BANK BRADESCO
Form 6-K
February 16, 2011

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 February, 2011
Commission File Number 1-15250

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

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

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

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

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

Yes _______ No ___X____

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INFORMATION ON THE SPECIAL AND ANNUAL SHAREHOLDERS MEETINGS TO BE HELD ON MARCH 10, 2011, INCLUDING THE INFORMATION REQUIRED BY CVM RULES #480 AND #481

Publicly-Held Company

Salão Nobre

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1. Message of the Board of Directors’ Chairman and of the Chief Executive Officer

Cidade de Deus, Osasco, SP, February 8, 2011

Dear Shareholders,

We are pleased to invite you to participate in the Annual and Special Shareholders’ Meetings of Banco Bradesco S.A., to be held on March 10, 2011, at 4:30 p.m., at our headquarters, in Cidade de Deus, Prédio Vermelho, Salão Nobre do 5º andar, Vila Yara, Osasco, São Paulo.

Thus, we are making available this manual with all necessary information for the examination of the matters to be resolved, as well as the guidelines to exercise your voting right. It is an extremely important event in our annual calendar, in which you will have the opportunity to take part in the discussion of matters relevant to the Company.

As it has been occurring yearly, the Annual Shareholders’ Meeting is characterized as one of the first Shareholders’ Meeting to be held in the market, which happens approximately two months before the deadline set forth by the Brazilian legislation.

Moreover, in order for shareholders to have enough time to examine all documents related to the Shareholders Meetings, we have been making all the necessary efforts to make them available approximately thirty days before the Meetings take place.

Before the analysis of the matters to be discussed and voted, the Management's Comments on the Company is available in item 2 herein, pursuant to CVM Rule #480.

Confident that we will continue receiving your support, we remain at your disposal to provide any other additional information.

Sincerely,

Lázaro de Mello Brandão	Luiz Carlos Trabuco Cappi
Chairman of the Board of Directors	*Chief Executive Officer*

2. Management s Comments according to Item 10 of the Reference Form of CVM Rule #481, as of 12.7.2009

10. Board s Comments

10.1 The Board should comment on:

a) General financial and equity conditions

- **2010**

In 2010, the real appreciated by 4.3% in relation to the U.S. dollar, reaching R$ 1.6662 per US$ 1.00 on December 31, 2010 as compared to R$ 1.7412 per US$ 1.00 on December 31, 2009. The Central Bank increased the base interest rate from 8.75% in December 2009 to 10.75% in December 2010.

The year of 2010 was characterized by the world economic growth recovery, although at a slower and uneven pace across the countries. If, on one hand, some developed countries will still have to overcome some difficulties generated by economic destabilization occurred in 2008/2009, on the other hand the clear perception that this scenario open new opportunities for emerging countries remains, in particular for countries like Brazil where the democratic environment is consolidated and the business sector has achieved a capacity consistent with such new challenges.

In spite of many challenges faced by long-term growth, Bradesco is prudently optimist on perspectives for the next years. Brazilian economy, right at the end of 2009, presented solid bases for growth recovery, as confirmed at the end of 2010, which was marked by a robust GDP expansion to the highest level since 1985.

In the political environment, 2010 was a year where the full exercise of citizenship evidenced a deeply-rooted democratic system establishing freedom of speech and choice as a target.

Advances occurred not only in economic indicators, but also in social indicators. In fact, improvements in people's life quality, especially in consumption power, were encouraging as achievements that introduced a great part of population in the middle class, which is a significant statistical data in the country's history.

Among the most significant events in 2010, the following stand out: a) expressive volume of credit operations that increased by 20.75% over 2009, and the recovery of overdue credits, which increased by 57.94% over the previous year; b) expansion of Customer Service

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Network operating in all Brazilian municipalities through the opening of 178 new Branches; c) reorganization of facilities abroad to meet properly the demands of the international market; d) Bradesco presence as the leading coordinator of Petrobras capitalization process, the greatest operation of the kind in Brazilian and world stock markets; e) acquisition of the whole capital stock of Ibi Services in Mexico, where partnership with C&A in that country made part of the deal; f) partnership with Banco do Brasil and Caixa Econômica Federal for creation and management of a Brazilian card brand - ELO; g) Bradesco permanence in Dow Jones Sustainability World Index and in the Corporate Sustainability Index - ISE; h) and from socioenvironmental liability standpoint, the launch of the Corporate Code of Ethics of Bradesco Organization in Braille.

Book Net Income was R$ 10.022, corresponding to earnings per share of R$ 2.66 and an annualized Return on Shareholders Equity of 22.7%. The annualized Return on Average Total Assets stood at 1.7%, and remained stable in relation to the previous year. The Consolidated Shareholders Equity amounted to R$ 48.043 billion, while the total balance of assets amounted to R$ 637.485 billion.

Credit Operations

Supported by the credit democratization strategy and the continuing expansion and diversification of its funding, Bradesco increased its volume of operations, including through direct financing and partnerships with market agents, as well as individual lines, such as payroll-deductible loans through its extensive branch, service points and Banco Postal network, and the Customer Service Center 0800 Loans.

- R$ 274.227 billion in consolidated loan operations at year-end, including advances on exchange contracts, sureties and guarantees, credit card receivables and leasing, up 20.23% in the period.

- R$ 16.290 billion in the allowance for loan losses.

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Funding and Asset Management

At the close of the year, funds raised and managed totaled R$ 872.514 billion, 24.3% more than the previous year, as follows:

- R$ 364.698 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts;
- R$ 295.708 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, 19.4% up on the same period in the previous year;
- R$ 114.495 billion in the exchange portfolio, borrowing and onlending, working capital, tax payment and collection and related charges, funds from the issue of securities and subordinated debt in Brazil, and other funding;
- R$ 87.177 billion in technical provisions for insurance, private pension plans and savings bonds, a 15.4% improvement over the year before; and
- R$ 10.436 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US$ 6.263 billion.

On December 31, 2010 market capitalization of Bradesco was R$ 109.759 billion, with emphasis on preferred share valuation of 12.1% in the year, as compared to 1.0% valuation of Ibovespa.

- **2009**

In 2009, the real appreciated by 25.5% in relation to the U.S. dollar, reaching R$ 1.7412 per US$ 1.00 on December 31, 2009 as compared to R$ 2.3370 per US$ 1.00 on December 31, 2008. The Central Bank gradually decreased the base interest rate from 13.75% in December 2008 to 8.75% in December 2009.

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The fiscal year of 2009, began with the worst possible forecasts for the global economy, but ended with consistent signs of recovery. The actual pace of recovery varied from country to country, accompanied by a lingering degree of uncertainty regarding the developed world, where the adjustments in progress may impose reduced consumption growth over the previous years levels. At the same time, we see challenges ahead related to the strong fiscal deterioration in these nations as part of the anti-cyclical response to the risk of an economic depression.

Brazil has successfully overcome the challenges imposed by the crisis. The adoption of anti-cyclical policies resulted in a decline in household consumption, the main component of GDP, but not nearly to the same extent as in previous periods of major turbulence. The decline in

investments temporarily interrupting the expansion cycle of the previous five years is already showing unmistakable signs of a reversal thanks to reduced idle capacity, the favorable outlook for domestic demand and the opportunities arising from the World Cup and the Olympic Games, as well as from pre-salt oil exploration. At that occasion, Brazil was already one of the main destinations for direct investments by foreign companies.

Book Net Income was R$ 8.012 billion, corresponding to earnings per share of R$ 2.34 and an annualized Return on Shareholders Equity of 21.4%. The annualized Return on Average Total Assets stood at 1.7%, compared to 1.9% in the previous year. Total Consolidated Shareholders Equity amounted to R$ 41.754 billion, the balance of total assets amounted to R$ 506.223 billion.

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Credit Operations

Supported by the credit democratization strategy and the continuing expansion and diversification of its funding, Bradesco increased its volume of operations, including through direct financing and partnerships with market agents, as well as individual lines, such as payroll-deductible loans through its extensive Branches Network, Service Stations and Banco Postal, and the Customer Service Center 0800 Loans.

- R$ 228.078 billion in consolidated loan operations at year-end, including advances on exchange contracts, sureties and guarantees, credit card receivables and leasing, up 6.78% in the period.
- R$ 16.313 billion in the allowance for loan losses.

Funding and Asset Management

All in all, the Bank managed R$ 20.910 million in checking accounts and was responsible for 17.73% of the Brazilian Savings and Loan System - SBPE.

At the close of the year, funds raised and managed totaled R$ 702.065 billion, 17.48% more than the previous year, as follows:

- R$ 284.346 billion in demand deposits, time deposits, interbank deposits, other deposits, open market and savings accounts;

- R$ 247.700 billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, 32.35% up on the same period in the previous year;

- R$ 86.411 billion in the exchange portfolio, borrowing and onlending, working capital, tax payment and collection and related charges, funds from the issue of securities and subordinated debt in Brazil, and other funding;

- R$ 75.572 billion in technical provisions for insurance, supplementary private pension plans and savings bonds, a 17.01% improvement over the year before; and

- R$ 8.036 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US$ 4.615 billion.

2008

In 2008, Brazilian GDP increased by 5.1%, and the real depreciated by 31.9% in relation to the U.S. dollar, reaching R$ 2.3370 per US$ 1.00 on December 31, 2008, as compared to R$ 1.7713 per US$ 1.00 on December 31, 2007. The Central Bank gradually increased the base interest rate from 11.25% in December 2007 to 13.75% in December 2008.

