**

	R\$ million			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-term Assets	1,515,030	1,568,791	1,106,905	1,417,625
Funds Available	2	2	1	2
Interbank Investments	806,226	851,950	934,318	727,414
Securities and Derivative Financial Instruments	563,384	565,692	28,752	525,634
Interdepartmental Accounts	265	285		171
Other Receivables and Other Assets	145,153	150,862	143,834	164,404
Permanent Assets	8,449	238,362	247,429	250,347
Total	1,523,479	1,807,153	1,354,334	1,667,972
Liabilities				
Current and Long-Term Liabilities	626,318	645,066	107,595	378,774
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	542,319	561,791		225,722
Derivative Financial Instruments				52,024
Interdepartmental Accounts			2,906	
Other Liabilities	83,999	83,275	104,689	101,028
Stockholders Equity	897,161	1,162,087	1,246,739	1,289,198
Total	1,523,479	1,807,153	1,354,334	1,667,972

Statement of Income

	R\$ million					
	2006			2007		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Income from Financial Intermediation	57,585	49,625	107,210	38,592	28,019	66,611
Financial Intermediation Expenses	(21,237)	(19,471)	(40,708)	(7,217)	(4,539)	(11,756)
Gross Income from Financial Intermediation	36,348	30,154	66,502	31,375	23,480	54,855
Other Operating Income/Expenses	(5,500)	31,839	26,339	18,163	1,537	19,700
Operating Income	30,848	61,993	92,841	49,538	25,017	74,555

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Non-Operating Income	214	64	278	95	147	242
Income before Taxes and Contributions	31,062	62,057	93,119	49,633	25,164	74,797
Taxes and Contributions on Income	(10,327)	(9,723)	(20,050)	(9,373)	(364)	(9,737)
Net Income	20,735	52,334	73,069	40,260	24,800	65,060

- (1) The corporate name of Banco Bradesco BBI S.A. was approved at the Special Stockholders Meeting held on May 31, 2006, after the incorporation by Banco Bem S.A. of stocks issued by Bram Bradesco Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários and Bradesco S.A. Corretora de Títulos e Valores Mobiliários.

Incorporated by Bradesco, in February 2006, Bradesco BBI S.A. has the purpose of consolidating its operations in the areas of Capital Markets, Mergers and Acquisitions, Project Financing, Structured

Operations and Treasury. Among other duties, it will develop the businesses of structuring, originating, distributing and managing the clients assets, flows and financial inventories.

Capital Markets

During 1H07, BBI coordinated important variable and fixed income transactions, which amounted to R\$12.6 billion. That volume represents 31.4% of the total amount of stocks issues, stocks deposit certificates, debentures, FIDCs and promissory notes recorded by the Brazilian Securities and Exchange Commission (CVM) in the same period.

We highlight our participation as joint bookrunner in the public offerings of stocks of Marfrig Frigoríficos e Comércio de Alimentos S.A., in the amount of R\$1.2 billion and Drogasil S.A., in the amount of R\$447.5 million. As coordinators, we highlight the operations of JBS S.A., in the amount of R\$1.6 billion, LOG-IN Logística Intermodal S.A., in the amount of R\$848.2 million and PDG Realty S.A. Empreendimentos e Participações, in the amount of R\$724.5 million.

In fixed income, we participated as leader coordinators, among other transactions, in the public offering of debentures of Ultrapar Participações S.A., in the amount of R\$675.0 million and in the public distribution of promissory notes of Cesp Companhia Energética de São Paulo, in the amount of R\$119.0 million. We point out our coordination in the issue of debentures of Cyrela Brazil Realty S.A., in the amount of R\$500.0 million, and of Companhia Brasileira de Distribuição, in the amount of R\$779.6 million.

In addition to the local market, BBI also operates in the international capital markets, originating, structuring debt transactions (commercial papers, notes and bonds) for placement with foreign investors. Among the operations we took part in, we highlight CVRD's bond in the total amount of US\$3.8 billion, and the Minerva Overseas Ltd. bond, in the amount of US\$150.0 million, with the subsequent reopening in a further US\$50 million.

Mergers and Acquisitions

BBI is also responsible for financial advisory services in mergers, acquisitions, spin-offs, joint ventures, corporate restructuring and privatization.

In 1H07, we provided advisory services in three important operations: the acquisition of Banco BMC S.A. by Banco Bradesco S.A., the acquisition of the sugar and alcohol businesses of Grupo Tavares de Mello by Louis Dreyfus Commodities Bioenergia S.A and the sale of part of the stake held by Bradesco Organization at Serasa S.A.

Project Financing

BBI has a solid track record playing the role of financial advisor and structurer for several greenfield projects in the Project and Corporate Finance categories, always seeking the best financing solution for projects. It operates in the most important sectors of the economy and has an excellent relationship with several different promotion agencies, such as BNDES, BID and IFC, as well as with export credit agencies (ECAs).

In 1H07, among the projects carried out by BBI, it is worth pointing out the completion of the long-term financing advisory and structuring, in the amount of approximately R\$490.0 million, in the Project Finance type, for Itumbiara Transmissora de Energia S.A., a 811-km power transmission line between Cuiabá (state of Mato Grosso) and Itumbiara (state of Minas Gerais).

Structured Operations

The Structured Operations area develops structures used to segregate credit risks, through securitization, using Special Purpose Entities (SPEs), Loan Grants with shared risk, Credit Right Investment Funds (FIDCs), Certificates of Real Estate Receivables (CRIs) and Medium- and Long-term Financing Structuring, based on receivables and/or other collaterals.

In addition, this area is capable of structuring models of properly protected medium and long-term financings based on pre-defined cash flows pursuant to specific covenants and guarantees, which minimize the risks of each transaction, and seek solutions with the purpose of meeting the specific needs of the companies, such as decrease in the use of

working capital, increase in liquidity, optimization of the financial and tax costs, demobilization, and structured financings. It coordinates syndicated loan processes, including the extension of debts, which can be refinanced, structured by the commercial Bank or by third parties.

Within this context, it creates efficient solutions of specific structures focused on the financing and the execution of acquisition finance operations, highlighting, in 1H07, the acquisition finance of Companhia Açucareira Vale do Rosário, in the amount of R\$1.3 billion, FIDC CESP IV, Cesp – Companhia Energética de São Paulo, in the amount of R\$1.3 billion and FIDC Hiper, Supermercados G. Barbosa, in the amount of R\$155.0 million.

Treasury

BBI's Treasury operates in the following areas:

Clients: present in local and foreign markets, the Treasury is able to distribute fixed income products in the primary market and, more strongly, in the secondary markets. The interest rates, currencies, commodities and loan derivatives are also part of a range of products offered to clients;

Markets: performance in different markets, focusing on product pricing for customers; and

Structuring: capacity of originating tailor-made products for the different types of clients.

Leasing Companies

On June 30, Bradesco Organization controlled the following leasing companies: Bradesco Leasing S.A. Arrendamento Mercantil, Zogbi Leasing S.A. Arrendamento Mercantil and Bankpar Arrendamento Mercantil S.A., besides the leasing portfolio of Banco Finasa S.A., which is directly shown in its financial statements.

Aggregated Balance Sheet

	R\$ million			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	19,246	19,648	33,587	34,414
Funds Available		8		
Interbank Investments	15,865	15,991	29,231	29,704
Securities and Derivative Financial Instruments	792	858	976	983
Leasing Operations	2,054	2,268	2,655	2,977
Allowance for Doubtful Accounts	(94)	(98)	(106)	(114)
Other Receivables and Other Assets	629	621	831	864
Permanent Assets	91	87	61	70
Total	19,337	19,735	33,648	34,484
Liabilities				

Current and Long-Term Liabilities	16,882	17,234	30,940	31,728
Federal Funds Purchased and Securities Sold under Agreements to Repurchase and Funds Received from Issuance of Securities	15,398	15,696	29,237	29,895
Borrowings and Onlendings	188	188	273	331
Derivative Financial Instruments	1			
Subordinated Debt	626	623	619	619
Other Liabilities	669	727	811	883
Stockholders' Equity	2,455	2,501	2,708	2,756
Total	19,337	19,735	33,648	34,484

Aggregated Statement of Income

	R\$ million					
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Income from Financial Intermediation	994	959	1,953	1,306	1,319	2,625
Financial Intermediation Expenses	(869)	(833)	(1,702)	(1,186)	(1,197)	(2,383)
Net Interest Income	125	126	251	120	122	242
Allowance for Doubtful Accounts Expenses		(5)	(5)	(1)	(8)	(9)
Gross Income from Financial Intermediation	125	121	246	119	114	233
Other Operating Income/Expenses	(39)	(20)	(59)	(16)	(7)	(23)
Operating Income	86	101	187	103	107	210
Non-Operating Income	1	(6)	(5)		14	14
Income before Taxes and Contributions	87	95	182	103	121	224
Taxes and Contributions on Income	(31)	(33)	(64)	(35)	(39)	(74)
Net Income	56	62	118	68	82	150

Leasing Performance Aggregated Bradesco

Leasing operations are carried out by Bradesco Leasing S.A. Arrendamento Mercantil and Banco Finasa S.A.

On June 30, leasing operations brought to present value totaled R\$4.8 billion.

Bradesco Organization's leasing companies are positioned amongst sector leaders, according to ABEL (Brazilian Association of Leasing Companies), with an 11.1% share of this market (reference date: May 2007). This good performance is rooted in its branch network integrated operations and the maintenance of its diversified business strategies in various market segments, in particular, the implementation of operating agreements with major industries, mainly in the transportation vehicles and machinery/equipment industries.

