

BANK BRADESCO
Form 6-K
March 03, 2006

**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 March, 2006

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	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
CDI	3.86	3.99	16.20	4.74	4.31	19.00
IBOVESPA	9.92	12.70	17.81	26.08	5.93	27.71
USD Commercial Rate	(8.01)	(7.14)	(8.13)	(5.45)	5.33	(11.82)
IGP-M	3.25	1.96	12.42	(1.51)	0.99	1.20
IPCA IBGE	1.94	2.00	7.60	0.77	1.67	5.69
TJLP	2.35	2.35	9.81	2.35	2.35	9.75
TR	0.57	0.47	1.82	0.87	0.63	2.83
Savings Deposits	2.09	1.98	8.10	2.39	2.15	9.18
Number of Business Days	65	62	251	65	62	251

Closing Value

Indicators	2004		2005	
	September	December	September	December
Commercial U.S. dollar for sale (R\$)	2.8586	2.6544	2.2222	2.3407
Euro (R\$)	3.5573	3.6195	2.6718	2.7691
Argentine Peso (R\$)	0.9572	0.8955	0.7643	0.7738
Country Risk (Points)	466	383	344	305
SELIC COPOM Base rate (% p.a.)	16.25	17.75	19.50	18.00
Pre- BM&F rate 1 year (% p.a.)	17.40	17.85	17.92	16.40

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

Deposits	2004		2005		Items	2004		2005	
	3 rd Qtr.	4 th Qtr.	3 rd Qtr.	4 th Qtr.		3 rd Qtr.	4 th Qtr.	3 rd Qtr.	4 th Qtr.
Demand Deposits ⁽¹⁾	45	45	45	45	Income Tax	25	25	25	25
						9	9	9	9

					Social Contribution				
Additional ⁽²⁾	8	8	8	8	PIS ⁽¹⁾	0.65	0.65	0.65	0.65
Time Deposits ⁽³⁾	15	15	15	15	COFINS ⁽²⁾	4	4	4	4
Additional ⁽²⁾	8	8	8	8	Legal Reserve on Net Income	5	5	5	5
Savings Account ⁽⁴⁾	20	20	20	20	Maximum Fixed Assets ⁽³⁾	50	50	50	50
Additional ⁽²⁾	10	10	10	10	Capital Adequacy Ratio ⁽⁴⁾	11	11	11	11

(1) Cash deposit No remuneration.

(2) Cash deposit SELIC rate.

(3) Restricted Securities. From the amount calculated at 15%, R\$ 300 million may be deducted as per Brazilian Central Bank instructions, effective from November 8, 2004.

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

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

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

(3) Maximum fixed assets are applied over reference equity.

(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 relating 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, evaluate, predicts, foresees, projects, guidelines, should and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties, which are difficult to predict and which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions, which 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 cause actual results to differ materially include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency and any other delays in loan operations; increase in the allowance for loan losses; loss of funding capacity; loss of clientele 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 forward-looking statements are valid only as at the date they are made. 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

We transcribe below the annual report filed with the SEC Risk Factors and Critical Accounting Practices sections of Form 20-F, to assure Bradesco's adherence to best international practices for transparency and corporate governance, describing the risk factors and the critical accounting practices which we consider most significant and 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 may have direct impact on our business and on the market price 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 Brazil's economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles. In addition, our financial condition and the market price 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 within and outside of Brazil that affect the Country.

In the past, the Brazilian Government has often changed monetary, fiscal and taxation policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the Brazilian government may take in response to the current or future situation of the Brazilian economy or how the Brazilian government intervention and government policies will 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 price 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 Getúlio Vargas Foundation) reaching as high as 1,158% in 1992, 2,708% in 1993 and 1,093% in 1994. More recently, Brazil's inflation rates were 7.7% in 2003, 12.1% in 2004 and 1.2% in 2005. Inflation itself and governmental measures to combat it have had in past years significant negative effects on the Brazilian economy. Inflation, actions taken to combat inflation and public speculation about possible future actions have also contributed to economic uncertainty in Brazil and to heightened volatility in the Brazilian marketable 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 also curtail our ability to access foreign financial markets and may lead to further government intervention 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 for Brazilian companies is influenced by the perception of risk in emerging economies, which may harm our ability to finance our operations

Since the end of 1997, and in particular during the last four years, as a result of economic problems in various emerging market countries, including the economic crisis in Argentina, investors have had a heightened risk perception for investments in emerging markets. As a result, in some periods, Brazil has experienced a significant outflow of U.S. dollars and Brazilian companies have borne higher costs to raise funds, both domestically and abroad, and have been impeded from accessing international capital markets. We cannot assure you that international capital

markets will remain open to Brazilian companies or that prevailing interest rates in these markets will be advantageous for us.

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

The market price of our stocks and ADSs may be adversely affected by declines in the international financial markets and world economic conditions. Brazilian securities markets are, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially those in Latin America, including Argentina, which is one of Brazil's principal trading partners. Although economic conditions are different in each Country, investors' reaction to developments in one Country may affect the securities markets and the securities of issuers in other countries, including Brazil. Since the fourth quarter of 1997, the international financial markets have experienced significant volatility, and a large number of market indices, including those in Brazil, have declined significantly.

Occasionally, developments in other countries have adversely affected the market price of our and other Brazilian companies' stocks, as investors' perceptions of increased risk due to crises in other emerging markets can 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 current economic situation in Argentina and Latin America deteriorates, or if similar developments occur in the international financial markets in the future, the market price 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 negatively 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 capital requirements, compulsory deposits, lending limits and other loan restrictions.