The fiscal year of 2008 was marked by a variation in the robust expansion cycle of global growth initiated in 2004, a period of several structural changes that benefited emerging economies like Brazils. This change occurred with the onset of the most severe crisis of the past 70 years, basically characterized by a strong deleveraging process that intensified in September and has affected several interconnected markets. The most relevant outcomes of this process were noticeable in the financial volatility, the banking system became unstable in various economies, credit constraints and reduced capital flows, changes in asset and commodity prices and higher risk aversion.

Notwithstanding an unfavorable international scenario, the Brazilian economy behaved well most of the year, with growth around 5%, a level achieved for the second consecutive year.

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Household consumption and investments are still the main drivers of economic expansion, benefited by an environment of higher confidence among consumers and businessmen and by credit and income growth. Inflationary pressures deriving from a disparity between supply and demand and intensified by high commodity prices by mid-2008, resulted in monetary tightening, which decisively contributed to Brazil avoiding an acceleration of inflation as strong as that verified in several economies. Within this scenario, Brazil obtained the coveted investment grade in the first half of 2008 amid high volatility in the global markets. It is also worth mentioning a significant inflow of foreign direct investments, which reached the level of US$ 40 billion for the first time in history.

The Net Income for the year was R$ 7.620 billion, corresponding to R$ 2.48 per share and annualized return on average Shareholders’ Equity of 23.76%. The annualized Return on Average Total Assets stood at 1.93%, compared to 2.67% in the previous year. Consolidated Shareholders’ Equity amounted to R$ 34,257 million, while the balance of total assets amounted to R$ 454,413 million.

Credit Operations

An increased volume of Bradesco loan operations, both in financing directly made and partnerships with market agents, and in other lines focused on Individuals, such as Payroll Deductible Loans, is based on the credit democratization strategy and on the continuous expansion and diversification of financing by means of its extensive Branches Network, Service Stations and Banco Postal as well as several alternative channels, such as Bradesco Dia&Noite ATMs, Internet Banking, Fone Fácil, Bradesco Celular and on Customer Service Center 0800 Loan.

- R$ 213.602 billion in consolidated loan operations at year-end, including advances on exchange contracts, sureties and guarantees, credit card receivables and leasing, up 34.2% in the period.

- R$ 10.263 billion in the allowance for loan losses

Funding and Asset Management

The Bank managed, together, 20.081 million checking accounts and held 18.0% of the Brazilian Savings and Loan System - SBPE.

At the end of the year, the total volume of funding and assets managed by the Organization stood at R$ 597.615 billion, a 23.74% growth compared to the previous year:

- R$ 244.470 billion in Demand Deposits, Time Deposits, Interbank Deposits, Other Deposits, Open Market and Saving Accounts;

- R$ 187.151 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, with a 5.45% growth compared to the same period of the previous year;

- R$ 92.944 billion recorded at the Exchange Portfolio, Borrowing and Onlending, Own Working Capital, Tax Payment and Collection and Related Taxes, Funds From Issuance of Securities, Subordinated Debt in the Country and Other Funding;

- R$ 64.587 billion in Technical Provisions for Insurance, Private Pension Plan and Savings Bonds, with a 10.36% increase when compared to the previous year; and

- R$ 8.463 billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US$ 3.621 billion.

b) Capital structure and possibility of share or quotas redemption, indicating: i) possibility of redemption; ii) formula for redemption price calculation

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Capital Structure

In 1,000

	Dec10	**Dec09**	**Dec08**
Common	1,880,830	1,710,205	1,534,806
Preferred	1,881,225	1,710,346	1,534,900
Subtotal - outstanding	**3,762,055**	**3,420,551**	**3,069,706**
Treasury shares	395	6,535	163
Total	**3,762,450**	**3,427,086**	**3,069,869**

P.S.: It does not consider bonuses and developments in the periods.

On December 31, 2010, Bradesco Capital Stock amounted to R$ 28.5 billion divided into 3,762,450 thousand book shares, being 1,881,225 thousand common shares and 1,881,225 thousand preferred shares with no face value.

Capital stock in 2009 amounted to R$ 26.5 billion, divided into 3,427,086 thousand book shares, being 1,713,543 thousand common shares and 1,713,543 thousand preferred shares with no face value.

In 2008 the Capital Stock amounted to R$ 23 billion divided into book 3,069,869 shares, being 1,534,935 common shares and 1,534,934 preferred shares with no face value.

There is no expected redemption of shares issued by the Company other than the legal redemptions.

c) Capacity to pay financial commitments

Bradesco has full ability to pay all its financial commitments, because it daily reviews its asset and liability management policy to ensure sufficient liquidity to honor withdrawals, deposits, repay other obligations at maturity, extend loans or other forms of credit to its customers and meet its own needs of working capital for investment. The following table presents our consolidated balance sheet by maturity:

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Consolidated Balance Sheet by maturity:

						R$ thousand
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Not stated maturity	Total
Assets						
Current and long-term assets	**332,245,946**	**106,371,438**	**44,001,250**	**143,164,024**	**-**	**625,782,658**
Funds available	15,737,880	-	-	-	-	**15,737,880**
Interbank investments	27,575,524	43,290,926	1,075,470	1,290,114	-	**73,232,034**
Securities and derivative financial instruments (1) (2)	175,936,945	4,927,407	5,656,915	26,996,723	-	**213,517,990**
Interbank and interdepartmental accounts	65,821,487	1,741	1,449	501,610	-	**66,326,287**
Loan and leasing operations	22,510,907	49,452,604	32,445,200	93,481,286	-	**197,889,997**
Other receivables and assets	24,663,203	8,698,760	4,822,216	20,894,291	-	**59,078,470**
Permanent assets	**216,126**	**990,537**	**901,676**	**7,263,459**	**2,330,274**	**11,702,072**
Investments	-	-	-	-	1,576,790	1,576,790
Premises and equipment and leased assets	53,985	269,929	323,915	2,772,832	345,470	3,766,131
Intangible assets	162,141	720,608	577,761	4,490,627	408,014	6,359,151
Total on December 31, 2010	**332,462,072**	**107,361,975**	**44,902,926**	**150,427,483**	**2,330,274**	**637,484,730**
Total on December 31, 2009	**265,077,183**	**74,648,728**	**35,062,982**	**129,827,148**	**1,607,051**	**506,223,092**
Total on December 31, 2008	**251,683,627**	**52,258,067**	**41,822,570**	**107,188,414**	**1,460,365**	**454,413,043**
Liabilities						
Current and long-term liabilities	**314,117,150**	**40,862,788**	**42,254,168**	**191,375,883**	**-**	**588,609,989**
Deposits (3)	97,242,257	7,533,178	20,819,624	67,605,540	-	193,200,599
Open market funding	115,794,642	14,174,646	6,917,135	34,610,737	-	171,497,160

Funds from issuance of securities	173,182	2,483,953	2,273,497	12,743,319	-	17,673,951
Interbank and interdepartmental accounts	3,789,604	-	-	-	-	3,789,604
Borrowing and onlending	1,842,972	7,705,581	7,015,157	21,632,515	-	38,196,225
Derivative financial instruments	287,896	198,179	110,031	133,594	-	729,700
Technical provisions for insurance, private pension plans and savings bonds (3)	63,719,014	2,100,439	1,283,121	20,074,517	-	87,177,091
Other liabilities:	**31,267,583**	**6,666,812**	**3,835,603**	**34,575,661**	-	**76,345,659**
- Subordinated debts	1,122,185	4,460,861	2,417,064	18,314,836	-	26,314,946
- Other	30,145,398	2,205,951	1,418,539	16,260,825	-	50,030,713
Deferred income	**360,355**	-	-	-	-	**360,355**
Minority interest in subsidiaries	-	-	-	-	**471,536**	**471,536**
Shareholders equity	-	-	-	-	**48,042,850**	**48,042,850**
Total on December 31, 2010	**314,477,505**	**40,862,788**	**42,254,168**	**191,375,883**	**48,514,386**	**637,484,730**
Total on December 31, 2009	**243,987,413**	**23,845,786**	**31,095,923**	**164,220,184**	**43,073,786**	**506,223,092**
Total on December 31, 2008	**200,022,806**	**23,944,909**	**24,780,135**	**170,381,210**	**35,283,983**	**454,413,043**
Accumulated net assets on December 31, 2010	**17,984,567**	**84,483,754**	**87,132,512**	**46,184,112**	-	-
Accumulated net assets on December 31, 2009	**21,089,770**	**71,892,712**	**75,859,771**	**41,466,735**	-	-
Accumulated net assets on December 31, 2008	**51,660,821**	**79,973,979**	**97,016,414**	**33,823,618**	-	-

(1) Investments in investments funds are classified as up to 30 days;

(2) Operations related to repurchase commitments are classified per term of operation; and

(3) Demand and savings deposits and technical provisions for insurance, private pension plans and savings bonds comprising VGBL and PGBL products are classified as up to 30 days, without considering average historical turnover.