The following graph presents the breakdown of Bradesco's aggregated leasing portfolio by type of asset:

Portfolio by Type of Asset

Bradesco Consórcios**Management Company**

Balance Sheet

R\$ thousand				
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	169,570	199,956	270,372	314,606
Funds Available	24			
Securities	167,935	195,161	266,778	308,062
Other Receivables	1,611	4,795	3,594	6,544
Permanent Assets	2,011	2,821	5,975	6,502
Total	171,581	202,777	276,347	321,108
Liabilities				
Current and Long-Term Liabilities	37,404	55,635	52,738	113,410
Dividends Payable	17,396	29,039	25,409	75,409
Amounts Refundable to Former Groups Now Closed	6,478	6,630	7,051	7,190
Other Liabilities	13,530	19,966	20,278	30,811
Stockholders Equity	134,177	147,142	223,609	207,698
Total	171,581	202,777	276,347	321,108

Statement of Income

R\$ thousand						
	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Fee and Commission Income	44,019	48,048	92,067	57,603	61,284	118,887
Taxes Payable	(4,583)	(5,088)	(9,671)	(6,203)	(6,509)	(12,712)
Financial Revenues	6,658	6,250	12,908	7,868	8,088	15,956
Administrative Expenses (Including Personnel Expenses)	(5,626)	(5,346)	(10,972)	(7,096)	(6,925)	(14,021)
Selling Expenses	(4,332)	(9,144)	(13,476)	(4,138)	(5,413)	(9,551)
Other Operating Income/Expenses	960	1,192	2,152	1,338	1,425	2,763
Income before Taxes and Contributions	37,096	35,912	73,008	49,372	51,950	101,322
Taxes and Contributions on Income	(12,680)	(11,304)	(23,984)	(17,100)	(17,861)	(34,961)

Net Income	24,416	24,608	49,024	32,272	34,089	66,361
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Consortium Groups

Balance Sheet

	R\$ thousand			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	1,647,945	1,859,700	2,493,844	2,685,569
Amount Offset	10,202,389	11,878,924	12,581,834	13,300,938
Total	11,850,334	13,738,624	15,075,678	15,986,507
Liabilities				
Current and Long-Term Liabilities	1,647,945	1,859,700	2,493,844	2,685,569
Amount Offset	10,202,389	11,878,924	12,581,834	13,300,938
Total	11,850,334	13,738,624	15,075,678	15,986,507

Operating Overview

Bradesco Consórcios sells automobile, trucks, tractors, agricultural implements and real properties plans, according to the rules of the Brazilian Central Bank.

Referring to the sale of plans offered, the company relies on Banco Bradesco Branches Network, liable for higher Bradesco Consórcios share in the consortium purchase plan market. The extensive nature and security associated with the Bradesco Brand are added advantages for expanding consortium purchase plan sales.

Segmentation

Banco Bradesco's entry into this market is part of its strategy to offer the most complete range of products and services options to its clients, with a view to providing all social classes with the opportunity to purchase items at accessible prices through the consortium quota system, and filling a market gap, especially taking into account that, in relation to real estate product, there is currently high housing deficit in the country.

Operating Performance

The different way of trading products (Real Estate, Automobiles, Trucks, Tractors and Agricultural Implements) with a specialized and focused team, provided Bradesco Consórcios with a growth of 38.5% in 2Q07 when compared to the same period of the previous year.

Representation

Market Share Real Estate Consortium in percentage

Source: Brazilian Central Bank

N.B.: The market share of Ademilar as of March 2006 was not disclosed.

Market Share Automobile Consortium - in percentage

Source: Brazilian Central Bank.

N.B.: The market share of HSBC as of March 2006 was not disclosed.

Market Share Trucks, Tractors and Agricultural Implements Consortium in percentage

Source: Brazilian Central Bank

Bradesco has been playing an important role in the consortium purchase plan industry, providing the population with access to loan for the acquisition of personal and real property. The freedom to select an asset is one of the main characteristics of the plans sold by Bradesco Consórcios, since the consortium member is free to choose, according to value of the Letter of Credit, the automobile, real property, truck, tractor or agricultural implement of his/her preference when he/she wins the draw.

In 2Q07, 88 groups were inaugurated and 38.1 thousand consortium quotas were sold. Until June 2007, we recorded total accumulated sales exceeding 306.5 thousand consortium quotas, achieving sales results in excess of R\$9.6 billion and recording 123.9 thousand draws, with 94.2 thousand properties delivered and 1,614 active groups.

Active Consortium Quotas

Total Active Consortium Quotas

Leadership

According to a strategy defined by the Organization, Bradesco Consórcios leads the Automobile and Real Estate segments, and searches for a highlighting position in the segment of Trucks, Tractors and Agricultural Implements.

In the Real Estate segment, Bradesco ended June with 112,852 active quotas. In the Automobile segment, Bradesco ended with 159,660 active quotas, maintaining a lead position in relation to consortium management companies associated with car makers, consolidated in the market, such as Volkswagen, Fiat and General Motors.

In the Trucks, Tractors and Agricultural Implements segment, Bradesco ended this quarter with 9,002 active quotas moving up from the 11th place in March 2006 to the 7th place in June 2007 in Bacen's ranking. This data proves that the public is getting to know the advantages to acquire an asset, such as Trucks, Tractors and Agricultural Implements, by means of a consortium.

Leadership (Real Estate and Automobile) is conquered and consolidated as a result of ongoing and determined efforts, motivated by the enthusiasm and strength of the Bradesco Branch Network.

Consortium Quotas Sold

Total Consortium Quotas Sold

Number of active participants comprising the 10 largest real estate consortium management companies

Source: Brazilian Central Bank

N.B.: Ademilar was not in the ranking of March 2006 of the ten largest management companies.

Number of active participants comprising the 10 largest auto segment consortium management companies

Source: Brazilian Central Bank

N.B. : HSBC was not in the ranking of March 2006 of the ten largest management companies.

Number of active participants of the ten largest consortium management companies in the truck, tractor and agricultural implement segment

Source: Brazilian Central Bank.

Bradesco S.A. Corretora de Títulos e Valores Mobiliários

Balance Sheet

	R\$ thousand			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	252,788	1,446,008	382,232	184,468
Funds Available	59	33	63	227
Interbank Investments	65,420	33,800	94,565	53,908
Securities	58,109	61,334	77,773	77,247
Other Receivables	129,150	1,350,782	209,775	53,026
Other Assets	50	59	56	60
Permanent Assets	32,472	34,232	39,035	41,942
Total	285,260	1,480,240	421,267	226,410
Liabilities				
Current and Long-Term Liabilities	191,824	1,377,418	320,042	131,904
Other Liabilities	191,824	1,377,418	320,042	131,904
Stockholders' Equity	93,436	102,822	101,225	94,506
Total	285,260	1,480,240	421,267	226,410

Statement of Income

	R\$ thousand					
	2006			2007		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Income from Financial						
Intermediation	8,475	6,236	14,711	4,743	5,084	9,827
Other Operating						
Income/Expenses	4,199	5,350	9,549	7,137	11,463	18,600
Operating Income	12,674	11,586	24,260	11,880	16,547	28,427
Non-Operating Income		(3)	(3)		(2)	(2)
	12,674	11,583	24,257	11,880	16,545	28,425

**Income before Taxes and
Contributions**

Taxes and Contributions on

Income	(4,483)	(4,108)	(8,591)	(4,031)	(5,619)	(9,650)
Net Income	8,191	7,475	15,666	7,849	10,926	18,775

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Bradesco Corretora ended 1H07 in the 14th position of the São Paulo Stock Exchange Bovespa among the 88 participant brokers. 42,364 investors were served in such period, executing 820,082 stock calls and put orders, summing up a volume corresponding to R\$22,469 million. Bradesco Corretora has been participating with Bovespa in the event *Bovespa vai até você* (Bovespa reaches you), with a view to popularizing the stock market.

In 1H07, Bradesco Corretora traded 1,885 thousand contracts at the Brazilian Mercantile & Futures Exchange BM&F, with a financial volume of R\$129,736 million, reaching the 26th position in the ranking among the 72 participant brokers. It has been driving its efforts to proceed with the expansion of businesses, as well as to disseminate future markets. Concerning the agricultural sector, Bradesco Corretora has been directly acting in the main producing regions of the country, through visits, lectures, and participation in agribusiness fairs and exhibitions. Jointly with BM&F, it has been sponsoring the clients' visit from various regions of the country to São Paulo, for visits to BM&F and Bradesco Corretora. It has also been receiving producers, teachers, opinion makers and dealers of goods physical market. It also takes part in the trading of future mini-contracts of Bovespa, U.S. dollar, *Boi Gordo* (live cattle) and coffee Indices through the Web Trading system, with a view to offering an alternative to carry out derivative operations of price protection, directly at the trading floor. The intermediation of future market operations is certified by NBR ISO 9001:2000.

In 1H07, Home Broker Bradesco reached the 2nd position in the ranking of Bovespa's broker dealers. In May, Bradesco Corretora obtained the record amount of R\$1.031 billion of traded volume by means of electronic channel, and is the 1st brokerage firm related to the financial conglomerate to exceed the amount of R\$1 billion. As a result, we obtained a volume of R\$5,217 million in 1H07, with a growth of 165.0% as compared to 1H06. The client base in the period evolved 55.3% compared to 1H06 with an increase of 28,754 new registrations and 41,003 e-mails received in 1H07. The executed orders in 1H07 were 641,467, showing a 141.5% increase as compared to the previous half.

Home Broker Bradesco was elected the Best Brazilian Website related to Home Broker in the sixth edition of E-finance Award, created by Executivos Financeiros magazine. The investor's interest in the variable income market is growing every day, due to an increasingly favorable economic scenario, and the Internet has been the easiest and least expensive channel.

Continuing the expansion process of its Retail Area, Bradesco Corretora inaugurated the Stock Rooms in the branches of Aldeota/Fortaleza, USP/São Paulo and Monsenhor Celso/Curitiba in June 2007.

Home Broker's intermediation of stocks through the Internet (Shopinvest) is certified by NBR ISO 9001:2000 and GoodPriv@cy Data Protection Label (2002 edition).

SANA Automatic System of Trading Stocks is certified by NBR ISO 9001:2000.

With a total volume traded of R\$63.4 million in 1H07, Bradesco Corretora maintained a highlighting position in the market, operating in Public Offerings for Share Purchase, Primary and Secondary Public Distributions and Special Operations and Privatization Auctions, assisting a total of 16,643 clients among individuals and legal entities, in the Public Distributions.

Bradesco Corretora offers to its clients a complete investment analysis service with coverage of the main sectors and companies of the Brazilian market. Our team of analysts is comprised of sector specialists who disclose their opinions to clients in an equitable way by means of follow-up reports and guides of stocks. Moreover, clients also count on analyses of the team of economists of Banco Bradesco, one of the most important ones of the Brazilian market.

In addition, it offers non-resident investors representation service in operations conducted in the financial and capital markets, under the terms of the CMN (Brazilian Monetary Council) Resolution no. 2,689, of January 26, 2000.

It also offers the Tesouro Direto (Direct Treasury) Program, which allows the individual client to invest in federal government bonds via the Internet; he/she just has to register at Bradesco Corretora via the Website www.bradesco.com.br.

The Net Income recorded in 1H07 amounted to R\$18.8 million.

The Stockholders Equity, on June 30, 2007, reached R\$94.5 million, equivalent to 41.7% of total assets, which added up to R\$226.4 million.