The regulatory structure governing Brazilian banks and insurance companies is continuously evolving. Existing laws and regulations could be amended. The manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect 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 negatively affect our business prospects

We face significant competition in all of our principal areas of operation from other large Brazilian banks and insurance companies, public and private. Brazilian regulations raise limited barriers to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the presence of foreign banks and insurance companies in Brazil, some of which have greater resources than we do, has grown and competition both in the banking and insurance sectors. 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 and other services and 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 or otherwise 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) A majority of our common stocks are held by two stockholders, whose interests may conflict with other investors' interests

On December 31, 2005 Cidade de Deus Companhia Comercial de Participações, which we name as Cidade de Deus Participações, held 48.43% of our common stocks and Fundação Bradesco directly and indirectly held 45.76% 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.

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 the note 3 to the consolidated financial statements included in chapter 8 of this Report.

The following discussion outlines the accounting policies deemed as critical, in terms of materiality, areas requiring a greater judgment and estimate or involving a higher level of complexity, affecting 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 and leasing based on the analysis of our loan operations 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 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 1.0% in delinquency rate expected for our loan operations portfolio in full performance on December 31, 2005, the allowance for loan losses would increase approximately R\$ 21 million. Such sensitivity analysis is hypothetical and intends to illustrate the risk rating and loss severity impact on our determination of allowance for loan losses. The analysis should 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 of this Report and notes 3e and 12 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 price market-quoted price may be affected by the volume of shares traded and also may not reflect the control premiums resulting from shareholders' agreements, those holding significant investments. However, the Management believes that market-quoted prices are the fair value best indicators.

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 marketable securities and derivative financial instruments, see notes 3c, 3d and 10 included in the 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 whether we classify them in the acquisition as for trading, available for sale or held to maturity. 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 the note 10 included in the Chapter 8 of this Report.

4) Income Tax and Social Contribution

The determination of the amount of our taxes and contributions is related to the analysis of our deferred tax assets and liabilities, and income tax and social contribution payable. Generally, our assessment requires us to estimate the future values of deferred tax assets and income tax and social contribution 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 evaluations and assumptions may change over time, as a result of occurrences or unpredictable circumstances, influencing our determination of value of our tax liabilities.

Constantly we monitor and assess the impact of new tax laws on our liabilities, which could affect the evaluations and assumptions of our analysis about the possibility of realizing deferred tax assets. For further information about Bradesco's income tax and social contribution, see notes 3f and 35 to our financial statements included in the Chapter 8 of this Report.

5) Use of Estimates

Our Management estimates and makes assumptions, which also 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 savings bonds, the choice of useful lives of certain assets and the determination if an asset or group of specific assets was deteriorated. The estimates are based on the judgment and available information. Therefore, actual results may differ from such estimates.

Corporate Strategy

We understand that the expansion of the Brazilian economy will stimulate a solid growth in a portion of the population needing financial services, and accordingly, an expansion of 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, maximizing value to our stockholders and generating 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 the first option of all our clients towards all 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 retail bank, supported by a staff with more than 70 thousand employees, a wide service network, including our branches, corporate site branches, Banco Postal and correspondent banks, besides the ATMs, always concerned with the expansion of business volume and also operate 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 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 also are focused on the frequent improvement of products and distribution channels. It is also fundamental to promote the business, the treatment given to our team in terms of qualification, promotion and creation of a solidarity culture at work, with a view to fomenting an environment where our employees may develop a career 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 the Company.

The key elements of our business strategy are:

- expansion by means of organic growth;
- performance based on the business model of a large banking institution, having as subsidiary an important insurance company, which we name as Modelo Banco-Seguros (Insurance Bank Model), with a view to maintaining our profitability and consolidate our leadership in the insurance industry.
- increase of revenues, profitability and value to 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;
- obtain profitability and return to the stockholders by means of improved efficiency ratio;
- maintain 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 growth in the financial and insurance segments, mainly by means of increased business volume. We intend to take advantage of such opportunities, 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, to expand our credit cards offer and extension of loan granting to stores, by utilizing alliances with such stores and rendering services via the 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 commercialization platforms; and
developing varied products, in compliance with the needs of our clients, both 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 of our clients, thus rendering services to meet their banking, insurance and private pension needs. We believe to be in a privileged position to capitalize the synergy among banking, insurance, private pension services and other financial activities in order to sell our traditional banking products and insurance and private pension products, by means of our branches network, distribution services via the 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 that 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
should IRB be privatized, participate in reinsurance business by means of partnership with renowned reinsurance company, by using our total share of 21% in IRB.

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

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

carrying out our traditional activities of deposits 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 assets 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 the assets 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 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. We maintain the commitment of being ahead in the banking automation process, by creating opportunities to the Brazilians to contact us via the Internet. We expect to continue increasing the number of clients and operations carried through the Internet, by means of techniques, such as:

- by continuously installing stations of access to the Internet (WebPoints) in public sites and 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 check their bank accounts 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 operational 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 with 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 organic growth over the next years. In addition, we believe that acquisition opportunities will be smaller size institutions, mainly available by means of privatizations. 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 potential strategic alliances as well as consolidation opportunities, including privatization and acquisitions proposals, and other forms, which offer potential opportunities to Bradesco increase 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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<p>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.</p>
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List of Main Abbreviations