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Subordinated debt – 2010

R$ thousand

Maturity	Original term in years	Value of operation	Currency	Remuneration	2010	2009
In the Country:						
Subordinated CDB						
2011	5	4,504,022	R$	102.5% - 104.0% of CDI rate	7,685,360	6,979,342
2012	5	3,236,273	R$	103.0% of CDI rate or 100.0% of CDI rate + (0.344% p.a. to 0.4914%) or IPCA + (7.102% p.a. 7.632% p.a.)	4,588,559	4,152,514
2013	5	575,000	R$	100.0% of CDI rate + (0.344% p.a. 1.0817% p.a.) or IPCA + (7.74% p.a. 8.20% p.a.)	780,335	700,900
2014	6	1,000,000	R$	112.0% of CDI rate	1,255,662	1,131,496
2015	6	1,274,696	R$	108.0% and 112.0% of CDI rate or IPCA + (6.92% p.a. 8.55% p.a.)	1,537,777	1,364,642
2016	6	500	R$	IPCA + (7.1292% p.a.)	566	-
2012	10	1,569,751	R$	100.0% of CDI rate CETIP or 100.0% of CDI rate + (0.75% p.a. 0.87% p.a.)	5,164,452	4,689,431

			or 101.0% p.a. - 102.5% of CDI rate		
2019	10	20,000R$	IPCA + (7.76% p.a.)	23,828	-
Linked to credit operations / Others (3):					
2011 to 2016	1 to 5	31,694R$	100.0% - 110.0% of CDI rate	33,269	2,368
2010 to 2012 (5)	up to 2	-R$	Rate of 9.43% p.a.	-	304,003
2010 to 2017	up to 7	90,000R$	IPCA + (6.7017% p.a. 7.4163% p.a.)	91,881	-
2010 to 2017	up to 7	21,100R$	Rate of 13.0949% p.a. 13.1762% p.a.	22,668	-
2010 to 2018	up to 8	51,000R$	IGPM + (6.3874% p.a. 7.0670% p.a.)	51,338	-
Subtotal in the Country				**21,235,695**	**19,324,696**
Abroad:					
2011	10	353,700US$	Rate of 10.25% p.a.	250,656	261,487
2012 (1)	10	315,186Yen	Rate of 4.05% p.a.	366,237	236,799
2013	10	1,434,750US$	Rate of 8.75% p.a.	831,186	882,067
2014	10	801,927Euro	Rate of 8.00% p.a.	507,552	570,412
Indeterminate (2)		720,870US$	Rate of 8.875% p.a.	-	525,966
2019	10	1,333,575US$	Rate of 6.75% p.a.	1,284,805	1,328,427
2021 (4)	11	1,100,000US$	Rate of 5.90% p.a.	1,867,290	-
Costs of issuances on funding				(28,475)	(25,877)
Subtotal abroad				**5,079,251**	**3,779,281**
Grand total				**26,314,946**	**23,103,977**

(1) Upon including the cost of dollar swap, rate increases to 10.15% per annum;

(2) In June 2005, a perpetual subordinated debt was issued in the amount of US$ 300,000,000, with exclusive full redemption option by the issuer upon prior authorization of Bacen, provided that: (i) after the period of five years from the issuance date and after each interest payment date; and (ii) at any time, upon the occurrence of any change to the fiscal law in Brazil or abroad, which is likely to increase costs for the issuer, and the issuer is notified in writing by Bacen that such securities can no longer be included in the consolidated capital stock for the purposes of solvency rate calculation. On April 14, 2010, Bacen approved an advanced redemption request for that financing, which took place on June 3, 2010, in the amount of R$ 556,834,000;

(3) It refers to subordinated CDB operations linked to credit/other operations that, according to the Circular Letter No. 2,953/01, do not integrate the level II of reference assets;

(4) In August 2010, a subordinated debt in the amount of US$ 1,100,000,000 was issued abroad, at the rate of 5.90% p.a. and due in 2021; and

(5) It refers to advanced redemptions on subordinated CDB linked to credit/other operations occurred on December 21, 2010.

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Subordinated debt – 2009

R$ thousand

Maturity	Original term in years	Value of operation	Currency	Remuneration	2009	2008
In the Country:						
Subordinated CDB						
2011	5	4,504,022	R$	102.5% - 104.0% of CDI rate	6,979,342	6,328,979
2012	5	3,236,273	R$	103.0% of CDI rate or 100.0% of CDI rate + 0.344% p.a. or IPCA + (7.102% p.a. 7.632% p.a.)	4,152,514	3,758,090
2013	5	575,000	R$	100.0% of CDI rate + (0.344% p.a. 0.87% p.a.) or IPCA + (7.44% p.a. 8.20% p.a.)	700,900	630,781
2014	6	1,000,000	R$	112.0% of CDI rate	1,131,496	1,018,009
2015	6	1,294,696	R$	108.0% and 112.0% of CDI rate or IPCA + (6.92% p.a. 8.70% p.a.)	1,364,642	-
2012	10	1,569,751	R$	100.0% of CDI rate CETIP or 100.0% of CDI rate + (0.75% p.a. 0.87% p.a.) or	4,689,431	4,252,165

				101,0% - 102,5% of CDI rate		
Linked to credit operations (3):						
2009 to 2013	2 to 5	1,913	R$	100.0% to 106.0% of CDI rate or	2,368	2,466
2009 to 2011	up to 2	289,059	R$	Rate of 8.29% to 14.88% p.a.	304,003	435,630
Subtotal in the Country		**12,470,714**			**19,324,696**	**16,426,120**
Abroad:						
2011	10	353,700	US$	Rate of 10.25% p.a.	261,487	350,356
2012 (1)	10	315,186	Yen	Rate of 4.05% p.a.	236,799	317,826
2013	10	1,434,750	US$	Rate of 8.75% p.a.	882,067	1,182,936
2014	10	801,927	Euro	Rate of 8.00% p.a.	570,412	735,689
Indeterminate (2)		720,870	US$	Rate of 8.875% p.a.	525,966	705,940
2019	10	1,333,575	US$	Rate of 6.75% p.a.	1,328,427	-
Costs of issuances on funding					(25,877)	(32,205)
Subtotal abroad		**4,960,008**			**3,779,281**	**3,260,542**
Grand total		**17,430,722**			**23,103,977**	**19,686,662**

(1) Upon including the cost of dollar swap, rate increases to 10.15% per annum;

(2) In June 2005, a perpetual subordinated debt was issued in the amount of US$ 300,000,000, with exclusive full redemption option by the issuer upon prior authorization of Bacen, provided that: (i) after the period of five years from the issuance date and after each interest payment date; and (ii) at any time, upon the occurrence of any change to the fiscal law in Brazil or abroad, which is likely to increase costs for the issuer, and the issuer is notified in writing by Bacen that such securities can no longer be included in the consolidated capital stock for the purposes of solvency rate calculation; and

(3) It refers to subordinated CDB operations linked to credit/other operations that, according to the Circular Letter No. 2,953/01, do not integrate the level II of reference assets.

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d) Funding sources used for working capital and investments in non-current assets

e) Funding sources for working capital and investments in non-current assets that it intends to use to cover liquidity deficits

f) Indebtedness levels and characteristics of related debts, also describing: i) relevant loan and financing contracts; ii) other long-term relationships with financial institutions; iii) level of subordination among debts.

Main Funding Sources

					R$ million
				Variation	
	Dec/10	**Dec/09**	**Dec/08**	**Dec/10 x Dec09**	**Dec/09 x Dec08**
Demands Deposits + Investment Account	37,332	35,663	28,612	1,669	7,051
Savings Deposits	53,436	44,162	37,769	9,274	6,393
Time Deposits	102,158	90,496	97,414	11,662	(6,918)
Subtotal Deposits	**192,926**	**170,321**	**163,795**	**22,605**	**6,526**
Debentures	46,040	36,962	36,138	9,078	824
Borrowing and Onlending	38,197	27,328	31,947	10,869	(4,619)
Funds from Issuance of Securities	17,674	7,482	9,011	10,192	(1,529)
Subordinated debt	26,315	23,104	19,687	3,211	3,417
Total	**321,152**	**265,937**	**260,578**	**55,215**	**5,359**

Liquidity and Financing

Central Bank requirements for compulsory deposits determine our minimum liquidity levels. We review our asset and liability management policies from time to time to ensure that we have sufficient liquidity available to honor withdrawals, deposits, repay other liabilities at maturity, extend loans or other forms of credit to our customers and meet our own working capital needs.

The treasury department acts as a support center for our business segments by managing our funding and liquidity positions and executing our investment objectives in accordance with our asset and liability management policies. It is also responsible for setting the rates for our different products, including exchange and interbank transactions. The treasury department covers any funding shortfall through borrowing in the interbank market. It seeks to maximize efficient use of our deposit base by investing any surpluses in liquid instruments in the interbank market.

We have used our excess liquidity to invest in Government bonds and expect to continue doing so, subject to regulatory requirements and investment considerations. Our principal sources of financing are:

- demand deposits, savings deposits and term deposits; and
- debentures, borrowing and onlending, funds from issuance of securities and subordinated debts.

- **Deposits**

Deposits are our most important source of funding. Our deposits balance over these years progressed in the following manner:

- in 2010, the balance of our deposits increased approximately 13% as compared to 2009, mainly due to the increase in time and saving deposits; and
- in 2009, the balance of our deposits increased approximately 4% as compared to 2008, mainly due to the increase in demand and savings deposits.

Deposits accounted for approximately 60% of total liabilities at December 31, 2010. Our deposits consist primarily of real-denominated, interest-bearing time and savings deposits and real-denominated, non-interest-bearing demand deposits. The increase in the balances of our savings and demand deposits from December 31, 2010 through December 31, 2009 was due basically to the increase in our client base. At December 31, 2010, we had 23.1 million checking accounts and 41.1 million savings accounts, compared to 20.9 million checking accounts and 37.7 million savings accounts at December 31, 2009.

- **Debentures**

Positive variation recorded between 2010 and 2009 basically refers to the placement of such papers, with are used to back purchase and sale commitments that are impacted by the maintenance of the economic activity pace.

In 2009 x 2008 comparison, the positive variation observed basically reflects: a) the placement of these securities, which are used to back purchase and sale commitments; and b) the better rates of these operations in relation to those practiced for time deposits, which suffered contraction due to the return of liquidity in the market.

- **Borrowing and Onlending**

Variation in the year of 2010, as compared to 2009 balance, is mainly due to the increased volume of loans and onlending in the country, basically from Finame and BNDES operations.