Information - Trading on BM&F and Bovespa

	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
BM&F						
Ranking	31 th	25 th	29 th	29 th	26 th	26 th
Contracts Traded (thousand)	511	688	1,199	796	1,089	1,885
Financial Volume (R\$ million)	47,461	57,153	104,614	49,870	79,866	129,736
Stock Exchange						
Ranking	14 th	15 th	14 th	15 th	13 th	14 th
Number of Investors	21,988	23,376	35,454	26,040	31,697	42,364
Number of Orders Executed	169,055	212,611	381,666	364,607	455,475	820,082
Financial Volume (R\$ million)	5,690	5,596	11,286	9,454	13,015	22,469
Home Broker						
Ranking	5 th	6 th	5 th	2 nd	2 nd	2 nd
Number of Registered Clients	44,968	52,036	52,036	71,761	80,790	80,790
Number of Orders Executed	111,330	154,269	265,599	281,579	359,888	641,467
Financial Volume (R\$ million)	873	1,096	1,969	2,075	3,142	5,217

Bradesco Securities, Inc.

Balance Sheet

	R\$ thousand			
	2006		2007	
	March	June	March	June
Assets				
Current and Long-Term Assets	49,155	48,245	45,743	43,355
Funds Available	7,415	7,120	8,027	7,281
Interbank Investments	242	244	229	217
Securities and Derivative Financial Instruments	41,402	40,786	37,139	34,316
Other Receivables and Other Assets	96	95	348	1,541
Permanent Assets	24	278	504	474
Total	49,179	48,523	46,247	43,829
Liabilities				
Current and Long-Term Liabilities	461	536	293	3,302
Other Liabilities	461	536	293	3,302
Stockholders' Equity	48,718	47,987	45,954	40,527
Total	49,179	48,523	46,247	43,829

Statement of Income

	R\$ thousand					
	2006			2007		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Gross Income from Financial Intermediation	534	209	743	535	203	738
Other Operating Income/Expenses	(770)	(757)	(1,527)	(969)	(2,820)	(3,789)
Operating Income	(236)	(548)	(784)	(434)	(2,617)	(3,051)
Net Loss / Income	(236)	(548)	(784)	(434)	(2,617)	(3,051)

Bradesco Securities, Inc., a wholly-owned subsidiary of Banco Bradesco, operates as a broker dealer in the United States. The company's activities are focused on the intermediation of stock purchases and sales, with emphasis on ADR operations. The company is also authorized to operate with Bonds, Commercial Paper and Deposit Certificates, among others, and to provide Investment Advisory services. This Bradesco initiative was motivated by the more than 90 ADR programs of Brazilian companies traded in New York and by the growing interest of foreign investors in the emerging markets, which is designed to offer support for global economy investors who invest part of this flow in

countries such as Brazil.

The Board of Governors of the Federal Reserve System considers Banco Bradesco to be a Financial Holding Company that enables the expansion of Bradesco Securities activities.

This status is given following a rigorous analysis of various aspects determined in US banking legislation, including Banco Bradesco's high level of capitalization and the quality of its Management, which will allow the Bank, either directly or through its subsidiaries, to operate in the US market, whenever considered convenient, carrying out financial activities under the same conditions as local banks, in particular the following:

Securities market (underwriting, private placement and market-making);

Acquisitions, mergers, portfolio management and financial services (merchant banking);

Mutual funds portfolio management; and

Sale of insurance.

Thus, Banco Bradesco has strengthened its role in the Investment Banking segment, expanding its opportunity to explore various financial activities in the US market, and contributing to the increase in the volume of transactions carried out with Brazilian companies.

5 - Operating Structure

Corporate Organization Chart

Major Stockholders

- (1) Bradesco's management (Board of Executive Officers and Board of Directors) comprises the Presiding Board of Fundação Bradesco, maximum Deliberative Body of this Entity. Reference: 6.30.2007

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Main Subsidiaries and Affiliated Companies

(*) Approved by the Brazilian Central Bank on August 1, 2007.

Administrative Body

Reference Date: 8.1.2007

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Risk Ratings Bank

Fitch Ratings								Moody's Inv			
International Scale						Domestic Scale		International Scale			
Individual	Support	Foreign Currency (1)		Local Currency (1)		Domestic (1)		Foreign Currency Deposit		Foreign Currency Debt	Local Curren Depos
		IDR Delinquency Probability of Issuer Long-term	IDR Delinquency Probability of Issuer Short-term	IDR Delinquency Probability of Issuer Long-term	IDR Delinquency Probability of Issuer Short-term	Long-term	Short-term	Long-term (2)	Short-term	Long-term (2)	Long-term (2)
A	1	AAA	F1	AAA	F1	AAA (bra)	F1+ (bra)	Aaa	P-1	Aaa	Aaa
A/B	2	AA	F2	AA	F2	AA+ (bra)	F2 (bra)	Aa	P-2	Aa	Aa
B	3	A	F3	A	F3	A (bra)	F3 (bra)	A	P-3	A	A1
B/C	4	BBB	B	BBB	B	BBB (bra)	B (bra)	Baa	NP	Baa3	Baa
C	5	BB	C	BB	C	BB (bra)	C (bra)	Ba3		Ba	Ba
C/D		B	D	B	D	B (bra)	D (bra)	B1		B	B
D		CCC		CCC		CCC (bra)		Caa		Caa	Caa
D/E		CC		CC		CC (bra)		Ca		Ca	Ca
E		C		C		C (bra)		C		C	C
		RD		RD		DDD (bra)					
		D		D		DD (bra)					
						D (bra)					

N.B.: Bradesco's risk ratings are among the highest attributed to Brazilian banks.

- (1) Signs of plus (+) and minus (-) are used to identity a better or worse position within a same rating scale.
- (2) Numeric modifiers 1, 2 and 3 are added to each generic rating from Aa to Caa, meaning lower or higher risk in the same category.
- (3) This is the first governance rating granted in Latin America. The evaluation recognizes that Bradesco adopts great corporate governance practices, with a relationship policy highlighted by a high quality,

transparency and ethics level.

Main Ratings Insurance Company and Certificated Savings Plans

Insurance		Certificated Savings Plans	
Fitch Ratings		Standard & Poor's	Standard & Poor's
Domestic Scale	International Scale	Domestic Scale (1)	Domestic Scale (1)
Domestic Rating of Financial Strength of Insurance Company (1)	International Rating of Financial Strength of Insurance Company (1)	Counterparty Rating	Counterparty Rating
AAA (bra)	AAA	brAAA	brAAA
AA (bra)	AA	brAA	brAA
A (bra)	A	brA	brA
BBB (bra)	BBB	brBBB	brBBB
BB (bra)	BB	brBB	brBB
B (bra)	B	brB	brB
CCC (bra)	CCC	brCCC	brCCC
CC (bra)	CC	brCC	brCC
C (bra)	C	brSD	brSD
DDD (bra)	DDD	brD	brD
DD (bra)	DD		
D (bra)	D		

(1) Signs of plus (+) and minus (-) are used to identify a better or worse position within a same rating scale.

Major Rankings

Source	Criterion	Position	Reference Date
Forbes the World's Leading Companies Research	Banks/Forbes 2000*	1 st (Brazil)	March 2007
Forbes the World's Leading Companies Research	Banks/Forbes 2000*	37 th (Worldwide)	March 2007
Forbes the World's Leading Companies Research	Overall/Forbes 2000*	3 rd (Brazil)	March 2007
Forbes the World's Leading Companies Research	Overall/Forbes 2000*	147 th (Worldwide)	March 2007
(*) Forbes 2000: companies comprising World's Leading Companies list are rated based on a combination of criteria which takes into consideration income, profit, assets and market value.			

Market Segmentation

Focusing its actions on relationship, the segmentation process in Bradesco is aligned to the market trend of grouping together customers with similar profiles, allowing a personalized customer service and increasing gains of productivity and quickness. That process provides the Bank with larger flexibility and competitiveness in the execution of its business strategy, providing dimension to operations for both individual and corporate customers, concerning quality and specialization, in specific demands of sundry customer profiles.

Bradesco Corporate Banking

Mission and Values

Bradesco Corporate's mission is to meet the clients' needs, developing long-term ethical and innovative relationship in harmony with stockholders' interest.

The area's main values that permeate its day-to-day activities comprise the following:

- teamwork;
- ongoing pursuit of innovation and excellence in customer service;
- transparency in all its actions;
- commitment to self-development;
- adherence to strategic guidelines;
- creativity, flexibility and initiative; and
- agile delivery to clients.

Background and Achievements

The Corporate Banking segment was introduced in 1999, designed to serve companies from its target market. Based on a customer rather than a product standpoint, it maintains a centralized relations management, offering as well as traditional products, structured, Tailor-made and Capital Markets solutions, through Managers who have a clear vision of risk, market, economic industries and relationship.

Bradesco Corporate's absolute commitment with quality, the essence of a long-term effort, started to take shape in 2000, when the company was granted the ISO 9000 which is a reference for efficiency in the service providing, evaluated by clients. Its Management System is being improved with the adoption of practices acknowledged by the market, resulting in the achievement of the Banas Quality Management Award in 2006, and the Paulista Quality Management Award - Golden Medal in 2007, which indicates companies with the best management practices, for its efficiency and quality.

Bradesco Corporate

The concern about seeking solutions with significant added value for the Institution is reflected in the partnerships entered into with major retail networks for consumer sales financing, made feasible as a result of the relationship and familiarity with this industry's production chain and the synergy which exists among the Bank's segments.

The resources comprising assets (credit, bonds and guarantees) and liabilities (deposits, funds and portfolios) amounted to R\$90.9 billion.

Target Market

The 1,312 economic groups comprising Bradesco Corporate's target market, which is mostly comprised of large corporations which record sales results in excess of R\$350 million/year are located in the states of São Paulo, both the capital and inner state, Rio de Janeiro, Minas Gerais, Paraná, Rio Grande do Sul, Santa Catarina, Goiás, Pernambuco and Bahia.

Bradesco Empresas (Middle Market)

Bradesco Empresas (Middle Market) segment was implemented with a view to offering services to companies with sales results from R\$30 million to R\$350 million/year, through 68 exclusive branches in the main Brazilian capitals.

Bradesco Empresas aims at offering the best business management, such as: Loans, Financings, Investments, Foreign Trade, Derivatives, Cash Management and Structured Operations, targeting customers' satisfaction and results to the Organization.

The 68 branches are strategically distributed throughout Brazil as follows: 41 in Southeast, 16 in South, 4 in Mid-West, 3 in Northeast and 2 in North.

Bradesco Empresas is formed by a team of 370 Relationship Managers, who are included in the Anbid Certification Program, serving on average 31 economic groups per Manager, on a tailor-made concept, encompassing 23,556 companies from all sectors of the economy.

Bradesco Empresas manages funds, among loan operations, guarantees, deposits, funds and collections, of approximately R\$37.8 billion.