AACD	Brazilian Association of Children with Disabilities	FINAME	Fund for Financing the Acquisition of Industrial
ABAMEC	Brazilian Association of Capital Markets Analysts	FIPE	Machinery and Equipment Economic Research Institute Foundation
ABC	Activity-Based Costing	FIPECAFI	Accounting, Actuarial and Financial Research
ABEL	Brazilian Association of Leasing Companies	FIPECAFI	Institute Foundation
ABEMD	Brazilian Association of Direct Marketing	FIRN	Floating Rate Note
ABM	Activity-Based Management	FxRN	Fixed Rate Note
ABMN	Brazilian Association of Marketing & Business	GDAD	Management of Performance and Support to Decisions
ACC	Advances on Foreign Exchange Contracts	IBA	Brazilian Actuarial Institute
ACM	Automated Consulting and Contract Machine	IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
ADR	American Depositary Receipt	IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
ADS	American Depositary Share	IBMEC	Brazilian Capital Market Institute
ADVB	Association of Sales and Marketing Managers of Brazil	IBNR	Claims Incurred But Not Reported
ANAPP	National Association of Private Pension Plan	IBOVESPA	São Paulo Stock Exchange Index
	Companies	IBRACON	Brazilian Institute of Independent Auditors
ANBID	National Association of Investment Banks	IFC	International Finance Corporation (Sociedade
ANS	National Agency for Supplementary Healthcare		Financeira Internacional)
ANSP	National Academy of Insurance and Private Pension Plans	IFT	Quarterly Financial Information
AP	Personal Accident Association of the Capital Markets	IGP-DI	General Price Index Internal Availability
APIMEC	Investment Analysts and Professionals	IGP-M	General Price Index Market
ATM	Automated Teller Machine	INSS	Social Security National Institute
BACEN	Brazilian Central Bank	IPCA	Extended Consumer Price Index
BDR	Brazilian Depositary Receipt	IRRF	Withholding Income Tax
BM&F	Mercantile and Futures Exchange	IR	Income Tax
BNDES	National Bank for Economic and Social Development	ISO	International Standard Organization (Organização de Padrões Internacionais)
BOVESPA	São Paulo Stock Exchange	ISE	Corporate Sustainability Index
CBLC	Brazilian Settlement and Custody Company	ISS	Tax on Services
CDB	Bank Deposit Certificate	JCP	Interest on Own Capital
CDC	Consumer Sales Financing	LATIBEX	Latin American Stock Exchange Market in Euros (Spain)

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CDI	Interbank Deposit Certificate	MBA	Master of Business Administration
CEF	Federal Savings Bank	MP	Provisional Measure
CEID	State Department for the Integration of Disabled People	NBR	Registered Brazilian Rule
CETIP	Clearing House for the Custody and Financial Settlement of Securities	NYSE	New York Stock Exchange
CFC	Federal Accounting Council	OIT	International Labor Organization
CID	Digital Inclusion Center	ON	Common Stocks
CIPA	Accident Prevention Internal Committee	PDD	Allowance for Doubtful Accounts
CMN	National Monetary Council	PGBL	Unrestricted Benefits Generating Plan
CNSP	National Private Insurance Council	PIS	Social Integration Program
COBIT	Control Objectives for Information and Related Technology	PL	Stockholders Equity
COFINS	Contribution for Social Security	PLR	Employee Profit Sharing
COPOM	Monetary Policy Committee	PN	Preferred Stocks
COSIF	Chart of Accounts for National Financial System Institutions	PTRB	Online Tax Payment
COSO	Committee of Sponsoring Organizations	RCF	Optional Third-Party Liability
CPMF	Provisory Contribution on Financial Transactions	RE	Basic lines (of Insurance Products)
CRI	Certificate of Real Estate Receivables	ROA	Return on Assets
CS	Social Contribution	ROE	Return on Stockholders Equity
CVM	Brazilian Securities Commission	SANA	Automatic System of Stocks Negotiation
DPVAT	Compulsory Vehicle Insurance	SAP	Systems Applications and Products
DR	Depository Receipt	SBPE	Brazilian Savings and Loan System
DRE	Statement of Income	SEBRAE	Brazilian Micro and Small Business Support Service
DTVM	Securities Dealer	SEC	U.S. Securities and Exchange Commission
DVA	Value-Added Statement (Directors and Officers) Insurance	SELIC	Special Clearance and Custody System
D&O	Specific for the Board of Director s Members, Directors and Officers	SESI	National Industry Social Service
EPE	Specific Purpose Entities	SFH	National Housing System
ERP	Enterprise Resource Planning	SINCOR	Insurance Broker s Union
EXIM	Export and Import BNDES Financing Line	SIPAT	Internal Week of Labor Accident Prevention
FEBRACE	Brazilian Symposium of Science and Engineering	SPB	Brazilian Payment System
FGV	Getúlio Vargas Foundation	SPE	Specific Purpose Entity
FIA	Management Institute Foundation	SUSEP	Superintendence of Private Insurance
FIDC	Credit Right Funds	TED	Instant Online Transfer
FIE	Exclusive Investment Fund	TJLP	Long-term Interest Rate
FINABENS	Financing Line of other Assets and Services	TR	Reference Rate
		TVM	Marketable Securities
		UN	United Nations
		VaR	Value at Risk
		VGBL	Long-term Life Insurance