The reduction in the comparative between the fiscal years of 2009 and 2008 was basically due to: a) the 25.5% negative exchange rate variation, which directly impacted borrowing and onlending denominated and/or indexed in foreign currency, which was partially offset by: b) the increase in the volume of funds from borrowing and onlending in the country, especially through Finame and BNDES operations.

- **Funds from Issuance of Securities**

The variation in the fiscal year of 2010 compared to 2009, mainly derives from: a) new issuances of Financial Bonds in the market, occurred in the 2nd quarter of 2010, the balance of which in December 2010 amounted to R$ 7,820 million; b) the increased volumes of securities issued abroad in the amount of R$ 1,100 million; c) the increased operations of Real Estate Exchange Bills in the amount of R$ 777 million; and d) the greater volume of Mortgage-Backed Securities in the amount of R$ 379 million.

In the comparison between fiscal years of 2009 and 2008, the reduction was mainly due to: a) the negative exchange rate variation of 25.5%, which directly impacted operations with MT100; b) the reduction in funds from Debentures, due to repurchase by third parties in 2nd quarter of 2009; which was offset by: c) new operations with Agribusiness Mortgage Letters.

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 Subordinated debt

In December 2010, Bradescos Subordinated Debt totaled R$ 26.315 million (R$ 5.079 million abroad and R$ 21.236 million in Brazil).

In 2010, there was an issuance of R$ 2,026 million of Subordinated Debts (R$ 193 million locally and R$ 1,833 million abroad), being this total is eligible to compose Level II of Basel Index, due between 2016 and 2021. Issuance of subordinated notes in August 2010, in the amount of US$ 1.1 billion, stands out.

It is worth mentioning that only R$ 8.051 million of the total subordinated debt are used in the calculation of the Basel Index, given the respective maturity.

Additionally, it should be pointed out that on January 13, 2011, Bradesco issued subordinated notes in the total amount of US$ 500 million, which will be submitted to Bacen to compose Level II of Basel Index.

In December 2009, Bradescos Subordinated Debt totaled R$ 23,104 million (R$ 3,779 million abroad and R$ 19,325 million in Brazil). In this period, Bradesco issued R$ 1,295 million in Subordinated CDB in Brazil, with maturities in 2015. Overseas, Bradesco concluded its US$ 750 million funding operation through the issuance of subordinated notes.

It is worth mentioning that only R$ 10,951 million of the total subordinated debt are used in the calculation of the Basel Index, given the maturity of each subordinated debt operation.

In the fiscal year of 2008, Bradesco issued R$ 1,575 million in Subordinated CDB in Brazil.

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.24.

- **Sources of Additional Liquidity**

In some limited circumstances we may obtain emergency funds from the Central Bank through a transaction referred to as redesconto. A redesconto is a loan from the Central Bank to a financial institution, that loan being guaranteed by federal government securities owned by the financial institution. The amount of federal government securities held by the financial institution as trading securities limits the amount of redesconto transactions. Banco Bradesco did not enter into redesconto transactions for liquidity purposes.

iv) Eventual restrictions to the issuer, in particular with respect to limits of indebtedness and taking on new debts, distribution of dividends, sale of assets, issuance of new securities, and sale of shareholding control

There are no restrictions imposed to Bradesco.

g) Limits for use of contracted financing

Minimum short-term liquidity limits are established by Internal Committees, Executive Board and Administrative Board. Such limits are intended to ensure a sufficient liquidity and meet the minimum expected needs. Bradesco reviews periodically such limits, on which projected cash needs are based.

h) Significant changes to each item of financial statements

There are no significant changes to items of the Organization's financial statements.

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.25.

10.2. The Board should comment on:

a) Results of issuers operations, in particular: i) description of important income components; ii) factors that materially affected the operating results

The financial information of the fiscal years ended December 31, 2010, 2009 and 2008 are presented below. It is worth mentioning that, in order to enhance understanding, comparability and analysis of results, we are using the Managerial Statement of Income. For more information regarding the managerial adjustments, we suggest that you refer to the Announcement to the Market sent on July 3, 2009.

In 2010, we started to exclude extraordinary events from our managerial statement of income, and adjusted accordingly the year of 2009 for a better comparison with 2010.

We provide below a comparison between the major extraordinary events that impacted the Net Book Profit in the following periods:

			R$ million
	2010	**2009**	**2008**
Book Net Income	**10,022**	**8,012**	**7,620**
Extraordinary Events	**(218)**	**(426)**	**5**
- Partial Investment Transfer (1)	(138)	(2,460)	(806)
- Additional PLL (2)	-	1,480	597
- PLL Update of Parameters for Drag Calculations	(220)	-	-

- Record of Tax Credit	(336)	-	-
- Provision for Civil Contingencies Economic Plans	268	915	124
- Other (3)	(77)	(358)	113
- Tax effects	(112)	(3)	(23)
Net Income - Adjusted	**9,804**	**7,586**	**7,625**
ROAE % (*)	**22.7**	**21.4**	**23.8**
ROAE (ADJUSTED) % (*)	**22.2**	**20.3**	**23.8**

(*) Annualized;

(1) Gross earnings from investments: In 2010 - BM&F Bovespa and CPM Braxis; 2009 - Cielo and Cetip; and 2008 Visa Inc.
(2) Considers R$ 1,303 million in 2Q09; and R$ 177 million in 1Q09, relating to credit cards; and

(3) In 2010: refers to Fidelity capital gain of R$ 86 million; and expenses from asset recovery analysis *impairment* in the amount of R$ 27 million. In 2009: gain related to Laboratório Fleury IPO obtained by our affiliate Integritas Participações, in the amount of R$ 60 million; expenses from asset recovery analysis *impairment* in the amount of R$ 64 million; and provision for loss of investments in the amount of R$ 26 million. In 2008: basically effects from adoption of Law No. 11,638/07 in the amount of R$ 60 million and premium amortization in the amount of R$ 53 million. Net effect of tax payment under the tax debt repayment program Law No. 11,941/09 (REFIS), in the amount of R$ 388 million (2009) and R$ 18 million (2010).

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R$ million

Consolidated Managerial Statement of Income

	2010	**2009**	**2008**	**Variation (%) 2010 x 2009**	**Variation (%) 2009 x 2008**
Financial Margin	**33,056**	**29,754**	**23,143**	**11.1**	**28.6**
- Interest	31,525	27,228	22,938	15.8	18.7
- Non-Interest	1,531	2,526	205	(39.4)	1,132.2
PLL	(8,703)	(11,483)	(6,922)	(24.2)	65.9
Gross Income from Financial Intermediation	**24,353**	**18,271**	**16,221**	**33.3**	**12.6**
Income from Insurance, Private Pension Plans and Savings Bonds (*)	2,772	1,983	2,255	39.8	(12.1)
Fee and Commission Income	13,372	11,616	10,744	15.1	8.1
Personnel Expenses	(9,302)	(7,967)	(7,390)	16.8	7.8
Other Administrative Expenses	(11,532)	(9,493)	(8,307)	21.5	14.3
Tax Expenses	(3,120)	(2,535)	(2,230)	23.1	13.7
Equity in the earnings of unconsolidated companies	127	140	136	(9.3)	2.9
Other Operating Income/Expenses	(2,382)	(1,949)	(1,304)	22.2	49.5
Operating Income	**14,288**	**10,066**	**10,125**	**41.9**	**(0.6)**
Non-Operating Income	(8)	110	263	-	(58.2)
Income Tax and Social Contribution	(4,353)	(2,566)	(2,729)	69.6	(6.0)
Minority Interest	(123)	(24)	(34)	412.5	(29.4)
Net Income Adjusted	**9,804**	**7,586**	**7,625**	**29.2**	**(0.5)**

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

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.27.

Adjusted Net Income for the year of 2010 amounted to R$ R$ 9,804 million, corresponding to an increase of 29.2%, or R$ 2,218 million, over the previous year. Consequently, the Return on Average Shareholders Equity (ROAE) reached 22.2%. The Return on Average Assets (ROAA) was 1.7% in the fiscal year of 2010.

Adjusted Net Income in 2009 was R$ 7,586 million with a decrease of 0.5% compared to 2008, due to the negative impact of economic retraction observed in 1st quarter of 2009.The Return on Average Shareholders Equity (ROAE) reached 20.3%. The Return on Average Assets (ROAA) was 1.6% in the fiscal year of 2009.

Below, we comment the substantial accounts that affected the results of the last three fiscal years:

- **Financial Margin**

Financial margin in 2010 amounted to R$ 33,056 million, increasing by R$ 3,302 million in relation to 2009, or 11.1%, as a result of the following factors: a) an increase of R$ 4,297 million in results of remunerated operations, mostly derived from the increased credit results, which had been impacted by the increase volume of operations; and offset by: b) lower result obtained from non-interest margin in the amount of R$ 995 million, derived from lower treasury gains as a result of the return of internal and external marks to normality, which provided significant gains in 2009.

In the comparison between the fiscal years of 2009 and 2008, financial margin improved by R$ 6,611 million, which corresponds to an increase of 28.6%, driven by the following factors: a) the increase of R$ 4,290 million in the result of interest-earning operations, basically due to the higher average business volume; and b) the increase in non-interest income of R$ 2,321 million, basically derived from higher treasury/securities gains.

Provision for Loan Losses

In 2010, Provision for Loan Losses amounted to R$ 8,703 million, decreasing by 24.2% in relation to the previous year, as a result of lower default and higher credit recovery, which increased by 57.9% in the period to R$ 2,677 million. Credit operations increased by 23.0% in the same period, showing that Bradesco credit portfolio increased with quality.

In the comparison between the fiscal years of 2009 and 2008, Provision for Loan Losses shows a variation of R$ 4,561 million, essentially due to the constitutions required to adjust provisioning levels in view of the weak economic performance, especially in the first six months of 2009, in addition to additional efforts in PDD resulting from rating revisions.