In the pursuit of ongoing quality, Bradesco Empresas Department was granted the NBR ISO 9001:2000 certification by Fundação Carlos Alberto Vanzolini in the scope Bradesco Empresas Segment Management, attesting to the Bank's commitment to process improvement and client satisfaction.

Bradesco Private Banking

Bradesco Private Banking, through its highly qualified and specialized professionals, offers the Bank's high-income individual customers with minimum funds available for investment of R\$1 million, an exclusive line of products and services aimed at increasing their equity by maximizing returns. Therefore, according to a Tailor-Made concept, the most appropriate financial solution is sought, considering each client's profile, providing advisory services for asset

allocation and fiscal, tax and successory guidance.

Aiming the proximity to its customer base, Bradesco Private Banking has two offices in the cities of São Paulo and Rio de Janeiro, as well as 9 service units in Porto Alegre, Blumenau, Curitiba, Belo Horizonte, Brasília, Salvador, Recife, Fortaleza and Uberlândia.

Bradesco Private Banking is also certified by ISO 9001:2000 with scope on the Relationship Management of High Net Wealth Individual Clients , as well as with the certification GoodPriv@cy (Data Protection Label 2002 Edition) granted by IQNet (The International Quality Network), in the Management of Privacy of Data Used in the Relationship with High Net Wealth Clients .

Bradesco Prime

Background

The Prime Segment started its activities in May 2003 with 109 exclusive branches distributed around the country, aiming at offering clients complete solutions by means of financial auditing and a special portfolio of products and channels.

Since 2005, the Bradesco Prime Department has been certified by Fundação Carlos Alberto Vanzolini, rule NBR ISO 9001:2000, under the scope Bradesco Prime Segment Management, enhancing Bradesco's commitment to continuously improving processes and pursuing clients' satisfaction.

Along its years of existence, Prime has achieved a highlighting position in the Brazilian high-income market and has consolidated its position as the largest segment in customer service network, with 214 branches, strategically located.

Mission and Values

Bradesco Prime's mission is to be the client's first Bank, focusing on relationship quality and in offering appropriate solutions to their needs, with prepared staff, adding value to stockholders and employees, within ethical and professional standards.

When developing their activities, the employees of the Prime Segment are guided by Bradesco Organization's values, which are as follows:

- Client as the Organization's reason of existence;

- Ethical and transparent relationship with clients, stockholders, investors, partners and employees;

- Belief in people's values and their capacity for development;

- Respect for the human being's dignity, by preserving the individuality and the privacy and not admitting the practice of discriminatory acts due to social condition, creed, color, race, sex, faith or political ideology;

- Pioneering work in technology and solutions for clients;

- Social responsibility, especially investments in education; and

- Ability to face with determination different economic cycles and the dynamics of social changes.

Target-market and Main Competitive Advantages

Aligned with the commitment to providing all its clients with a Complete Bank, Bradesco Prime operates in the segment of high income clients, having as target-public individuals with income of R\$4 thousand or higher or with investments of R\$50 thousand or higher.

Bradesco Prime's customers are provided with:

- VIP branches specifically designed to provide comfort and privacy;

Personalized products and services, such as the Bradesco Prime Loyalty Program, which aims to encourage the relationship between the clients and the Bank, by means of the offer of increasing benefits;

Customized service by the Relationship Managers who, due to their small client portfolios, are able to dedicate special attention to each client and who are continually enhancing their professional qualification; all of them take part in the Certification Program of Anbid;

Relationship channels such as: exclusive Internet Banking (www.bradescoprime.com.br), with the competitive advantage of the online chat, in which a financial consultant interacts with the clients in real time, the Call Center with an exclusive assistance center, in addition to an extensive Customer Service Network, comprised of its branches, ATM equipment and Banco24horas throughout Brazil.

In the branches below, Prime offers special services and technologies, such as:

Prime Digital Branch: focused on customer service via call center with a team of managers available at extended business hours (from 8:00 am to 8:00 pm, 7 days a week, including bank holidays).

Prime Branch at Cidade de Deus, Latin America's first Wireless Branch, where managers use remote connected equipment, enabling client to conduct his/her business from his/her own facilities.

Bradesco Retail

Bradesco maintains its Retail specialty, serving with high quality service all segments of the Brazilian population level. Such open-door philosophy is supported by an extensive customer service network. Thus, it is possible to reach the possible largest number of companies and people, in all regions of the country, including those with lower development level, reflecting the effort in the democratization of banking products and services, social inclusion and income distribution. The Bank has more than 16 million individuals and corporate customers account holders, who carry out millions of transactions daily at our branches, service branches, Banco Postal (Postal Bank) branches and Bradesco Expresso, comprising Brazil's largest Customer Service Network, besides thousands of teller machines, providing ease and convenient services over extended hours.

In addition to the extensive service network, clients are offered the comfort of alternative service channels such as Fone Fácil (Easy Phone) service, Internet Banking and Bradesco Celular, which are already used for a significant portion of daily transactions.

The Retail segment has been focusing on the growth in the client base and the loan portfolio. Another important aspect is the development of financial products, tailor-made to meet the customers' profile in an ongoing effort to offer quality, agile and reliable services to all customers, in particular, bearing in mind the value of customer relations.

Significant investments have been made in staff training, aiming at qualifying employees for customized and efficient customer service, seeking to preserve relations and increase the customers' loyalty to the Bank.

Bradesco Retail not only has more than 2,700 branches and 2,500 service branches (PAB/PAE), but also makes available a Digital Branch, operating in a virtual environment and offering courier service. The Digital Branch has a team of managers who serve its clients, regardless of location, from 8:00 am to 10:00 pm, seven days a week.

Banco Postal (Postal Bank)

Banco Postal is a brand through which Bradesco offers its products and services in all the Brazilian cities, in a partnership with the Brazilian Post Office Company (ECT). It is an example of success of Correspondent Banks, due to its large scope, products and services portfolio, and the social role it plays in society.

Banco Postal is present in more than 4.9 thousand cities of Brazil, with 5,709 branches. Around 1.7 thousand of these branches were set up in cities which, until then, were devoid of banks, benefiting a population of approximately 18 million people, who had the opportunity to, for the first time in their lives, obtain a check book, make a deposit in a savings account, or contracting loan operation.

Thanks to Banco Postal, thousands of beneficiaries of the Brazilian Social Security Institute (INSS) can now receive their benefits in the comfort of a branch close to their homes, without having to go long distances on boats or along unsafe roads, and without spending a good part of their earnings on the trip.

Banco Postal's expansion has also disseminated in the municipalities where the use of credit and debit cards and the affiliation of the commercial establishments to the Visa Network were introduced, providing more options for the local population to make their payments, besides allowing improvements in the very Postal Branches' customer service, and the reduction in operating costs and in the risks of transporting cash to the Relationship Branches.

Number of Banco Postal Branches

Bradesco Expresso

Bradesco has been increasing its share in the correspondent bank segment with the expansion of Bradesco Expresso Network, by means of partnerships entered into with supermarkets, drugstores, department stores and other retail chains.

For clients and community in general, Bradesco Expresso offers a convenient banking service, closer to the residence or workplace. For Bradesco, this is the best way to reach low-income clients, especially the population deprived of bank services, and promoting the banking inclusion, which would not be possible by means of traditional banking branches, in view of high installation and operating costs. Concerning shopkeepers, Bradesco Expresso fomenta a higher flow of clients and encourages them to visit the establishment many times, opening possibilities for loyalty and sales increase.

On June 30, 2007, Bradesco Expresso Network totaled 9,699 installed units.

Number of Transactions Carried out in Correspondent Banks (Banco Postal + Bradesco Expresso) in thousands

Number of Bradesco Expresso Units

Customer Service Network

Customer Service Network	2006		2007	
	March	June	March	June
Service Branches - Own				
Branches (*)	2,999	2,993	3,015	3,031
PABs	1,022	1,044	1,069	1,083
PAEs	1,477	1,469	1,429	1,432
PAAAs			111	130
Finasa Promotora de Vendas (Finasa Branches)	260	270	390	392
ATM Network Outplaced Terminals	2,294	2,327	2,580	2,571
Total Service Branches - Own	8,052	8,103	8,594	8,639
Service Branches - Third Parties				
Banco24Horas Network Assisted Terminals	2,589	2,657	3,086	3,287
Banco Postal	5,502	5,533	5,639	5,709
Bradesco Expresso (Correspondent Banks)	5,038	5,748	9,084	9,699
Total Service Branches - Third Parties	13,129	13,938	17,809	18,695
Total Service Branches in the Country (Own + Third Parties)	21,181	22,041	26,403	27,334
Branches Abroad	3	3	3	3
Subsidiaries Abroad	5	5	5	5
Overall Total Service Branches (Country + Abroad)	21,189	22,049	26,411	27,342
Finasa - Associated Stores and Auto Dealers	41,065	39,781	39,542	40,071
Total Branches containing ATMs in the Country Own Network + Banco24Horas (included in the total) (**)	10,076	10,244	11,155	11,497
ATMs				
Own	23,232	23,551	24,464	24,498
Banco24Horas	2,769	2,841	3,346	3,504
Total ATMs	26,001	26,392	27,810	28,002

PAB (Posto de Atendimento Bancário) - branch located in a company, with an employee from the Bank.

PAE (Posto de Atendimento Eletrônico em Empresas) - branch located in a company, with an ATM.

PAA (Posto Avançado de Atendimento) branch located in a city where there isn't a Bank branch.

(*) Include 1 Banco Finasa branch and, in June 2007, 1 Banco Finasa branch and 1 Banco BBI branch.

(**) In June 2007, there were 778 overlapping branches between the Own Network and the Banco24Horas Network.