1 - Bradesco Line by Line

Summarized Statement of Income Analysis

Year/04 x Year/05 R\$ million

	Statement of Income		Adjustments (1)	Adjusted Statement of Income		Variation	
	2004	2005	2005	2004	2005	Amount	%
Net Interest Income (2)	13,231	17,281	(733)	13,231	16,548	3,317	25.1
Allowance for Doubtful Accounts PDD (3)	(2,042)	(2,507)		(2,042)	(2,507)	(465)	22.8
Intermediation Gross Income	11,189	14,774	(733)	11,189	14,041	2,852	25.5
Insurance Operating Income (4)	(60)	294	327	(60)	621	681	
Fee Income (5)	5,824	7,349		5,824	7,349	1,525	26.2
Personnel Expenses (6)	(4,969)	(5,312)		(4,969)	(5,312)	(343)	6.9
Other Administrative Expenses (6)	(4,937)	(5,142)		(4,937)	(5,142)	(205)	4.2
Tax Expenses (6)	(1,464)	(1,878)	51	(1,464)	(1,827)	(363)	24.8
Other Operating Income/Expenses	(1,465)	(2,232)		(1,465)	(2,232)	(767)	52.4
Operating Income	4,118	7,853	(355)	4,118	7,498	3,380	82.1
Non-Operating Income	(491)	(106)		(491)	(106)	385	(78.4)
Income Tax, Social Contribution and Minority Interest	(567)	(2,233)	355	(567)	(1,878)	(1,311)	231.2
Net Income	3,060	5,514		3,060	5,514	2,454	80.2

In the year ended on December 31, 2005, Bradesco's net income reached R\$ 5,514 million, accounting for an 80.2% growth in relation to net income of the previous year. Bradesco's stockholders' equity amounted to R\$ 19,409 million as of December 31, 2005, equivalent to a 27.6% increase compared to the balance as of December 31, 2004. Consequently, the annualized return on stockholders' equity (ROE) reached 28.4%. Total consolidated assets reached R\$ 208,683 million at the end of 2005, a 12.8% growth in relation to the balance of same date of previous year. The annualized return on total assets (ROA), in the year of 2005, was 2.6%. Earnings per share reached R\$ 5.63.

(1) Adjustments

The effects outlined below were annulled between items in the year of 2005:

- (i) partial income from derivatives used for hedge effects of investments abroad, which in terms of net income simply annuls the fiscal effect (IR/CS and PIS/COFINS) of such hedge strategy of R\$ 406 million; and
- (ii) extraordinary provision in the amount of R\$ 324 million was recorded in the Individual Health portfolio, to bring to the same level the premiums for insurance holders over 60 years of age whose health insurance plans are prior to the Law 9,656/98 and for benefits related to fully settled plans whose holders are still entitled to their benefits (*planos remidos*), which was offset by a positive result verified in the partial sale of our stake in Belgo-Mineira, R\$ 327 million.

Excluding these adjustments, the main items, which influenced the net income in the year of 2005 are outlined below:

(2) Net Interest Income R\$ 3,317 million

Such growth is basically due to interest component, caused by an increment in the business volume, pointing out a 56.8% increase in the volume of loan operations for individuals in 2005, mainly concerned with consumer sales and personal loan financing, the spread of which is higher when compared to the corporate portfolio.

(3) Allowance for Doubtful Accounts R\$ 465 million

The variation is mostly due to a 29.2% increase in the volume of loan operations in 2005, pointing out the individual client operations, under the type personal loan, climbing 107.8%, which in view of its specific characteristic, requires a higher volume of provision.

(4) Income from Insurance, Private Pension Plan and Savings Bonds Operations R\$ 681 million

The hike is basically due to: (i) an increase in the business volume, reflected in the customer base growth in 2005; and (ii) extraordinary provision recorded in 2004, in view of the improvement in the calculation of IBNR provision.

(5) Fee Income R\$ 1,525 million

The increase in 2005 is mainly due to a higher average volume of operations, combined with an increased customer base, and improvement in the partnership index (cross-selling), as a result of the segmentation process.

(6) Personnel, Administrative and Tax Expenses R\$ 911 million

Out of such amount, R\$ 363 million of tax expenses basically derive from increased PIS/COFINS expenses, in view of higher taxable income in 2005; R\$ 343 million of personnel expenses basically due to increase in salary levels resulting from the collective bargaining agreement of 2004 and 2005; R\$ 205 million of other administrative expenses basically referring to effects on increased volume of business, as well as expenditures in the improvement and optimization of the technological platform (IT).

Summarized Statement of Income Analysis**3Q05 x 4Q05 R\$ million**

	Statement of Income		Adjustments (1)		Adjusted Statement of Income		Variation	
	3Q05	4Q05	3Q05	4Q05	3Q05	4Q05	Amount	%
Net Interest Income (2)	4,498	4,429	(161)	174	4,337	4,603	266	6.1
Allowance for Doubtful Accounts PDD (3)	(540)	(770)			(540)	(770)	(230)	42.6
Intermediation Gross Income	3,958	3,659	(161)	174	3,797	3,833	36	0.9
Insurance Operating Income (4)	147	263			147	263	116	78.9
Fee Income (5)	1,918	2,010			1,918	2,010	92	4.8
Personnel Expenses (6)	(1,483)	(1,361)			(1,483)	(1,361)	122	(8.2)
Other Administrative Expenses (6)	(1,271)	(1,439)			(1,271)	(1,439)	(168)	13.2
Tax Expenses (6)	(475)	(501)	20	(22)	(455)	(523)	(68)	14.9
Other Operating Income/Expenses	(544)	(757)			(544)	(757)	(213)	39.2
Operating Income	2,250	1,874	(141)	152	2,109	2,026	(83)	(3.9)
Non-Operating Income	(10)	(69)			(10)	(69)	(59)	590.0
Income Tax, Social Contribution and Minority Interest	(810)	(342)	141	(152)	(669)	(494)	176	(26.2)
Net Income	1,430	1,463			1,430	1,463	33	2.3

In 4Q05, Bradesco's net income reached R\$ 1,463 million, which corresponds to a 2.3% growth when compared to 3Q05. Bradesco's stockholders' equity amounted to R\$ 19,409 million on December 31, 2005, corresponding to a 6.3% increase in relation to the balance as of September 30, 2005. Consequently, the annualized return on stockholders' equity (ROE) reached 33.7%. Total consolidated assets reached R\$ 208,683 million at the end of December 2005, recording a 3.4% growth in the quarter. The annualized return on total assets (ROA), was 2.8% in 4Q05. Earnings per share reached R\$ 1.49.