Income from Insurance, Private Pension Plans and Savings Bonds

Until December 2010, the income from Insurance, Private Pension Plans and Savings Bonds increased by 39.8% over the same period of the previous year. That increase was due to the performance of Saving Bonds, Car, Health and Life products.

It should be highlighted that, with respect to the adjusted net income for 2010 compared to the same period of 2009, the Insurance Group recorded an expansion of 16.3%, reaching in 2010 R$ 2,904 million, derived from the following factors: (i) 18.0% increase in sales; (ii) improved financial income; and (iii) 2.6% fall in casualties.

The Insurance Group□s technical provisions represented 30.6% of the insurance industry in November 2010, according to Susep and the National Supplementary Health Agency (ANS).

Book Net Income in fiscal year 2009 was R$ 2,723 billion (R$ 2,648 billion in 2008), with a Return on Equity of 27.1%.

Revenue in fiscal year 2009 was R$26.3 billion, an increase of 13.8% on the prior year. Meanwhile, Net Income was 2.8% higher than in 2008, due to: a) the better financial result, despite the reduction in interest rates; b) the net effect from the payment of taxes through the program for settlement of tax debits through cash and installment payments under Law No. 11,941/09 (REFIS); c) the higher equity income; which was partially offset by:

d) the constitution of the technical provisions described above; and e) the increase of 6% in the CSLL tax rate.

In November 2009, Net Income at Bradesco Insurance Group accounted for 36.5% of net income in Brazils entire insurance industry (Source: Insurance Superintendence Susep). The Insurance Groups technical provisions represented 31.8% of the insurance industry in November 2009, according to Susep and the National Supplementary Health Agency (ANS).

Fee and Commission Income

In 2010, Fee and Commission Income increased by R$ 1,756 million, as a result, especially from: (a) the good performance of credit card segment derived from the increase of card/client base, revenues from Banco Ibi, and effects of changes in equity capital of Visavale and Cielo; (b) the increase of current account revenues, derived from the expansion of operations and account holder base, which recorded a net increase of some 2.2 million new accounts in the period; (c) the increase of revenues from credit operations; (d) the increase of revenues from fund management; (e) the increase of revenues from collections and taxes;

and (f) the increase of revenues from consortium management.

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In the comparison between the fiscal years of 2009 and 2008, fee and commission income presented an increase of R$ 872 million, mainly due to the growth in credit card operations and the strong performance of underwriting operations, as well as by the larger business and client base, which expanded some 4.0% over the last 12 months.

 Personnel Expenses

In the comparison of the fiscal years of 2010 and 2009, there was an increase of R$ 1,335 million principally explained by: a) the amount of R$ 900 million in structural portion related to: (i) increase of wage levels; and (ii) net staff increase of 7,574 employees; and (iii) incorporation of Banco Ibi occurred in November 2009; and b) the non-structural portion in the amount of R$ 435 million, basically derived from: (i) higher expenses related to profit sharing by officers and employees (PLR); and (ii) higher expenses related to provision for labor proceedings.

In the comparison of the fiscal years of 2009 and 2008, there was an increase of R$ 577 million principally explained by: a) the R$ 505 million in structural expenses, which were basically related to higher expenses with share-based compensation and charges; and b) R$ 72 million in "non-structural expenses, which was basically due to the build in the provision for employee profit sharing (PLR).

 Administrative Expenses

The comparison between the year of 2010 and the year of 2009 shows that the 21.5% increase is basically due to: (i) the impact of incorporation of Banco Ibi occurred in November 2009 (should this effect have been excluded, administrative expenses would have increased by 15.6%); (ii) higher costs of advertising and publicity in 2010, as in 2009 that expense recorded a significant reduction in relation to its history; (iii) increase of volume of business and services; (iv) increase of variable expenses associated with revenues (e.g., Bradesco Expresso and Banco Postal); (v) higher costs of legal advice, mainly related to credit recoveries that increased by 60% in 2010; and (vi) expansion of Customer Service Network by 10,307 outlets, including 174 branches, 368 PAB/PAE/PAA, 5,904 Bradesco Expresso, and other 3,861 other facilities totaling 54,884 customer service outlets on December 31, 2010.

In 2009, in comparison with the fiscal year of 2008, administrative expenses presented an increase of R$ 1,186 million, mainly due to the expansion in the Customer Service Network, the higher business volume and the expansion in the client base.

Tax Expenses

The comparison between the year of 2010 and the year of 2009 shows that tax expenses increased by R$ 585 million, which was basically an effect from increased expenses related to ISS/PIS/Cofins derived from increased tax revenues, especially the financial margin and revenues from services provided.

In 2009, presented an evolution of R$ 305 million compared to the fiscal year of 2008, mainly derived from the higher expenses with PIS/Cofins taxes due to an increase of taxable revenue from the higher financial margin and fee and commission income in the period.

Other Operating Income and Expenses

In 2010, the increase of other operating expenses net of other operating income, in the amount of R$ 433 million, derives mainly from higher expenses related to: (i) constitution of operating provisions, with emphasis on civil contingencies; (ii) premium amortization; and (iii) operating expenses incurred with the incorporation of Banco Ibi in November 2009.

In the comparison between the fiscal years of 2009 and 2008, the increase in operating expenses net of other operating income of R$ 645 million basically results from the builds in operating provisions and premium amortization.

b) Variations in income from price changes, foreign exchange rates, inflation, changes in volumes and introduction of new products and services

c) Impact of inflation, variation of prices of main inputs and products, and foreign exchange and interest rates on the issuers operating income and financial income

- **Sensitivity Analysis**

Trading Portfolio is also monitored on a daily basis by sensitivity analysis, which measures the effects of market and price curves variations on our positions. In addition, a sensitivity analysis of the Organizations financial exposures (Trading and Banking Portfolios) is performed on a quarterly basis, as established by CVM Directive 475/08.

It should be pointed out that the financial exposure impacts of the Banking Portfolio (mainly interest rates and price indexes) do not necessarily represent an accounting loss for the Organization. This occurs because part of loan operations held in the Banking Portfolio is funded by demand deposits and/or savings deposits, which provides a natural hedge for eventual interest rate fluctuations, and because interest rates fluctuations do not necessarily have a material impact on the Organizations results, since the intention is to hold the loan operations until their maturity.

Tables below show the sensitivity analysis of financial exposures (Trading and Banking Portfolios)

Sensitivity Analysis *Trading and Banking* Portfolios 2010 x 2009

		Risk factors								R$ thous
Period	**Scenarios (*)**	**Interest rates in Reais**	**Price indexes**	**Domestic exchange coupon**	**Foreign currency**	**Equities**	**Sovereign / *Eurobonds* and *Treasuries***	**Other**	**Total not correlated**	**Tota correla**
	1	(4,559)	(11,338)	(76)	(3,061)	(16,610)	(383)	(10)	**(36,037)**	**(24,3**
Dec10	2	(1,333,759)	(1,440,641)	(5,223)	(76,533)	(415,241)	(7,411)	(246)	**(3,279,054)**	**(2,721,1**
	3	(2,552,669)	(2,578,706)	(10,283)	(153,066)	(830,483)	(17,556)	(492)	**(6,143,255)**	**(5,058,1**
	1	(3,983)	(7,437)	(95)	(337)	(12,251)	(1,083)	-	**(25,186)**	**(16,9**
Dec09	2	(901,254)	(1,052,419)	(2,949)	(8,434)	(306,264)	(54,670)	(14)	**(2,326,004)**	**(1,810,6**
	3	(1,729,973)	(1,871,014)	(5,889)	(16,868)	(612,529)	(103,964)	(28)	**(4,340,265)**	**(3,369,2**
Definition		Exposures subject to changes in fixed interest rates and interest rate coupon	Exposures subject to changes in price index coupon rate	Exposures subject to changes in foreign currency coupon rate	Exposures subject to stocks price variation	Exposures subject to the interest rate variation of securities traded on the international market	Exposures not classified in the previous definitions			

(*) Amounts net of tax effects

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Sensitivity Analysis *Trading and Banking* Portfolios 2009 x 2008

		Risk factors								R$ thous
Period	**Scenarios (*)**	**Interest rates in Reais**	**Price indexes**	**Domestic exchange coupon**	**Foreign currency**	**Equities**	**Sovereign / *Eurobonds* and *Treasuries***	**Other**	**Total not correlated**	**Tota correla**
	1	(3,983)	(7,437)	(95)	(337)	(12,251)	(1,083)	-	**(25,186)**	**(16,9**
Dec09	2	(901,254)	(1,052,419)	(2,949)	(8,434)	(306,264)	(54,670)	(14)	**(2,326,004)**	**(1,810,6**
	3	(1,729,973)	(1,871,014)	(5,889)	(16,868)	(612,529)	(103,964)	(28)	**(4,340,265)**	**(3,369,2**
	1	418,731	726,008	6,852	(2,401)	56,072	(100,077)	-	**-**	**1,105,**
Dec08	2	(975,863)	(183,528)	(4,349)	(78,717)	(301,510)	(241,801)	(11)	**(1,785,779)**	**(1,503,7**
	3	(2,194,417)	(1,054,060)	(14,989)	(155,033)	(659,093)	(384,274)	(23)	**(4,461,889)**	**(3,605,7**
Definition		Exposures subject to changes in fixed interest rates and interest rate coupon	Exposures subject to changes in price index coupon rate	Exposures subject to changes in foreign currency coupon rate	Exposures subject to stocks price variation	Exposures subject to the interest rate variation of securities traded on the international market	Exposures not classified in the previous definitions			

(*) Amounts net of tax effects

We present below, the sensitivity analysis of the Trading Portfolio, which represents exposures that might cause material impacts on the Organizations results. It is worth mentioning that results show the impacts for each scenario for a static portfolio position. The market dynamism results in continuous changes in these positions and does not necessarily reflect the current position. In addition, as mentioned previously, the Organization has in place a continuous market risk management process that pursues, according to the market dynamism, ways to mitigate the associated risks, according to the strategy established by the Top Management. This way, upon any signs of deterioration of a specific position, proactive measures are taken to minimize potential negative impacts and maximize the risk/return ratio for the Organization.