Customer Service Network Branches

Client/Branch Ratio in thousand

Bradesco and Market Share

Region/State	June 2006			June 2007		
	Bradesco	Total Banks in Market ⁽¹⁾	Market Share (%)	Bradesco	Total Banks in Market ⁽¹⁾	Market Share (%)
North						
Acre	5	35	14.3	5	35	14.3
Amazônas	59	144	41.0	60	152	39.5
Amapá	4	27	14.8	4	27	14.8
Pará	49	289	17.0	49	300	16.3
Rondônia	18	88	20.5	18	89	20.2
Roraima	2	18	11.1	2	19	10.5
Tocantins	13	86	15.1	13	86	15.1
Total	150	687	21.8	151	708	21.3
Northeast						
Alagoas	11	126	8.7	11	126	8.7
Bahia	207	756	27.4	208	765	27.2
Ceará	92	365	25.2	92	370	24.9
Maranhão	67	226	29.6	68	231	29.4
Paraíba	18	173	10.4	20	175	11.4
Pernambuco	62	479	12.9	62	483	12.8
Piauí	8	115	7.0	8	117	6.8
Rio Grande do Norte	14	149	9.4	14	150	9.3
Sergipe	12	161	7.5	12	164	7.3
Total	491	2,550	19.3	495	2,581	19.2
Mid-West						
Distrito Federal	31	307	10.1	31	316	9.8
Goiás	106	561	18.9	106	567	18.7
Mato Grosso	62	244	25.4	62	248	25.0
Mato Grosso do Sul	57	227	25.1	57	229	24.9
Total	256	1,339	19.1	256	1,360	18.8
Southeast						

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Espírito Santo	40	362	11.0	39	368	10.6
Minas Gerais	278	1,831	15.2	284	1,871	15.2
Rio de Janeiro	254 ⁽²⁾	1,667	15.2	260 ⁽²⁾	1,170	22.2
São Paulo	1,082	5,778	18.7	1,099 ⁽³⁾	5,962	18.4
Total	1,654	9,638	17.2	1,682	9,911	17.0
South						
Paraná	172	1,274	13.5	176	1,233	14.3
Rio Grande do Sul	159	1,453	10.9	158	1,476	10.7
Santa Catarina	111	848	13.1	113	861	13.1
Total	442	3,575	12.4	447	3,570	12.5
Overall Total	2,993	17,789	16.8	3,031	18,130	16.7

(1) Source: Unicad Information on Entities of Interest to the Brazilian Central Bank. In 2007, data are from May.

(2) It includes 1 Banco Finasa's branch.

(3) It includes 1 Banco Bradesco BBI's branch.

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Customer Service Network Branches Market Share

Bradesco Dia&Noite (Day&Night) Customer Service Channels

Bradesco's clients are able to consult their banking transactions, carry out financial transactions and purchase products and services available via state-of-the-art technology through the following alternative channels: Auto-Atendimento (ATM Network), Fone Fácil (Easy Phone) and Internet Banking.

Reassuring the commitment with social responsibility, the Bradesco Dia&Noite (Day&Night) Customer Service Channels provide access to people with special needs, as follows:

Internet Banking for visually impaired people;

Personalized assistance for hearing impaired people, by means of the digital language in Fone Fácil (Easy Phone); and

Access to visually impaired people and wheelchair users in Auto-Atendimento (ATM Network), which is being extended.

Bradesco Dia&Noite (Day&Night) ATM Network

The ATM network is distributed in strategic points throughout Brazil, with 24,498 machines on 6.30.2007, providing fast and practical access to diverse range of products and services. Additionally, Bradesco's clients who have debit cards in checking or savings accounts can use 3,504 Banco24Horas machines for withdrawal, balance and bank statement transactions.

Banking Service Outlets

Items	2006		2007	
	March	June	March	June
Total Bradesco	7,487	7,587	8,069	8,210
Branches, PABs, PAEs and PAAs	5,193	5,260	5,489	5,639
Outplaced Terminals	2,294	2,327	2,580	2,571
Total Banco24Horas (*)	2,589	2,657	3,086	3,287
Overall Total	10,076	10,244	11,155	11,497

(*) It includes outlets overlapping with own network, 778 in June 2007.

Distribution of Own ATM Network Productivity in the 1st Half of 2007

ATM Network Number of Transactions in thousand

N.B.: It includes the transactions performed in Banco24horas network.

ATM Network Financial Movement Evolution R\$ million

N.B.: It includes the transactions performed in Banco24horas network.

ATM Network Highlights millions

Items	2006			2007		
	1 st Qtr.	2 nd Qtr.	1 st Half	1 st Qtr.	2 nd Qtr.	1 st Half
Number of Cash Withdrawal Transactions	108.7	109.1	217.8	114.1	113.6	227.7
Number of Deposit Transactions	46.0	44.9	90.9	44.2	43.9	88.1

1H07 Highlights

The technology of biometrical identification through the palm vein pattern was implemented;
Pilot project enabling Bradesco's and Banco do Brasil's clients to share self-service terminals for
balance transactions and withdrawal;
31% growth in the value of the Personal Loan Limit transaction in relation to the same period in 2006; and
E-finance Award:
Best Accessibility Solutions:
Accessible ATMs to visually impaired people;
Best Identity Management Solutions:
Bradesco's Security on the palm of the hand.

Bradesco Dia&Noite (Day&Night) Fone Fácil (Easy Phone Service)

With a 24/7 telephone access, the client can obtain information, make transactions and acquire products and services related to his/her Checking Account, Savings Account, Credit Cards and other products available in this channel through electronic and personalized assistance.

By means of specific numbers, the Client has access to several other centers. The main ones are: Internet Banking, Net Empresa, Consortium, Private Pension Plan, Finasa, Collection and also Alô Bradesco to make complaints, criticisms and compliments.

Fone Fácil Calls Evolution million

Fone Fácil Number of Transactions thousands

Fone Fácil Financial Movement Evolution R\$ million

1H07 Highlights

Bradesco was the only bank to obtain maximum score (100 points) in the Research assessing the quality of the customer service provided by the banks and credit card management companies;
Award that aimed to identify and disclose the best practices concerning customer service in Brazil and acknowledge companies that favors service excellence.

Winner in the Retail Bank Category;

Winner in the Prime Bank Category; and

E-finance Award:

Best Accessibility Solutions:

Assistance Center for Hearing Impaired People;

Inclusion of Visually Impaired People;

Best Identity Management Solutions:

Security Key to access Fone Fácil Bradesco (Easy Phone).

Bradesco Dia&Noite (Day&Night) Internet Banking

Bradesco Dia&Noite (Day&Night) Internet Banking manages a Portal, which contains links to 45 related websites, 32 of which are institutional, and 13 are transactional. Since it was first launched, Bradesco Internet Banking has innovated and made available the largest number of online services as possible to its Clients.

Internet Banking thousands of registered users

Internet Banking Number of Transactions in thousands (*)

(*) Number of transactions made via Internet Banking, ShopInvest, Cartões (Cards), ShopCredit, Capitalização (Certificated Savings Plan), Net Empresa and Net Empresa WebTA (Web File Transmission) and Cidadetran.
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Internet Banking Financial Movement Evolution R\$ million (*)

(*) Number of transactions made via Internet Banking, ShopInvest, Cartões (Cards), ShopCredit, Capitalização (Certificated Savings Plan), Net Empresa and Net Empresa WebTA (Web File Transmission) and Cidadetran.

Services	1 st Half of 2007
Bradesco Internet Banking (www.bradesco.com.br)	8.1 million registered users. 155.6 million transactions carried out.
ShopInvest Bradesco (www.shopinvest.com.br)	1,147 thousand registered users. 2.0 million transactions carried out.
ShopCredit (www.shopcredit.com.br)	11.3 million transactions/operations carried out.
Bradesco Net Empresa (www.bradesco.com.br)	408,982 registered companies. 24.6 million transactions/operations carried out.
Bradesco Cartões (www.bradescocartoes.com.br)	17.9 million transactions carried out.
Net Empresa WebTA (Web File Transmission)	390.6 million transactions/operations carried out.
Bradesco Cidadetran (www.cidadetran.com.br)	3.5 million transactions/operations carried out.

1H07 Highlights

Security Portal (Security Tips);
 Electronic Bradesco Security Key in Bradesco Net Empresa;
 Social-environmental Responsibility website versions in English and Spanish;
 Investor Relations website Chat Results in 2006;
 New Bradesco websites: Bradesco Pessoa Jurídica (Corporate), Bradesco Cartões (Cards) and HR Solutions mini website;
 ShopCredit Payroll-deductible Loan Public and Private;
 Stock consultation through Bradesco Cell Phone; and
 E-finance Award:
 Best Accessibility Solutions:
 Bradesco Internet Banking for Visually Impaired People; and
 Security Key for Visually Impaired People;
 Best Identity Management Solutions:
 Security Key to access Bradesco Celular (Cell Phone).
 Best Internet Banking for Individuals:
 Bradesco website;
 My Bradesco;
 Bradesco Infoemail / Cards Infoemail; and
 Clipmail
 Best Solutions for Loan website:
 Credit Scoring; and
 Personal Payroll deductible loan.
 Best Home Broker website
 Bradesco ShopInvest - Home Broker.
 Best Data Electronic Transfer Solution
 Bradesco Net Empresa WebTA.

Investments in Infrastructure, Information Technology and Telecommunications

The investments for expanding the capacity of infrastructure, IT and telecommunications at Bradesco Organization are designed to maintain a modern, practical and secure Customer Service Network. The Network characterizes Bradesco as one of the world's most contemporary companies and creating a unique advantage for its clients and users at home and abroad.

Investments Evolution R\$ million

R\$ million					
Years					1 st Half
2002	2003	2004	2005	2006	2007

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Infrastructure	613	469	230	245	354	223
IT/Telecommunications	947	1,225	1,302	1,215	1,472	774
Total	1,560	1,694	1,532	1,460	1,826	997

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Risk Management and Compliance

Credit Risks, Market Risks, Liquidity, Operational risks, Internal Controls and Compliance

Bradesco deems the risk management essential in all its activities, using it with the purpose of adding value to its business, to the extent this enables support to the business areas in the planning of their activities, maximizing the utilization of own funds and of third parties, in benefit of stockholders and the company.

We also understand that the risk management activity is greatly relevant, due to the growing complexity of services and products offered by the Organization, and also in view of the globalization of its business. Therefore, Bradesco is constantly improving its risk management-related activities, in pursuit of the best internationally used practices, however duly adjusted to Brazil's reality.

The Organization carries out considerable investments in activities related to risk management, especially in the qualification of employees. The purpose of these activities is enhancing the quality of risk management of the Conglomerate, and to ensure the necessary focus on these activities, which produce a strong added value.

Corporate Governance

In the wide sense, the Corporate Governance process represents the set of practices that aims to optimize the performance of a company and protect stakeholders, such as stockholders, investors, employees, etc, as well as to facilitate access to capital, add value to the company and contribute to its sustainability, involving, mainly, aspects focused on transparency, equity of treatment of shareholders and account rendering.

Under the Risk Management focus, the Corporate Governance structure at Bradesco Organization includes an effective follow-up of the risk management which protects the interests of stakeholders, internal and external parties of the company, upon the operation of 4 bylaws committees proposed by the Board of Directors and by approval of the Stockholders' Meeting and, also, 34 executive committees, subordinated to the CEO and established by approval of the Board of Directors. The committees comply with specific rules of establishment, alteration and extinguishment and each one has clearly defined in its regulation: the purpose, subordination, attributions, compositions, duties and responsibilities of its members, the frequency, call and quorum of the meetings.