(1) Adjustments

The partial income from derivatives used for hedge effects of investments abroad, which in terms of net income, simply annuls the fiscal effect (IR/CS and PIS/COFINS) of such hedge strategy was R\$ (174) million and R\$ 161 million in 4Q05 and 3Q05, respectively. Excluding these adjustments, main items, which influenced the net income in 4Q05 are outlined below:

(2) Net Interest Income R\$ 266 million

Such growth is basically due to interest component, motivated by business volume expansion in the period, also pointing out an 8.6% increase in the volume of loan operations for individuals, mainly concerned with consumer financing and personal loan, and a 7.3% hike in the volume of loan operations for legal entities, focused on companies working capital financing.

(3) Allowance for Doubtful Accounts R\$ 230 million

During 3Q05, a reversal of the provision at the amount of R\$ 166 million occurred referring to the operations granted to a large utilities concessionaire. Besides, we registered R\$ 6 million in 3Q05 and R\$ 62 million in 4Q05 of surplus provisions. Excluding such effects, the expense would be R\$ 700 in 3Q05 and R\$ 708 in 4Q05, recording a growth of R\$ 8 million or 1.1%, a percentage well below the performance of our loan portfolio, which climbed 7.8% over the past three months.

(4) Income from Insurance, Private Pension Plan and Savings Bonds Operations R\$ 116 million

The increase is basically due to the growth in the sale of "VGBL" and "PGBL" products, **mitigated** by higher volume of redemptions for the "VGBL" product in the quarter.

(5) Fee Income R\$ 92 million

Such increase is mostly due to an expansion in the average volume of operations in the quarter, pointing out revenues from checking accounts, loan operations and cards.

(6) Personnel, Administrative and Tax Expenses R\$ 114 million

Such variation is mostly due to: (i) higher administrative expenses advertising, referring to the intensification of Bradesco Completo and Finasa ads in the quarter; (ii) higher CPMF tax expenses, in view of application of funds raised via the issuance of debentures by Bradesco Leasing; **mitigated** by: (iii) lower personnel expenses, due to the effect of bonus lump-sum payment in September/05.

Highlights**Earnings**

	R\$ million					
	Years			2005		
	2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
Net Interest Income	13,231	17,281	30.6	4,498	4,429	(1.5)
Allowance for Doubtful Accounts	2,042	2,507	22.8	540	770	42.6
Fee Income	5,824	7,349	26.2	1,918	2,010	4.8
Insurance, Private Pension Plans and Savings Bonds						
Retained Premiums	13,284	13,647	2.7	3,546	4,304	21.4
Personnel Expenses	4,969	5,312	6.9	1,483	1,361	(8.2)
Other Administrative Expenses	4,937	5,142	4.2	1,271	1,439	13.2
Operating Income	4,118	7,853	90.7	2,250	1,874	(16.7)
Net Income	3,060	5,514	80.2	1,430	1,463	2.3

Balance Sheet

	R\$ million					
	December			2005		
	2004	2005	Variation %	September	December	Variation %
Total Assets	184,926	208,683	12.8	201,913	208,683	3.4
Marketable Securities	62,422	64,451	3.3	64,248	64,451	0.3
Loan Operations	62,788	81,130	29.2	75,244	81,130	7.8
Permanent Assets	4,888	4,358	(10.8)	4,530	4,358	(3.8)
Total Deposits	68,643	75,406	9.9	71,095	75,406	6.1
Borrowings and Onlendings	15,960	16,563	3.8	15,241	16,563	8.7
Technical Provisions	33,669	40,863	21.4	38,235	40,863	6.9
Stockholders Equity	15,215	19,409	27.6	18,262	19,409	6.3

Change in Number of Outstanding Stocks

	Common stock	Preferred stock	Total
Number of Outstanding Stocks on December 31, 2004	238,351,329	236,081,796	474,433,125
Capital Increase Through Subscription	8,791,857	8,708,143	17,500,000

Capital Increase Through Stock Merger	182,504	180,767	363,271
Stocks Acquired and Cancelled	(2,368,538)	(1,287)	(2,369,825)
Stocks Acquired and not Cancelled	(464,300)		(464,300)
100% Stocks bonus as of 11.22.2005	244,957,152	244,969,419	489,926,571
Number of Outstanding Stocks on December 31, 2005	489,450,004	489,938,838	979,388,842

Stock Performance

	R\$					
	Years			2005		
	2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
Net Income per Stock (*)	3.22	5.63	74.8	1.46	1.49	2.1
Dividends/JCP per Stock ON (Net of Income Tax) (*)	1.131	1.605	41.9	0.506	0.335	(33.8)
Dividends/JCP Per Stock PN (Net of Income Tax) (*)	1.244	1.766	41.9	0.556	0.368	(33.8)
Book Value per Stock (ON and PN) (*)	16.03	19.82	23.6	18.63	19.82	6.4
Last Business Day Average Price ON	27.82	64.02	130.2	50.94	64.02	25.7
Last Business Day Average Price - PN	32.44	68.19	110.2	54.36	68.19	25.4
Market Value (R\$ million) (**)	28,576	64,744	126.6	51,620	64,744	25.4

(*) For the purposes of comparison, the amounts were adjusted by 100% due to stocks bonus occurred as of 11.22.2005

(**) Number of stocks (disregarding the treasury stocks) x average quotation of the last day of the period.