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Sensitivity Analysis CVM Directive 475/08 *Trading* Portfolio 2010 x 2009

Risk factors

R$ thousand

Period	**Scenarios (´)**	**Interest rates in Reais**	**Price indexes**	**Domestic exchange coupon**	**Foreign currency**	**Equities**	**Sovereign / *Eurobonds* and *Treasuries***	**Other**	**Total not correlated**	**Total correlated**
	1	(439)	(374)	(40)	(3,707)	(322)	(154)	0	**(5,036)**	**(2,669)**
Dec10	2	(130,396)	(55,064)	(3,924)	(92,673)	(8,054)	(4,570)	(1)	**(294,682)**	**(155,665)**
	3	(251,911)	(106,444)	(7,650)	(185,345)	(16,109)	(8,927)	(1)	**(576,387)**	**(301,866)**
	1	(766)	(270)	(3)	(337)	(1,285)	(746)	-	**(3,407)**	**(1,881)**
Dec09	2	(170,612)	(39,565)	(141)	(8,434)	(32,126)	(18,661)	(14)	**(269,553)**	**(205,907)**
	3	(336,518)	(77,676)	(279)	(16,868)	(64,252)	(36,375)	(28)	**(531,996)**	**(406,008)**
Definition		Exposures subject to changes in fixed interest rates and interest rate coupon	Exposures subject to changes in price index coupon rate	Exposures subject to changes in foreign currency coupon rate	Expousures subject to variação cambial	Exposures subject to stocks price variation	Exposures subject to the interest rate variation of securities traded on the international market	Exposures not classified in the previous definitions		

(*) Amounts net of tax effects

Sensitivity Analysis CVM Directive 475/08 *Trading* Portfolio 2009 x 2008

Risk factors

R$ thousand

Period	**Scenarios (´)**	**Interest rates in Reais**	**Price indexes**	**Domestic exchange coupon**	**Foreign currency**	**Equities**	**Sovereign / *Eurobonds* and *Treasuries***	**Other**	**Total not correlated**	**Total correlated**
	1	(766)	(270)	(3)	(337)	(1,285)	(746)	-	**(3,407)**	**(1,881)**
Dec09	2	(170,612)	(39,565)	(141)	(8,434)	(32,126)	(18,661)	(14)	**(269,553)**	**(205,907)**
	3	(336,518)	(77,676)	(279)	(16,868)	(64,252)	(36,375)	(28)	**(531,996)**	**(406,008)**
	1	6,471	125,658	5,794	(2,401)	1,142	(65,781)	-	**-**	**70,883**
Dec08	2	(223,487)	(153,181)	(728)	(78,717)	(733)	(171,986)	(12)	**(628,844)**	**(446,200)**
	3	(443,847)	(414,332)	(7,075)	(155,033)	(2,608)	(281,599)	(23)	**(1,304,517)**	**(929,857)**

Definition	Exposures subject to changes in fixed interest rates and interest rate coupon	Exposures subject to changes in price index coupon rate	Exposures subject to changes in foreign currency coupon rate	Expousures subject to foreign exchange variation	Exposures subject to stocks price variation	Exposures subject to the interest rate variation of securities traded on the international market	Exposures not classified in the previous definitions

(*) Amounts net of tax effects

Sensitivity analyses were based on scenarios prepared for the relevant dates, always taking into account the market information at the time, as well as scenarios that would adversely affect our positions, as shown by the following examples:

- **2010**

Scenario 1: Based on market information (BM&F Bovespa, Anbima etc), one base point stress was applied for interest rates and 1% variation for prices. For example: for scenario applied to positions on December 31, 2010, Real/US$ rate was R$ 1.68. For interest scenario, 1-year fixed rate applied to positions on December 31, 2010 was 12.05% p.a.

Scenario 2: 25% stresses were determined based on the market. For example: for scenario applied to positions on December 31, 2010, Real/US$ rate was R$ 2.08. For interest scenario, 1-year fixed rate applied to positions on December 31, 2010 was 15.05% p.a. The fluctuations of other risk factors also represented a 25% stress in the corresponding curve or prices.

Scenario 3: 50% stresses were determined based on the market. For example: for scenario applied to positions on December 31, 2010, Real/US$ rate was R$ 2.49. For interest scenario, 1-year fixed rate applied to positions on December 31, 2010 was 18.06% p.a. The fluctuations of other risk factors also represented a 50% stress in the corresponding curve or prices.

- **2009**

Scenario 1: based on market information of December 31, 2009 (BM&F Bovespa, Anbima, etc), one base point stress was applied for interest rates and 1% variation for prices. For example: the Real/Dollar quotation was R$ 1.76 and the 1-year prefixed interest rate was 10.51% p.a.

Scenario 2: 25% stresses were determined based on the market at December 31, 2009. For example: the Real/Dollar quotation was R$ 2.18 and the 1-year prefixed interest rate was 13.13% p.a., and fluctuations of other risk factors represented a 25% stress in the corresponding curve or prices.

Scenario 3: 50% stresses were determined based on the market at December 31, 2009. For example: the Real/Dollar quotation was R$ 2.62 and the 1-year prefixed interest rate was 15.75% p.a., and fluctuations of other risk factors represented a 50% stress in the corresponding curve or prices.

- **2008**

Scenario 1: consists of the probable scenario for risk factors and is based on market information (BM&F Bovespa, Anbima, etc), such as the future interest rate curve. For example: the Real/Dollar quotation was R$ 2.35 and the 1-year fixed interest rate was 11.60% p.a.

Scenario 2: 25% stresses were determined based on the market at December 31, 2008 and applied on Scenario 1. For example: the Real/Dollar quotation was R$ 2.93 and the 1-year prefixed interest rate was 14.64% p.a., and fluctuations of other risk factors represented a 25% stress in the corresponding curve or prices.

Scenario 3: 50% stresses were determined based on the market at December 31, 2008 and applied on Scenario 1. For example: the Real/Dollar quotation was R$ 3.52 and the 1-year prefixed interest rate was 17.68% p.a., and fluctuations of other risk factors represented a 50% stress in the corresponding curve or prices.

Liquidity Risk

The Liquidity Risk is the possibility of the Organization not having enough financial funds to honor its commitments due to the mismatch between payments and deposits, taking in consideration different currencies and the settlement terms of its rights and obligations.

The Organization has a liquidity policy that establishes both the minimum levels to be considered, while taking into account stress scenarios, and to which types of financial instruments the funds should remain applied, and also establishes the operation strategy to be adopted when necessary.

Liquidity risk management process includes the daily monitoring of composition of available funds, the observance of the minimum liquidity level and the contingency plan applicable to stress conditions. Position control and monitoring is centralized.

Operational Risk

The operational risk is represented by loss derived from internal processes, people and inadequate or defective systems, and external events. This definition includes the legal risk, but excludes the Strategic and Goodwill risk.

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The Organization considers operational risk management activity to be indispensable for added value generation. The control of that risk is centralized by identification, measurement, mitigation plans and consolidated management of its operational risks at company level.

Among the operational risk mitigation plans, emphasis is given to the management of business continuity, which consists of formal plans scheduled to be adopted at crisis circumstances, to ensure business recovery and continuation and prevent or mitigate losses.

R$ thousand	December 31, 2010			December 31, 2009	December 31, 2008
	Balance Sheet	Domestic	Foreign (1) (2)	Foreign (1) (2)	Foreign (1) (2)
Assets					
Current and long-term assets	**625,782,658**	**588,999,846**	**36,782,812**	**35,015,842**	**48,998,814**
Funds available	15,737,880	13,915,302	1,822,578	1,439,198	3,472,821
Interbank investments	73,232,034	72,026,740	1,205,294	3,578,126	5,717,083
Securities and derivative financial instruments	213,527,990	206,380,375	7,137,615	8,088,989	7,874,279
Interbank and interdepartmental accounts	66,326,287	66,326,287	-	373,409	45,348
Loan and leasing operations	197,889,997	178,533,957	19,356,040	14,420,882	13,828,806
Other receivables and assets	59,078,470	51,817,185	7,261,285	7,115,238	18,060,477
Permanent assets	**11,702,072**	**11,671,641**	**30,431**	**6,898**	**9,263**
Investments	1,576,790	1,576,658	132	-	-
Premises and equipment and leased assets	3,766,131	3,757,304	8,827	6,809	9,126
Intangible assets	6,359,151	6,337,679	21,472	89	137
Total	**637,484,730**	**600,671,487**	**36,813,243**	**35,022,740**	**49,008,077**

Liabilities					
Current and long-term liabilities	**588,609,989**	**552,798,479**	**35,811,510**	**27,254,426**	**41,391,620**
Deposits	193,200,599	185,219,278	7,981,321	5,875,807	6,084,709
Federal funds purchased and securities sold under agreements to repurchase	171,497,160	167,424,231	4,072,929	435,597	54,024
Funds from issuance of securities	17,673,951	12,316,962	5,356,989	4,312,381	5,250,583
Interbank and interdepartmental accounts	3,789,604	2,198,433	1,591,171	1,201,478	1,364,078
Borrowing and onlending	38,196,225	29,880,206	8,316,019	8,277,133	14,592,427
Derivative financial instruments	729,700	528,384	201,316	161,581	1,117,147
Technical provision of insurance, private pension plans and savings bonds	87,177,091	87,175,906	1,185	1,694	3,187
Other liabilities:					
- Subordinated debts	26,314,946	21,235,694	5,079,252	3,779,281	3,260,542
- Other	50,030,713	46,819,385	3,211,328	3,209,474	9,664,923
Deferred income	**360,355**	**360,355**	**-**	**-**	**-**
Minority interest in subsidiaries	**471,536**	**471,536**	**-**	**-**	**-**
Shareholders equity	**48,042,850**	**48,042,850**	**-**	**-**	**-**
Total	**637,484,730**	**601,673,220**	**35,811,510**	**27,254,426**	**41,391,620**
Net position of assets and liabilities			**1,001,733**	**7,768,314**	**7,616,457**
Net position of derivatives (2)			(13,621,932)	(16,071,190)	(16,552,003)
Other net memorandum accounts (3)			(7,714)	(55,136)	913,517
Net exchange position (liability)			**(12,627,913)**	**(8,358,012)**	**(8,002,029)**

(1) Amounts expressed and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled at the rate of the last day of the month; and

(3) Other commitments recorded in memorandum accounts.