Governance Structure

This structure is aligned with the best practices, considering that it counts on independent Board members, Committees with specific functions and dedicated directive structure, establishing policies, guidelines and rules, and proving human resources, materials and technology focused on these activities.

Risk Management Process

Bradesco approaches the management of all the risks inherent to its activities in an integrated manner, within a process, based on the support from its Internal Controls and Compliance structure.

This view allows the ongoing improvement of its risk management models, avoiding gaps that could jeopardize the correct identification and assessment.

Risk Management

The positioning of the Risk Management and Compliance Department – DGRC in the organizational structure reflects the Organization's commitment to the issue, since the treatment and the integration of the Credit, Market and Operational risks into one independent Department bring great advantages to risk management, meeting the concepts enacted by the New Capital Accord (Basel II) and the best Corporate Governance practices.

Organizational Structure of the Risk Management and Compliance Department:

The Department also has as attribution the responsibility for the compliance with the Resolutions 2,554 (Internal Control), 3,380 (Operational risk), 3,464 (Market Risk) of the Brazilian Monetary Council, and with the provisions of the Sarbanes-Oxley Act, Section 404.

The risk management process in Bradesco comprises a virtuous circle, which involves the identification, measurement, mitigation, control, monitoring and report of these risks to several areas and Committees involved. This process is supported by a structure which comprises the Senior Management, by means of Executive Committees (responsible for the definition of the tolerance to risks in the Organization), including the Risk Management and Compliance Department to quantify and monitor risks, up to the several areas of businesses and products in the risk identification.

Identification of risks: present in the day to day of the units of businesses and products this activity considers the definition, identification and diagnostic of the risk, task made by means of the structure of Internal Controls and Compliance;

Measurement of risks: it involves the use of a series of methodologies, such as calculation of the expected and unexpected losses, calculation of VaR (Value at Risk), stress tests and use of market benchmarks;

Mitigation of risks: it represents the reduction of the gross exposure level to risks, leading to an acceptable residual by means of the adoption of instruments aiming at its transfer or implementation of effective controls, periodically revaluated and regularly tests as to its adequate execution;

Monitoring and control of risks: it uses the results of measurement models for the establishment of policies and limits. These limits are divided and monitored daily, weekly, monthly or according to each situation. In addition, we have an integrated management system which incorporates several elements, such as specific models for measurement of each one of the risks, historical data base, strict procedures of internal controls and a highly qualified team in the risk management function; and

Report of risks: for each business unit information aiming at the integrated risk management is reported in analytical and consolidated bases.

New Capital Accord Basel II

Structure and Fundamentals

One of the main functions of the central banks of several countries is the supervision of the financial system under their jurisdiction, in the sense of avoiding and mitigating possible banking crises which may deeply affect local economies.

With the financial globalization, a banking crisis in a certain country may affect the banking and economic activities of other countries, with the need of alignment of the supervision activities of the several central banks, so as to level the measurement criteria of the banking risk among the countries and ensure the solvability of the international financial market. This need was met by the Basel Capital Agreement of 1988. The main guideline of this Agreement was the requirement of minimum capital in relation to the credit risk. The supervisors of each country require from the banks under their jurisdiction a minimum capital amount in relation to their portfolio assets, weighted by the risk level determined by supervisors. Later, in 1996, the Basel Committee on Banking Supervision added market risk as one more risk factor to be considered for capital allocation.

With the evolution of the world banking scenario and the acceleration of the integration pace of several national financial systems through complex and sophisticated instruments, there was the need to improve the Capital requirement rules established 1988 and 1996. The New Capital Agreement (Basel II), disclosed in June 2004, after more than six years of studies, deepens the conquests of the previous Agreement, based on the three pillars :

The First Pillar has two main innovations concerning the previous Agreements: a) the risk weighing rules which currently are established by the regulator, may be based on internal classifications of the banks themselves; and b) the addition to the capital requirement of the amounts related to the operational risk.

The Second Pillar comes from the fact that the supervising authority excludes from the function of determining the risk level of banking assets in the internal evaluation models. The exclusion fundamental is that the banks themselves have the best capacity to determine them. On the other hand, the supervising tasks of the banking authority are added to the internal risk measurement processes of the banks under its jurisdiction.

The Third Pillar recommends to the banks a set of minimum information for the disclosure to the market, so that it can make a better evaluation based on the risks incurred by each one of the institutions in their activities.

Implementation in Brazil

As of 1994, the Central Bank of Brazil started disclosing normative rulings based on the orientations given by the Basel Agreement for follow-up of the credit risk of the financial instructions and as of 2001 for market risk.

The Notice 12,746 of the Central Bank of Brazil, as of December 2004, establishes a schedule for the implementation of the structure of the New Capital Agreement - Basel II. In Brazil, the implementation of the standardized approach is estimated for 2007/2008. This approach must be adopted by all banks of Brazil.

The Notice 12,746 also provides for the implementation of advanced approaches, as the table below:

2008	2009	Validation of internal models for market risk; Establishment of a validation schedule of the basic approach version based on internal systems, and Disclosure of criteria for the recognition of internal models for operational risk.
2009	2010	Validation of the advanced approach version based on internal systems; and Establishment of the validation schedule for the advanced approach of operational risk.
2010	2011	Validation of internal methodologies to ascertain the capital requirement for operational risk.

In accordance with the New Agreement, the Central Bank of Brazil published Resolutions 3,380 and 3,464 which deal with the implementation of structures for operational and market risk management, respectively. Resolution 3,444 was also published, changing the ascertainment rules of the Capital (Reference Equity).

Implementation of Basel II in the Bradesco Conglomerate

Based on the consulting documents disclosed by the Basel Committees and on the exercises of quantitative impacts (QIS) for implementation of Basel II, Bradesco, since 2003, is getting prepared in an integrated manner to the adequacy to the requirements proposed by these documents.

In 2004, with the publication of the definite document New Capital Accord (International Convergence on Capital Standards and Capital Measurement), an internal implementation plan was established, under the coordination of the Risk Management and Compliance Department, involving areas of Bradesco Organization, and follow-up by a structure of PMO (Project Management Office).

The main activities established for adequacy are focused on:

- historical data storage on default and operational losses;
- review of the internal control procedures;
- review of the loan granting models;
- review of limit and guarantee management processes;
- evaluation of the credit recovery management models;
- development of economic capital models for operational risk and credit; and
- certification by the internal audit of all processes related to Basel II.

All these works are directed by an Executive Committee designated by the Board of Directors, under the coordination of the Organization's CEO, showing the total commitment of our management with the implementation of Basel II.

We understand that the implementation of the approaches of Basel II, connected to the best market practices, will bring to our organization improvements to the risk management processes.

Credit Risk Management

Credit Risk is the possibility of a counterparty of a loan or financial operation might not intend nor suffer any change in its ability to comply with its contractual liabilities, thus may generate any loss for the Organization.

Loan Granting

Under the responsibility of the Loan Department, the loan process of the Organization meets the determinations of the Executive Loan Committee of the Central Bank of Brazil, in addition to being based on the goals of security, quality, liquidity and diversification in the application of the loan assets.

In a constant pursuit of agility and profitability in businesses, we use methodologies directed and adequate to each segment the Bank operates, guiding the granting of loan operations and the determination of operational limits when adequate.

Loan Policies

Within rules and Loan Policy, the branches maintain their limit values variable, according to the size and guarantees of operations, and the automatic classification is verified against global risk of client / economic group.

The loan proposals pass through an automated system and under parameters in a continuous improvement process, with a view to supplying indispensable subsidies for analysis, granting and follow-up of loans granted, minimizing the risks inherent to loan operations.

For the granting of mass loans, the specialized Credit and Behavior Scoring systems enable to attain greater agility and reliability, besides the standardization of procedures in the credit analysis and granting processes.

The Executive Loan Committee located at Bradesco's Headquarters aims at joint decision-making processes within its skills referring to consultations about limits or operations proposed by the Bradesco Conglomerate, previously analyzed and with opinion of the Loan Department.

Operations are diversified, non-selective and focused on individuals and corporate customers with sound payment capacity and proven creditworthiness. Care is taken to ensure that the underlying guarantees are sufficient to cover the risks assumed, considering the purpose and terms of the loan granted.

Loan Granting

Methodology Used for Loan Portfolio and Client Classification

The credit risk assessment methodology, besides delivering data to establish minimum parameters in the loan granting and risk management, also enables to define special loan policies in view of characteristics and size of client, providing grounds not only for the correct pricing of operations, but also the definition of adequate guarantees according to each situation.

The risk ratings for corporate clients are given on a corporate basis and periodically followed up, with a view to preserving the quality of loan portfolio.

In the case of individuals, the risk ratings are mainly defined based on their registered reference variables which include: income, equity, restrictions and indebtedness, besides standard and past relationship with Bradesco.

Credit Risk Control

Aiming at mitigating the Credit Risk, Bradesco is continuously following up the processes of loan activities, in the improvement, examination and preparation of inventories of credit risk models, on the monitoring of credit concentration and on the identification of new components that offer credit risks.

In addition, the efforts, which are focused on the utilization of advanced models of measuring risks and on the continuous improvement of processes, have reflected on the performance of the credit portfolio, both in terms of results and solidity, to various past and future scenarios.

The credit risk control is made in a corporative manner and monthly followed by the meetings of the Executive Credit Risk Management Committee, which has the following attributions:

- a) to approve strategies, policies, rules and corporate procedures related to the credit risk management, compatible with the strategic credit goals defined by the Senior Management of Bradesco Organization;
- b) to follow the performance of the credit portfolio of Bradesco Organization, aiming to ensure adequate qualify and profitability, in accordance with the parameters established by the Senior Management;
- c) to follow and evaluate alternatives for credit concentration risk mitigation, aware of those people who may cause unexpected and unacceptable losses for Bradesco Organization;
- d) to follow the implementation of methodologies, models and corporate credit risk management tools;
- e) to evaluate the sufficiency of allowance for doubtful accounts for coverage of expected losses on credit operations;
- f) to follow the movements and development of the credit market, evaluating implications, risks and opportunities for Bradesco Organization; and
- g) to regularly position the CEO and the Board of Directors about its activities and make the recommendations deemed appropriate.

We point out the following credit risk management activities:

backtesting and gauging of the models used for measuring loan portfolio's risks;

active participation in the process of improving risk rating models of clients, respecting the particular characteristics of the business and product segments in which Bradesco operates;

concentration analysis, by economic groups, activities, regions etc.;

follow-up of critical risks: periodical monitoring of the main events of default, by means of individual analysis based on the growth of clients' balances and recovery estimates;

backtesting and follow-up of the provisioning on expected and unexpected losses;

continuous review and restructuring of the internal processes, including roles and responsibilities, qualification, organizational structures review and IT demands; and

participation in the evaluation of credit risks upon creation or review of products;

In addition, the whole process of control comprises periodical review of projects related to the compliance with best market practices and requirements of New Capital Basel Accord, by monitoring actions in progress and identifying new gaps and needs emerged for the improvement of management process, preparing action plans.