Highlights**Cash Generation**

	R\$ million					
	2004			2005		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Net Income	752	1,058	3,060	1,430	1,463	5,514
Equity in the Earnings of Affiliated Companies	4	(45)	(163)	(64)	(7)	(76)
Allowance for Doubtful Accounts	478	489	2,042	540	770	2,507
Allowance/Reversal for Mark-to-Market	5	(2)	(1)	3	8	(19)
Depreciation and Amortization	118	120	480	109	134	469
Goodwill Amortization	188	212	713	86	182	453
Others	31	(6)	33	34	3	110
Total	1,576	1,826	6,164	2,138	2,553	8,958

Added Value

	R\$ million					
	2004			2005		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Added Value (A+B+C)	2,678	3,074	10,047	4,195	3,662	14,928
A Gross Income from Financial Intermediation	2,825	3,027	11,189	3,958	3,659	14,774
B Fee Income	1,455	1,675	5,824	1,918	2,010	7,349
C Other Operating Income/Expenses	(1,602)	(1,628)	(6,966)	(1,681)	(2,007)	(7,195)
Distribution of Added Value (D+E+F+G)	2,678	3,074	10,047	4,195	3,662	14,928
D Employees	1,046	1,043	4,045	1,247	1,118	4,358
E Government	880	973	2,942	1,518	1,081	5,056
F JCP/Dividends to Stockholders (paid and provisioned)	333	340	1,325	612	344	1,881
G Reinvestment of Profits	419	718	1,735	818	1,119	3,633
Distribution of Added Value percentage	100.0	100.0	100.0	100.0	100.0	100.0
Employees	39.1	33.9	40.2	29.7	30.5	29.2
Government Remuneration	32.9	31.6	29.3	36.2	29.5	33.9
JCP/Dividends to Stockholders (paid and provisioned)	12.4	11.1	13.2	14.6	9.4	12.6
Profit Reinvestments	15.6	23.4	17.3	19.5	30.6	24.3

Fixed Assets to Stockholders Equity Ratio Calculation Statement

	R\$ million			
	2004		2005	
	September	December	September	December
Stockholders Equity + Minority				
Stockholders	14,752	15,285	18,316	19,467
Subordinated Debts	5,771	5,663	6,077	6,290
Tax Credits	(132)	(41)	(82)	(99)
Exchange Membership Certificates	(68)	(71)	(66)	(69)
Reference Equity (A) (*)	20,323	20,836	24,245	25,589
Fixed	7,100	7,183	7,576	7,817
Fixed Assets and Leasing	(2,019)	(2,169)	(2,960)	(3,370)
Unrealized Leasing Losses	(76)	(87)	(96)	(99)
Exchange Membership Certificates	(68)	(71)	(66)	(69)
Total Fixed Assets (B) (*)	4,937	4,856	4,454	4,279
Fixed Assets to Stockholders Equity Ratio				
(B/A) %	24.3	23.3	18.4	16.7
Excess	5,225	5,562	7,669	8,516

(*) 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's resolution 2283.

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

	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Return on Stockholders' Equity (Total)	22.1	30.9	20.1	35.2	33.7	28.4
Return on Stockholders' Equity (Average)	23.3	31.7	22.0	36.5	35.3	32.1
Return on Total Assets (Total)	1.7	2.3	1.7	2.9	2.8	2.6
Stockholders' Equity to Total Assets	8.2	8.2	8.2	9.0	9.3	9.3
Capital Adequacy Ratio (Basel) Financial Consolidated	19.9	18.8	18.8	17.7	17.3	17.3
Capital Adequacy Ratio (Basel) Total Consolidated	17.0	16.1	16.1	15.5	15.2	15.2
Fixed Assets to Stockholders' Equity Ratio Financial Consolidated	42.9	38.0	38.0	42.8	45.3	45.3
Fixed Assets to Stockholders' Equity Ratio Total Consolidated	24.3	23.3	23.3	18.4	16.7	16.7
Expanded Combined Ratio	93.7	92.8	98.3	86.9	91.8	89.8
Efficiency Ratio (12 months accumulated)	58.3	55.5	55.5	45.7	44.8	44.8

Market Share Consolidated in percentage

	2004		2005	
	September	December	September	December
Banks Source: BACEN				
Assets under Management	14.7	15.0	15.2	15.2
Time Deposit	10.7	10.8	10.0	N/D
Savings Deposit	15.2	15.6	15.3	N/D
Demand Deposit	17.4	17.5	17.5	N/D
Fee Income	12.8	13.2	13.0	N/D
CPMF	19.9	20.0	20.0	20.0
Loan Operations	12.6	12.6	13.3	13.3
Number of Branches	17.7	17.4	16.6	16.5
Insurance, Private Pension Plans and Savings Bonds Source: SUSEP				
Insurance, Private Pension Plans and Savings Bonds Premiums	25.1	25.6	25.0	25.6
Insurance Premiums (1)	25.4	26.3	25.3	26.1
Revenues from Pension Plans Contributions (2)	26.4	25.3	27.2	26.7
Revenues from Savings Bonds	21.4	20.6	20.3	20.5
Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	39.1	38.8	38.0	37.9