Interest Rate Sensitivity

Management of interest rate sensitivity is a key component of our asset and liability policy. Interest rate sensitivity is the relationship between market interest rates and net interest revenue due to the maturity or repricing characteristics of interest-earning assets and interest-bearing liabilities. For any given period, the pricing structure is considered balanced when an equal amount of these assets or liabilities matures or reprices in that period. Any mismatch of interest-earning assets and interest-bearing liabilities is known as a gap position. A negative gap denotes liability sensitivity and normally means that a decline in interest rates would have a negative effect on net interest income. Conversely, a positive gap denotes asset sensitivity and normally means that a decline in interest rates would have a positive effect on net interest income. These relationships can change significantly from day to day as a result of both market forces and management decisions.

Our interest rate sensitivity strategy takes into account: (a) rates of return; (b) the underlying degree of risk; and (c) liquidity requirements, including minimum regulatory banking reserves, mandatory liquidity ratios, withdrawal and maturity of deposits, capital costs and additional demand for funds.

We monitor our maturity mismatches and positions and manage them within established limits. Our Treasury committee reviews our positions at least weekly and changes our positions as market outlooks change.

10.3. The Board should comment on the significant effects eventually caused or expected to cause to the issuers financial statements and results:

a) Introduction or disposal of operational segment

Bradesco organizes its operations into two major areas: (i) banking activity; and (ii) insurance, private pension plan and saving bonds.

Banking

In banking segment, it provides a wide range of bank products and services to customers, including deposits and loans, debit and credit card services, and capital market services through a broad distribution network.

Bradesco market segmentation process focuses on the relationship quality by proving a differentiated service, increasing productivity gains and promptitude. In addition to providing a greater flexibility and competitiveness in business strategy execution, it measures its operations with individuals and legal entities on the basis of quality and specialization. In this context, we list below the banking activity segments.

- Bradesco Corporate

Long-term relationship principle of Bradesco Corporate consists of an important distinction to generate the best solutions for customers and results for the Organization through its Business Units in the major Brazilian cities, to provide a specialized service to great economic groups whose annual revenues exceed R$ 250 million.

Total funds managed by the sector amounted to R$ 234,891 billion, comprising 1,257 economic groups.

- Bradesco Empresas

It manages, under a high specialization level, the relationship with economic groups whose annual revenues stand between R$ 30 million and R$ 250 million, by providing an extensive portfolio of products and services, in addition to structured operations.

Total funds managed by this sector amounted to R$ 75.280 billion, comprising 30,627 companies of all economy sectors.

- Bradesco Private Banking

Bradesco Private Banking is structured to assist individuals owing substantial assets, family holdings, and participation companies with minimum net investment capacity of R$ 2 million, and provides its customers with an exclusive line of Tailor-Made products and services of open architecture, comprising advice on the allocation of financial assets in Brazil and Abroad, as well as advice on tax, succession, foreign exchange, structured operation and non-financial asset matters.

- Bradesco Prime

As an innovative concept of relationship between the Bank and the customer, Bradesco Prime offers a customized service to individuals having a minimum monthly income of R$ 6,000 or a minimum investment capacity of R$ 70,000. This Segment also provides differentiated Products and Services a full financial advice supported by an exclusive Customer Service Network for Prime customers. At the end of 2010, this Segment had 283 Prime Branches all over the Country, plus 20 Bradesco Prime Spaces in Retail Branches especially designed to give privacy and comfort to 467,546 customers.

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- Bradesco Varejo

Strategic for Bradesco, Retail Segment assists with quality and dedication all population classes, by seeking on a daily basis to attract non-bank assisted people and contributing to social mobility process. This way, Bradesco also maintains its vocation of open-door bank that makes every effort toward the democratization of banking products and services with the objective of attracting the greatest number possible of people in all regions of the Country, including those regions at the lowest development level. The relationship focused on companies with maximum annual revenues of R$ 30 million, especially micro, small and medium companies, consolidates its work. In December 2010, this segment assisted more than 22 million account holders.

- Banco Postal

Increasingly present in Brazilian peoples lives wherever they are, both in large urban centers and faraway towns, Bradesco adds progress to local communities, especially those municipalities not assisted by the Bank Network, through Banco Postal, which is a successful partnership with the Post Office that, in addition to being an important support for Bradesco Customers that make transactions all over Brazil, it is also a valuable and dynamic driver of market expansion, given its capacity of provision of financial products and services. Since its creation in 2002, 5,271 municipalities in all regions of the Country have gained access to such services.

- Bradesco Expresso

Bradesco Expresso allows the Bank to expand its participation in correspondent segments by means of a partnership with several commercial stores, such as Supermarkets, Drugstores, Department Stores, Bakeries and other retail networks, by providing the customers and general community with the comfort of services closer to their homes or workplaces over an extended period, including in weekends. On December 31, there were 26,104 accredited stores.

Insurance, Private Pension Plans and Savings Bonds

We provide insurance products through several different entities jointly referred to as Bradesco Insurance and Pension Group. Bradesco Insurance and Pension Group is the largest insurance group in Brazil in terms of total revenues and technical provisions, according to information provided by SUSEP and ANS. The Group offers a wide range of insurance products, both on an individual basis and under agreements with companies. The major insurances are listed below:

- Health insurance;
- Life insurance;
- Personal accidents;

- Car insurance; and
- Other assets.

b) Constitution, acquisition or sale of equity

In Bradesco Organization, the following significant events that marked the period stand out:

- On February 11, 2010, Bradesco, Banco do Brasil and Banco Santander (Brasil) signed a Memorandum of Understanding to allow the consolidation of operations carried out in their respective Automated Teller Machine Networks like those installed in airports, gas stations, supermarkets, shopping centers, drugstores and bus terminals. The operation, the successful pilot activity of which occurred on November 25 2010, is expected to provide a significant increase of Network availability and capillarity, including efficiency gains over its current form of individualized use;

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- On April 23, 2010, Bradesco submitted to Santander Group Spain a proposal to purchase part of its shares issued by Cielo S.A., corresponding to 2.09% of the capital stock, for the amount of R$ 431.7 million, and shares issued by Companhia Brasileira de Soluções e Serviços CBSS, corresponding to 10.67% of the capital stock for the amount of R$ 141.4 million, being that operation completed on July 13, 2010 was approved by the relevant authorities. On January 24, 2011, the Bank acquired from Visa International Service Association shares issued by CBSS, corresponding to 5.01% of the capital stock, for a total of R$85.8 million. The transaction is pending approval by the proper authorities.Upon such acquisitions, Bradesco participation in Cielo and CBSS increased to 28.65% and 50%, respectively, thus increasing its participation in the card market;

- On April 27, 2010, a Memorandum of Understanding was signed by Bradesco and Banco do Brasil to make a partnership to administer a Brazilian credit card, debit card, and prepaid card brand for account holders and non-account holders, known as Elo, which will include, among other activities, the development of new business for private label cards. Further, on August 9, a Memorandum of Understanding was signed with Caixa Econômica Federal, which joined the partnership;

- On June 2, 2010, the acquisition of the whole capital stock of Ibi Services S. de R.L. Mexico (Ibi Mexico) and RFS Human Management S. de R.L., a company controlled by Ibi México, was completed for the approximate amount of R$ 297.6 million. The deal includes a partnership with C&A Mexico S. de R.L. (C&A Mexico) to jointly sell, on an exclusive basis and for a period of 20 years, financial products and services through the stores of the C&A México chain;

- On August 19, 2010, Bradesco Seguros and ZNT Empreendimentos e OdontoPrev signed a Memorandum of Understanding with BB Seguros to make a strategic partnership for the development and commercialization of dentistry products; and

- On September 2, 2010, Bradesco, jointly with its controlled company CPM Braxis S.A. and its other shareholders entered into an agreement with Capgemini S.A., under which Capgemini acquired 55% of shares issued by CPM Braxis and became its controlling company.

c) Unusual event or operations

In the first table shown in item 10.2a) we highlight the extraordinary events that impacted results in 2010, 2009 and 2008.

10.4. The Board should comment on:

a) significant changes in accounting practices

b) significant effects of changes in accounting practices

In line with our process of compliance with international accounting standards, some regulations and their interpretations have been issued by the Accounting Decision Committee (CPC), which shall apply to financial institutions only when approved by CMN.

Accounting decisions already approved include:

- Resolution No. 3,566/08 □ Impairment (CPC 01);

- Resolution No. 3,604/08 – Cash Flow Statement (CPC 03);
- Resolution No. 3,750/09 – Disclosure on Related Parties (CPC 05); and
- Resolution No. 3,823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25).