We point out that we are focused on the adequacy of processes for alignment to the requirements of the approach IRB Advanced of Basel II.

Credit Risk Analysis

In accordance with the procedures for credit risk control and management, we point out mainly the quality topics (classification and evaluation of clients), portfolio composition and concentration (by client/economic group, activity sector and maturity).

Portfolio Quality

In relation to the previous quarter, there was a slight increase in the quality of the total portfolio, mainly due to the growth in the participation of credits classified between AA and C in the operation focused on micro, small and medium-sized companies.

Loan Operations By Rating

Loan Operations By Rating (in percentage)

	2006			2007					
	June			March			June		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Large Corporates	98.4	0.6	1.0	98.3	0.9	0.8	98.3	0.9	0.8
Micro, Small and Medium-sized Companies	90.9	2.9	6.2	91.3	2.7	6.0	91.9	2.5	5.6
Individuals	89.5	2.3	8.2	88.6	2.2	9.2	88.7	2.1	9.2
Total	92.4	2.0	5.6	92.2	2.0	5.8	92.4	1.9	5.7

Provisioning

The processes to constitute PDD meet the requirements of the Central Bank of Brazil, based on Resolutions 2,682 and 2,697 and complementary circulars, with the purpose of ensuring the adequate classification and quality of loan operations. The provision process is composed by stages:

evaluation and classification of the client/ Economic Group: quantitative (economic and financial indicators) and qualitative aspects (registration and behavioral data) are considered;

classification of the operation: evaluation of the classification of the client connected to the liquidity and sufficiency level of the guarantee; and

reclassification by delay and term of the operation by renegotiation.

The total provision amount is recorded by the generic (classification of the client and/or operation), specific (overdue more than 14 days) and exceeding provision (internal criteria and policies).

PDD x Delinquency x Losses (Percentage over Loan Operation Balance)

The total volume of allowance for doubtful accounts reached R\$7,033 million, representing 6.5% of the total loan portfolio (6.7%, in March 2007), ensuring the maintenance of adequate coverage levels for future losses within the current profile of the loan portfolio.

In this sense, it is important to highlight the strength of the provisioning criteria adopted, which may be proved by means of analysis of historical data of allowances for doubtful accounts and losses effectively occurred, in the subsequent period of twelve months during the analyzed period. For instance, in June 2006, for an existing provision of 6.6% of the portfolio, the loss in the twelve subsequent months was 4.1% of the portfolio, that is, the provision covered with the margin the loss which really occurred.

Portfolio Concentration

By Activity Sector

The distribution of the portfolio by economic activity sector did not have a concentration. Operations for individuals, despite their significant participation, are covered.

Items	R\$ million							
	2006				2007			
	March	%	June	%	March	%	June	%
Public Sector	1,089	1.2	1,065	1.2	967	1.0	993	0.9
Private Sector	83,337	98.8	87,578	98.8	100,506	99.0	107,198	99.1
Corporate	47,619	56.5	50,019	56.4	58,878	58.0	62,504	57.8
Industry	19,313	23.0	21,070	23.8	25,207	24.8	26,880	24.8
Commerce	12,649	15.0	12,945	14.5	15,255	15.0	16,072	14.9
Financial Intermediates	266	0.3	321	0.4	422	0.4	385	0.4
Services	14,304	16.9	14,509	16.4	16,601	16.4	17,723	16.4
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration	1,087	1.3	1,174	1.3	1,393	1.4	1,444	1.3
Individual	35,718	42.3	37,559	42.4	41,628	41.0	44,694	41.3
Total	84,426	100.0	88,643	100.0	101,473	100.0	108,191	100.0

By Flow of Maturities

The term of operations falling due has been extended, mainly due to the consumer financing operations, which are, by their nature, of larger term. The operations with term larger than 180 days represented 52.6% of the total portfolio in June 2007, against 49.8% twelve months ago. It is worth pointing out that the increase of the average term of the portfolio has been occurring in products of lower credit risk, that is, financing of vehicles and payroll deductible loan.

Loan Operations Flow of Loan Portfolio Falling Due by Terms (in percentage)

By Debtor

In relation to the previous quarter, the concentration levels of credit operations of the total portfolio had a reduction in all intervals of debtors. In the last twelve months, the growth of the participation of the rating AA and A (excellent and great concept and economic-financial condition) in the range of the one hundred and fifty largest debtors indicated an improvement in the quality of the portfolio.

Loan Operations Portfolio Concentration (in percentage)

Market Risk Management

Market risk is related to the possibility of the loss of income from fluctuating prices and rates caused by mismatched maturities, currencies and indexes of the Institution's asset and liability portfolios. This risk has been accompanied by growing strictness by the market, with significant technical growth over the past years, with a view to avoiding, or at least, minimizing, occasional losses to institutions, due to higher complexity in operations carried out in the markets.

Market Risk Control

Market risks are managed through methodologies and models, which are consistent with local and international market realities, ensuring that the Organization's strategic decisions are implemented with speed and a high level of reliability.

The market risk control is weekly followed by the meetings of the Executive Treasury Committee, whose main attributions are:

- a) to define operation strategies for optimization of results and present positions held by the Organization;
- b) to analyze the national and international political- economic scenario;
- c) to evaluate and define investment limits in public federal, private, national and international securities;
- d) to evaluate and define limits of VaR (Value at Risk) and Stop Loss of the portfolios;
- e) to define the liquidity policy;
- f) to establish operational limits of separation of assets, liabilities and currencies; and
- g) to hold special meetings to analyze positions and situations in which the position limits, Stop Loss or VaR, are exceeded.

Among the main activities of the market risk management activities, we point out:

to follow, calculate and analyze the market risk of the positions of the Conglomerate, by means of the VaR methodology;

to follow the limits of Stop Loss established for the positions by the Senior Management;

to make backtesting of the models adopted for measurement of market risks;

to prepare sensibility analysis and simulate results in stress scenarios for the positions of the Conglomerate;

to meet the demands of regulatory bodies concerning the calculation and sending of information related to prefixed positions, as well as the requirement of resulting capital (Circulars 2,972 and 3,046); and

to analyze and follow the evolution of the markets, involving operations, quotations and liquidity of assets, including pricing methods and evaluation of structured operations and derivatives, in addition to calculation systems of volatilities and correlations.

Concerning the Resolution #3,464 of the National Monetary Council, which provides for the implementation of the market risk management structure, Banco Bradesco is aligned with the main demands carried out by the Central Bank, mainly related to policies, strategies and systems for risk management, in addition to stress tests.

Market Risk Analysis

The Organization adopts a conservative policy regarding market risk exposure, VaR (Value at Risk) limits are defined by the Executive Treasury Committee and validated by the Board of Executive Officers, compliance therewith is daily monitored by an independent area to the manager of positions. The methodology used to determine VaR has a reliability level of 97.5% and time horizon of 1 day. The volatilities and correlations used by the models are calculated on a statistical basis and are adjusted, when necessary, at facts not captured yet by the data used in the models.

The last quarter was highlighted by the increase of volatilities in the world market. This movement resulted from the deterioration of expectations of the behavior of the North American economy, in addition to a higher inflation pressure in Europe. The fear of the maintenance of the monetary tightness in the American market by a larger period and the expectation of the increase of the interest rate of other markets caused an increase in the aversion to the risk, causing an increase in the interest rate paid by North America treasury securities. However, even with these happening, the capital flow for emerging countries did not have large impacts.

Despite the increase of volatilities, the Global VaR had a reduction in the period, due to the change of the portfolio composition, mainly of prefixed risk factors and IPCA coupon.

Risk Factors	R\$ thousand					
	2006				2007	
	March	June	September	December	March	June
Pre-fixed	4,527	15,114	13,402	6,729	13,343	26,083
IGP-M	12,038	10,343	7,401	5,865	4,177	14,451
IPCA	40,900	40,855	45,753	17,108	37,787	59,679
TR	7,223	6,164	4,036	2,292	6,110	4,550
Domestic Exchange Coupon	3,410	8,609	745	2,714	467	930
Foreign Currency	8,331	851	5,734	3,154	420	5,107
Variable Income	2,053	2,935	1,198	1,552	2,743	967
Sovereign/Eurobonds and Treasuries	32,251	41,098	16,998	9,420	20,861	17,493
Other	3,413	1,002	250	73	70	5,328
Correlated Effect	(50,799)	(41,206)	(18,765)	(15,976)	(18,005)	(68,877)
VaR	63,347	85,765	76,752	32,931	67,973	65,711
Average VaR in the Quarter	60,495	71,419	75,632	62,887	55,083	75,392
Minimum VaR in the Quarter	44,856	37,556	52,850	32,931	33,700	52,317
Maximum VaR in the Quarter	74,138	100,305	107,750	82,635	78,357	109,539

N.B.: Investments abroad protected by hedge operations are not considered in the VaR calculation, since these are strategically managed differently, with amounts taking into account the tax effects, which minimize the sensitivity to risks and corresponding impacts on results, as well as foreign securities positions, which are funding-matched.

The methodology applied and current statistical models are validated daily using backtesting techniques. The backtesting compares the daily VaR calculated with the result obtained with these positions (excluding result with intraday positions, brokerage rates and commissions). The main purpose of the backtesting is to monitor, validate and evaluate the adherence to the VaR model, and the number of disruptions must be in accordance with the reliability interval previously established in the modeling. The chart below shows the daily VaR and the corresponding result of the last 12 months, in which the adverse results exceed VaR only twice, that is, the number of disruptions was within the limit defined by the reliability level adopted, showing the efficiency of the model.

Backtesting Global VaR

With the purpose of estimating the possible loss not contemplated by VaR, Banco Bradesco daily evaluates the possible impacts on the positions of stress scenarios. Stress Analysis is a tool that tries to quantify the negative impact of shocks and economic events financially unfavorable to the positions of the institution. Thus, crisis scenarios are determined for risk factors in which the Trading portfolio has a position. The average estimated loss in a stress situation would be R\$581 million in the 2nd quarter of this year, and the maximum estimated loss would be R\$865 million. In the quarter analyzed the position which would contribute the most, in terms of risk in a stress situation, was related to the IPCA coupon.

	R\$ thousand	
Trading Portfolio Stress Analysis	2007	
	March	June
Stress Analysis - Trading Portfolio	463,991	623,524
Average in the Quarter	434,631	580,716
Minimum in the Quarter	284,863	340,138
Maximum in the Quarter	616,011	864,533

NB: The estimated impact for the Trading portfolio is the sum of the stress calculated individually for each risk factor, without considering the possible correlations.