Leasing Source: ABEL

Active Operations	12.1	12.0	11.4	11.5
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Banco Finasa Source: BACEN

Finabens (Portfolio)	6.1	5.7	21.8	21.7
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Auto (Portfolio)	18.5	19.5	22.5	22.9
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Consortium Purchase Plans Source: BACEN

Real Properties	16.9	17.5	21.4	24.1
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Auto	8.1	12.9	15.2	16.2
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International Area Source: BACEN

Export Market	20.9	21.0	20.8	20.8
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Import Market	12.9	13.1	14.7	14.5
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(1) Includes VGBL

(2) Excludes VGBL

NA Information not available by BACEN

Other Information

	2005			December		
	September	December	Variation %	2004	2005	Variation %
Assets under Management R\$ million	295,492	309,048	4.6	265,383	309,048	16.5
Number of Employees	73,556	73,881	0.4	73,644	73,881	0.3
Number of Branches	2,916	2,921	0.2	3,004	2,921	(2.8)
Checking Account Holders million	16.5	16.5		15.7	16.5	5.1
Debit and Credit Card Base million (*)	50.9	47.6	(6.5)	46.4	47.6	2.6

(*) In 4Q05, inactive Electron cards were excluded.

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

	December				
	2001	2002	2003	2004	2005
Common	438,360	431,606	479,018	476,703	489,450
Preferred	425,968	425,122	472,164	472,163	489,939
Subtotal Outstanding Stocks	864,328	856,728	951,182	948,866	979,389
Treasury Stocks	2,934	5,878	344		464
Total	867,262	862,606	951,526	948,866	979,853

(*) For comparison purposes, 100% stock bonus occurred in 2005, 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.

On December 31, 2005, Bradesco's capital stock was R\$ 13.0 billion, composed of 979,853,142 stocks, of which 489,914,304 are common and 489,938,838 are preferred, nonpar and book-entry stocks. The largest stockholder is the holding company, Cidade de Deus Participações, which directly holds 48.43% of our voting capital and 24.31% 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 basically owned by Fundação Bradesco and Elo Participações. Elo Participações has as stockholders the majority of members of Bradesco's Board of Directors and Statutory Executive Board (see page 122).

Quantity of Stockholders Resident in the Country and Abroad

	December				
	2001	2002	2003	2004	2005
Individual	2,170,158	2,153,800	2,158,808	1,254,044	1,244,572
Corporate	181,007	179,609	180,559	116,894	116,225
Subtotal Residents in the Country	2,351,165	2,333,409	2,339,367	1,370,938	1,360,797
Residents Abroad	565	373	465	3,780	3,701
Total	2,351,730	2,333,782	2,339,832	1,374,718	1,364,498

On December 31, 2005, we observe that 1,360,797 stockholders were domiciled in Brazil, accounting for 99.7% of total stockholders' base and holding 71.33% of the Bradesco's outstanding stocks. The number of stockholders living abroad was 3,701, representing 0.3% of total stockholders' base and holding 28.67% of Bradesco's outstanding stocks.

Market Value R\$ million

N.B.: The market value disregards the treasury stocks (average quotation for the last day of the year).

Bradesco's 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: quantity of common and preferred stocks multiplied by its respective average price of the last business day of the period. The amount is divided by book value of the period.

Dividend Yield in percentage

Dividend Yield: is the ratio of the stock price and the net dividend distributed to stockholders over the past 12 months, indicating the investors' return related to profit sharing.

Formula used: amount received by stockholder as dividend and/or interest on own capital (net of withholding tax) over the past 12 months, which is divided by preferred stock closing price of the last business day of the period.

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Bradesco s Stocks

Payout Index in percentage

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

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

Financial Volume Bradesco PN x Ibovespa

Source: Economática

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Bradesco's Stocks

Earnings per Share R\$ (*)

(*) For comparison purposes, 100% stock bonus occurred in 2005, 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.

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

Source: Economatica

Stock Performance

Bradesco's preferred stocks had a 110.8% appreciation in the year of 2005 (117.5% adjusted by dividends), if we consider the closing price of the last business day of the period, while Ibovespa appreciated 27.7% .

We believe that Bradesco's good performance in the year of 2005 was mainly influenced by the market perception that a new level of profitability attained by the Bank as from the 4th quarter of 2004 became sustainable in view of a robust positioning in various market segments, as well as the results and our focus on cost control.

A good performance of loan market for individuals and delinquency under control created an especially favorable environment to our operations, which combined with strategic agreements and partnerships entered into over the past quarters in the consumer loan segment favored our performance, leading our return on equity to the levels currently verified.