Currently it is not possible to estimate when Bacen will approve other CPC accounting decisions or whether their application will be prospective or retrospective. Therefore, it is not yet possible to quantity the accounting impacts of the application of such decisions to Bradesco financial statements.

CMN Resolution No. 3,786/09 and Bacen Circular Letters No. 3,472/09 and No. 3,516/10 established that financial and other institutions authorized to operate by Bacen, which have been incorporated as a public corporation or are required to establish an Audit Committee, shall prepare every year, starting on December 31, 2010, and publish not more than 90 days after the baseline date of December 31 their consolidated financial statements in conformity with international accounting standards (IFRS), after the international decisions issued by IASB – International Accounting Standards Board. Bacen Circular Letter No. 3,516/10 extended the period for publication of IFRS Financial Statements related to 2010 to 120 days. As such, Bradesco is at the stage of evaluating the accounting effects of transition to IFRS, and is expected to complete that process within the period established by Bacen.

In that process, main adjustments identified in accounting practices used by Bradesco and described in the explanatory note 2 (BR GAAP), as compared to IFRS include:

Description	BR GAAP	IFRS
Consolidation of exclusive investment funds	They are not consolidated, according to Bacen resolutions.	They will be consolidated.
Pension Plans	Provisions derived from liabilities related to benefit plans granted are not recognized, except for monthly current liabilities.	The Projected Credit Unit Method will be applied, and extraordinary gains and losses will be recognized over the remaining service provision period.
Business combinations	There is no specific decision on the matter. Only assets and liabilities recorded in the initial balance sheet of acquired entity will be recognized by the purchaser, while any gains or losses derived from acquisitions correspond to the difference between the amount paid by the purchaser and the book value of assets recorded by the acquired entity. Shares or debts issued as a form of payment of acquisition of entities are recorded for the issuance prices on the date of business combination. Goodwill from business combinations are paid in up to 20 years.	For acquisitions occurred as from September 1, 2008, identifiable assets and liabilities originated from business combinations will be recognized for their fair value. Shares issued by the Bank upon the acquisition of business combination will be recognized for their fair value on the control transfer date. Other assets delivered as a form of payment will also be evaluated for their fair price. Goodwill recognized in a business combination will be tested every year for the purposes of determination of the recoverable amount, as required by IAS 38 Intangible Assets.
Fair value adjustment of derivative financial instruments	Derivative financial instruments contracted under a negotiation associated with a certain borrowing or investment operation shall not be required to be estimated for their fair value, provided that certain conditions are met, such as: (i) its negotiation or settlement separately from the associated operation is not allowed; (ii) in cases of accelerated payment of the associated operation, it should be for its fair value; and (iii) it is contracted for the same term and with the same	Such derivative financial instruments will be classified as negotiation instruments and recognized for their fair value in financial statements, where the respective changes to the fair value are recognized in the result, as required by IAS 39 Financial Instruments Recognition and Measurement.

	counterparty of the association operation.	
Fair value adjustment of financial assets included in the portfolio of exclusive consolidated investment funds	Certain financial assets included in the portfolio of exclusive funds, which will be consolidated exclusively for IFRS purposes, have been classified as held to maturity.	Such financial instruments have been included in the available for sale category, according to exemptions allowed for transitions in IFRS 1, taking into account that, for BR GAAP purposes, according to Susep Circular Letter No. 379/08, financial instruments included in held to maturity category may be sold upon the simultaneous acquisition of new securities of the same nature for a longer term of payment, in an amount at least equal to that of sold securities. This way, fair value adjustment of such financial instruments will be recognized in a reserve account in the shareholder s equity Comprehensive accumulated income net of tax effects.

Description	BR GAAP	IFRS
Fair value adjustment of financial assets equity securities	Certain investments in shares of companies where the Bank has no influence on their management have been classified in permanent assets for their historical acquisition cost.	Because of the absence of influence on the management, such participation in shares will be classified under available for sale category and evaluated for the fair value on the date of transition to IFRS, being the respective gain or loss recognized in a reserve account in shareholder s equity Comprehensive accumulated income net of any tax effects.
Hedge accounting reversal	Certain derivative financial instruments have been designated as protection instruments and classified as cash flow hedge, where the effective portion of valuations and devaluations was recorded in a separated account in shareholder s equity , net of tax effects, and the non-effective portion was recorded on income.	Such financial instruments shall not be classified as hedge, as they are not eligible to be recorded as hedge according to IAS 39; this way, the effective portion recorded in shareholders´ equity under BR GAAP will be reversed against accumulated income on the transition date.
Deferment of financial service fees and direct costs	For certain financial assets, especially loans and advances to customers, the fee charged for financial services is recognized, as well as the portion of direct costs related to result at the time of origination of such financial assets. Direct costs related to commissions paid to shopkeepers and dealers are recorded in the account Other Assets Deferred Expenses, and recognized on income for the term of respective contracts.	Financial service fees and direct costs related to the origination of such financial assets will be deferred and recognized as adjustment to the effective interest rate. Direct costs related to commissions paid to shopkeepers and dealers are part of the effective interest rate and will be recorded in the accounts of loans and advances to customers.
Reversal of equity in the earnings of unconsolidated companies recognized in investments in affiliates	Usually those companies where the organization has participation lower than 50% of total capital stock are considered affiliates.	Affiliates are represented by participations where Bradesco Organization has a significant influence, that is, the power of participating in decisions on financial and operational policies of an affiliate.

Provision for financial guarantees given to third parties	Financial guarantees to third parties are controlled in memorandum accounts. Fees charged for the issuance of such guarantees will be recognized on income over the period of such guarantees.	According to IAS 39, after the initial recognition of such guarantees for their fair value, such operations will be estimated for: (i) the value initially recognized as the result of future corporate years and, as appropriate, deducted of the accumulated amortization according to IAS 18; and (ii) the estimated value of cost required to settle the guarantee in cases where the Management understands that the outflow of funds is likely, according to IAS 37, whichever is higher.

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Description	BR GAAP	IFRS
Impairment losses of loans and advances to customers and financial institutions	Based on the analysis of risks of consummation of credit operations in an amount considered sufficient to cover eventual losses, according to requirements established by CMN Resolution No. 2,682, of 12/21/1999, which considers specific statutory parameters.	It will be based on the history of losses and other information known at the time of evaluation of Bank customers.
Active deferred taxes social contribution	The provision for income tax is recorded at the base rate of 15% of taxable income, plus a 10% surcharge. As of May 1, 2008, social contribution is calculated at a 15% rate for financial institutions and insurance companies and at 9% for other companies (up to April 30, 2008, this rate was 9% for all companies and for fiscal year 2008 it was calculated pursuant to specific rules issued by the tax authorities). Tax credits brought forward from previous periods, resulting from the increase of the social contribution rate to 15% were recorded in BR GAAP up to the limit of the corresponding consolidated tax liabilities.	Active deferred tax credits will be reevaluated on the basis of the rate by which the organization expects to realize the assets, that is, the prevailing rate of 15%.
Minority interest in subsidiaries companies	Balance of minority interest in subsidiaries companies is classified separately in liabilities, between the group of deferred income accounts and the shareholder s equity.	Balance of minority interest in subsidiaries companies is an integral part of shareholder s equity, according to IAS 27.
Comprehensive state of income	The comprehensive statement of income is not required.	The comprehensive statement of income is required and comprises all net income

		components and other comprehensive results, represented by other amounts included in shareholders equity other than transactions by partners. Examples of other comprehensive results include the reevaluation reserve, actuarial gains and losses from benefit plans, gains and losses from the conversion of financial statements of an operation abroad, gains and losses from the evaluation of financial assets available for sale, and gains and losses from hedge instruments in cash flow hedge.
Deferred income tax and social contribution on IFRS adjustments	-	Deferred income tax will be recorded on the differences between BR GAAP and IFRS, as applicable.

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On December 28, 2007, Law No. 11,638/07 was enacted, which changes the Corporation Law with respect to accounting practices adopted in Brazil, as from the corporate year ended on December 31, 2008.

According to the new Law, the issuance of accounting regulations by CVM for public companies should comply with the international standards.

We highlight below the accounting practices changed by the new Law:

Permanent assets is now part of Intangible group and formally includes the rights related to immaterial goods for the company maintenance or exercised for that purpose, including goodwill acquired from consolidated/incorporated companies;

Fixed assets now includes the goods resulting from operations where there is transfer of benefits, control and risk, regardless of ownership transfer;

Deferred assets is now restricted to pre-operating expenses and incremental reorganization costs;

The parameter for evaluation of investments in affiliates by the equity method is changed, by applying that method to all affiliated where the investor has a significant influence. A significant influence is assumed when participation accounts is 20% or more of voting capital (formerly, the percentage was on total capital stock);

Creation of a new subgroup in shareholders equity named Equity Evaluation Adjustment, intended to record the counterpart of foreign exchange variation of corporate investments abroad, when the beneficiarys functional currency is different from the controlling companys, and the counterpart of increases or decreases of value assigned to assets and liabilities items as a result of their evaluation at market price. Because investments held by Banco Bradesco and controlled companies have substantially the same functional currency of Bradesco, this change required no adjustments;

Introduction of the concept of Adjustment to Present Value for long-term assets and liabilities and significant short-term operations. As established by the explanatory note to CVM Directive No. 469, the objective of that change is not to eliminate the presence of an expectation of future income or charge embedded in monetary assets and liabilities, but the need of obtaining values representative of the operation time;

Operations made by Bradesco and its controlled companies are already presented for their values prevailing at the time they were made, as fixed-interest