Besides the follow-up and control via VaR and stress analysis, a Sensitivity Analysis is made daily, which measures the effect on the portfolio of the movement of the market curves and prices.

Liquidity Risk Management

The liquidity risk management is made by the Department of Operational Control and liquidity risk management is designed to control the different mismatched settlement terms of the Institution's rights and obligations, as well as the liquidity of the financial instruments used to manage the financial positions. Knowledge and monitoring of this risk are critical since they enable the Organization to settle transactions on a timely and secure manner.

Liquidity Risk Control

The Bradesco Conglomerate has a Liquidity Policy approved within the scope of the Executive Treasury Committee. Daily different information is consolidated and distributed - some are updated in real time - to the Treasury Department and to the Board of Executive Officers. In this Policy the minimum liquidity levels are defined to be maintained by the Banks of the Organization, as well as the liquidity management instruments in a normal scenario and a crisis scenario. The policies and controls established fully comply with Resolution #2,804 of the National Monetary Council.

The several reports comprise historical information which allows the evaluation of the behavior and level of liquidity maintained, as well as simulations for the time horizon of, at least, one year. The simulations are made with information of scenarios produced by the Department of Research and Economic Studies, and the balances of products budgeted by the Department of Budget and Control.

Management of Internal Controls and Compliance

We are continually developing policies, systems and internal controls to mitigate possible potential losses generated by our risk exposure and strengthen the processes and procedures focused on Corporate Governance. We have also adopted additional methodologies and criteria for identifying, measurement, monitoring risks and respective controls. The network of dedicated staff and the investments in technology and in personnel training and recycling, together, allow us to assert that Bradesco's Organization internal control and compliance management is effective and is in line with international standards, so as to comply with the requirements set forth by national and international regulatory agencies. The Internal Control Area is one of the units of the Risk Management and Compliance Department, and is responsible for preparing and disclosing instructions of technical nature, criteria and procedures related to internal controls and compliance providing periodical status reports to the Internal Controls and Compliance and Audit Committees and to the Board of Directors.

The Internal Controls and Compliance Committee, each half year, issues an opinion on the effectiveness of the Internal Controls System maintained in the Organization and submits it to the approval of the Board of Directors, at a specific meeting about the subject, with the following attributions:

- a) to evaluate if the recommendations of improvements in the internal controls were duly implemented by the managers;
- b) to certify the conformity of procedures with rules, regulations and applicable laws;
- c) to follow the implantation and implementation of methodologies, models and corporate management tools of the operational risk, in conformity with the applicable rules; and
- d) to appreciate the reports issued by the Regulatory Bodies and Internal and External Audits concerning the deficiencies of internal controls and respective measures of the areas involved.

Among the main items focused on internal control and compliance management, we highlight:

the internal control structure has as basis the control component and objectives contemplated in the methodology of Committee of Sponsoring Organizations - COSO and on the framework of Control Objectives for Information and related Technology - Cobit, for the Information Technology environments, and adheres to the 13 Basel Internal Control Principles and to the requirements of the Central Bank of Brazil. That structure strengthens the ongoing improvement of the process used to identify and assess controls and mitigate risks.

the Compliance Agents responsible for executing the activities for identification, classification, assessment and monitoring of risks and controls, as well as for performing adherence tests and preparing and implementing action plans, according to models defined by the Internal Control Area.

- the prevention and fight against money laundering and financing to terrorism, which follows the best market practices and is based on the internal policies Know your Client and Know your Employee . Training and awareness programs are exhaustively provided to all employees and the use of technological tools to monitor financial transactions are constantly upgraded, with a view to protecting the Institution and its management, stockholders, clients and employees. Thus, the use of the Organization in transactions or situations which may be directly or indirectly related to crimes preceding the money laundering , characterized in Law 9,613/98, and to the financing to terrorism, are avoided at most, by the knowledge of the activities of clients and, taking place, are quickly identified by the efficient monitoring exercised by our systems and notices to competent authorities.

- Information Security basically comprises a set of controls, including policies, processes, organizational structures and security rules and procedures. It aims at protecting clients and the Organization s information, in the confidentiality, integrity and availability aspects.

Bradesco Organization created the Corporate Policy on Information Security, whose guidelines are made available on our website, and maintains a formal infrastructure, whose purpose is to promote the corporate management of Information Security, and thus providing effective protection to Information Assets. The Corporate Policy on Information Security includes Privacy Guidelines, voluntarily set forth by Bradesco Organization, aiming at protecting the privacy of its clients data. This reflects the values of the Organization and reassures its commitment to the continuous improvement of Data Protection process efficiency.

A Business Continuity Plan BCP was also set forth, in which actions to be taken are standardized, in order to, in crisis periods, make effective the recovery and continuity of business crucial process, avoiding or minimizing financial losses for the Organization and its clients.

In order to maintain total compliance to these procedures, constant training and awareness programs, as well as reviews of the policies, are carried out.

In this context, Bradesco Organization obtained in June 2007, according to Form 20-F filed with the SEC U.S. Securities and Exchange Commission, the certification of its internal controls, audited by PricewaterhouseCoopers, focused on the preparation of the accounting and financial statements related to the fiscal year ended on December 31, 2006, in accordance with the requirement in Section 404 of U.S. Sarbanes-Oxley Act of 2002.

Ongoing Enhancement

Operational Risk Management

Under the corporate scope, Bradesco Organization defines operational risk as the risk of loss resulting from inadequate or faulty internal processes, people and systems and from external events which may or may not cause the interruption of businesses.

Operating Risk Control

The operational risk management is based on the preparation and implementation of methodologies and tools that standardize the format of collection and treatment of the loss historical data and is aligned to the best practices of operational risk management. The works related to operational risk are in line with the best market practices, as well as the new corporate platform, which is under validation process. This new corporate system, called - Operational Risk and Internal Control System, has the advantage of integrating in a single data base Operational Risk and Internal Controls information and will meet, inclusively, the requirements established in Section 404 of Sarbanes-Oxley Act.

This new systemic outline via the web will increment the Organization's Operational Risk Management, as it improves the activities of capture, identification, measurement, monitoring and report, by means of a unified platform, providing the necessary qualitative support given by the Internal Controls Areas to analyses made by the Operational Risk Area. It also allows to meet the guidance in the New Capital Basel Accord, the schedule established by the Brazilian Central Bank, by means of the Notice #12,746, issued in December 2004 and the requirements in Resolution #3,380 of Bacen which provides for the implementation of the operational risk management structure in financial institutions.

The historical data base of Operational Risk will complete 4 years of storage at the end of 2007, minimum provided for according to paragraph 672 of Basel II for application of the advanced methodology. The data for preparation of the model calculation are obtained by means of accounting accounts opened exclusively for registration of losses resulting from Operational Risk events. From this information internally obtained we made the calculations related to the advance method of capital allocation separated by company which comprises the financial consolidated.

The centralized operational risk management meets all activities of the Organization, including the ones of the Insurance Group. As a result of this strategy, it was possible to obtain synergy and rationalization of resources, for the convergence of implementation of concepts of Basel II and Solvability II, unifying the criteria within Bradesco Organization, in conformity with Resolution #3,380 in what concerns the financial economic consolidated statement.

Approaches and Implementation of Basel II

For purposes of operational risk management and respective capital allocation, the recommendations in the New Capital Accord - Basel II and concepts required by the Brazilian Central Bank by means of Impact Studies carried out in 2005 and 2006, comprise the following approaches:

Basic (BIA - Basic Indicator Approach): application of a single percentage on the gross result for the year.

Standardized (STA - Standardized Approach): application of distinct percentages on gross result segregated by business lines.

Alternative (ASA - Alternative Standardized Approach): application of a fixed percentage (factor M) on the average of credit assets (Business Lines; Retail and Commercial Bank) and distinct percentages on the gross result segregated by other business lines.

Aggregated Alternative (ASA 2): guided by the Brazilian Central Bank, it is different from ASA - Alternative Standardized Approach as to the segregation of the business lines.

Advanced (AMA - Advanced Measurement Approach): the focus on losses resulting from operational events by means of the construction of proprietary models for purposes of management and capital allocation.

For the advanced approach (AMA), which is the purpose of the Organization, we used the Loss Distribution Approach methodology (LDA), which comprises the estimate of distribution of severity (loss amount) and frequency (number of events) for each Business Line and Loss Event. To model the severity, we used statistic distributions, from which we point out the exponential, gamma, weibull and lognormal. For the modeling of the frequency distribution, we used distributions of poisson, geometric and negative binomial.

We made the simulation of distributions of severity and frequency using the simulation methodology of Monte Carlo and thus we determined the distribution of aggregated loss that reflects the estimate of expected loss (EL) and exposure to risk in the horizon of certain period of time (monthly, quarterly, annually etc.), considering the businesses and controls environment existing at the time of the calculations. In the simulation methodology of aggregated losses we included the possibility of using the correlation between events of loss or business line, allowing a more accurate determination of the capital related to the exposure of Operational Risk. Key indicators of risk, controls and analysis of scenarios are used to estimate loss models considering changes in businesses and controls environments.

We consider the exposure to the Operational Risk, that is, the capital to be allocated, as the unexpected loss (UL Unexpected Loss), which is represented by the difference obtained between the expected loss (EL) and the VaR measure (Value at Risk) with 99.9% of reliability, which will be reflected on future capital allocations by the advanced method. Additionally, we calculated the TVaR (Tail Value at Risk) measure which is the expected loss value in case this is higher than the VaR with 99.9% of reliability. Below there are the classifications of losses arising from the operational risk:

Aggregated Loss value

We are contacting the world consortium of data base of losses for financial intuitions, called ORX (Operational Riskdata eXchange Association) to verify the procedures to be adopted to participate and use information made available with the intention of assisting in the calculations of analyses of scenarios and comparisons of the positioning of Bradesco concerning large global players in relation to loss events.

Operational Risk Analysis

For the standardized methods of Operational Risk, we made calculations by company which comprises the financial consolidated. Below we show the results obtained by the Basic Indicator Approach (BIA), the Alternative Standardized Approach (ASA), and the one called Aggregated Alternative Approach, provided for in the New Capital Accord, paragraph 652, footnote 97. We emphasize that the Alternative Standardized method requires a lower capital allocation when compared to the other ones.

Participation among Approaches in the Calculation of Capital Allocation for Operational Risk (*)

Approach	June	
	2007	2006
Basic Indicator (BIA)	100.0%	100.0%
Alternative Standardized (ASA)	43.5%	46.8%
Corporate Finance	0.4%	0.3%
Negotiation and Sales	18.0%	