Comparative Statement of Income

	R\$ million					
	Years			2005		
	2004	2005	Variation %	3Q05	4Q05	Variation %
Revenues from Financial Intermediation	26,203	33,700	28.6	8,533	9,939	16.5
Loan Operations	12,731	16,704	31.2	4,296	5,220	21.5
Leasing Operations	301	444	47.5	134	128	(4.5)
Marketable Securities Transactions	4,921	5,552	12.8	1,357	2,237	64.8
Financial Income on Insurance, Private Pension Plans and Savings Bonds	5,143	6,498	26.3	1,516	1,749	15.4
Derivative Financial Instruments	1,239	2,389	92.8	748	(56)	
Foreign Exchange Transactions	691	618	(10.6)	90	297	230.0
Compulsory Deposits	1,177	1,495	27.0	392	364	(7.1)
Expenses From Financial Intermediation (not including PDD)	12,972	16,419	26.6	4,035	5,510	36.6
Funds Obtained in the Open Market	8,486	11,285	33.0	2,898	3,713	28.1
Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	3,216	3,765	17.1	873	1,051	20.4
Borrowings and Onlendings	1,253	1,360	8.5	263	744	182.9
Leasing Operations	17	9	(47.1)	1	2	100.0
Net Interest Income	13,231	17,281	30.6	4,498	4,429	(1.5)
Allowance for Doubtful Accounts	(2,042)	(2,507)	22.8	(540)	(770)	42.6
Gross Income from Financial Intermediation	11,189	14,774	32.0	3,958	3,659	(7.6)
Other Operating Income (Expense)	(7,071)	(6,921)	(2.1)	(1,708)	(1,785)	4.5
Fee Income	5,824	7,349	26.2	1,918	2,010	4.8
Operating Income from Insurance, Private Pension Plans and Savings Bonds	(60)	294		147	263	78.9
(+) Net Premiums Written	15,389	16,825	9.3	4,314	5,084	17.8
(-) Reinsurance Premiums and Redeemed Premiums	(2,105)	(3,178)	51.0	(768)	(780)	1.6
(=) Retained Premiums from Insurance, Private Pension Plans and Savings Bonds	13,284	13,647	2.7	3,546	4,304	21.4
Retained Premiums from Insurance	6,433	7,394	14.9	1,883	1,901	1.0
Private Pension Plans Contributions	5,493	4,833	(12.0)	1,270	2,017	58.8
Income on Savings Bonds	1,358	1,420	4.6	393	386	(1.8)
Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	(3,964)	(2,756)	(30.5)	(739)	(1,319)	78.5
	(288)	(652)	126.4	(64)	(72)	12.5

Variation in Technical Provisions for Insurance						
Variation in Technical Provisions for Private						
Pension Plans	(3,640)	(2,105)	(42.2)	(659)	(1,257)	90.7
Variation in Technical Provisions for Savings Bonds	(36)	1		(16)	10	
Retained Claims	(5,159)	(5,825)	12.9	(1,463)	(1,533)	4.8
Savings Bonds Draws and Redemptions	(1,223)	(1,229)	0.5	(337)	(332)	(1.5)
Insurance and Private Pension Plans, Savings						
Bonds Selling Expenses	(867)	(961)	10.8	(244)	(264)	8.2
Insurance Products Selling Expenses	(709)	(774)	9.2	(200)	(204)	2.0
Private Pension Plans Selling Expenses	(153)	(169)	10.5	(39)	(54)	38.5
Savings Bonds Selling Expenses	(5)	(18)	260.0	(5)	(6)	20.0
Expenses with Private Pension Plans Benefits and						
Redemptions	(2,131)	(2,582)	21.2	(616)	(593)	(3.7)
Personnel Expenses	(4,969)	(5,312)	6.9	(1,483)	(1,361)	(8.2)
Other Administrative Expenses	(4,937)	(5,142)	4.2	(1,271)	(1,439)	13.2
Tax Expenses	(1,464)	(1,878)	28.3	(475)	(501)	5.5
Equity in the Earnings of Affiliated Companies	163	76	(53.4)	64	7	(89.1)
Other Operating Income	1,198	1,097	(8.4)	238	300	26.1
Other Operating Expenses	(2,826)	(3,405)	20.5	(846)	(1,064)	25.8
Operating Income	4,118	7,853	90.7	2,250	1,874	(16.7)
Non-Operating Income	(491)	(106)	(78.4)	(10)	(69)	590.0
Income before Taxes and Profit Sharing	3,627	7,747	113.6	2,240	1,805	(19.4)
Income Tax and Social Contribution	(554)	(2,224)	301.4	(807)	(337)	(58.2)
Minority Interest in Subsidiaries	(13)	(9)	(30.8)	(3)	(5)	66.7
Net Income	3,060	5,514	80.2	1,430	1,463	2.3
Annualized Return on Stockholders Equity (%)	20.1	28.4		35.2	33.7	

Analysis of the Statement of Income R\$ million

Income from Loan and Leasing Operations

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
13,015	17,139	31.7	4,429	5,346	20.7

Income was up basically as a result of: (i) the increase in the volume of the loan portfolio, which totaled R\$ 81,130 in December/05 against R\$ 62,788 in December/04, i.e., a 29.2% increase, particularly in the individual client portfolio, up by 56.8%, which shows higher profitability than corporate portfolio, pointing out Auto and Personal Loan products, while the corporate portfolio climbed 15.2%, pointing out Working Capital and BNDES Onlending; (ii) increase in average interest rates, observing the 19.0% CDI variation in 2005, against 16.2% in 2004, which was partially **offset** by: (iii) exchange loss variation of 11.8% in the period/05, against an exchange loss variation of 8.1% in the period/04, affecting foreign currency indexed and/or denominated operations, which comprise 8.9% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts).

Increased revenues were mainly due to: (i) a 7.8% increase in loan portfolio volume, reaching the amount of R\$ 81,130 in December/05, against R\$ 75,244 in September/05, pointing out the individual client portfolio, with an 8.6% growth, which shows higher profitability than corporate portfolio, pointing out Auto and Personal Loan, while the corporate portfolio climbed 7.3%, pointing out Working Capital and BNDES Onlending; (ii) exchange gain variation of 5.3% in 4Q05, against exchange loss variation of 5.5% in 3Q05, affecting our foreign currency indexed and/or denominated operations, comprising 8.9% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts), which was partially **mitigated**: (iii) by a drop in average interest rates, observing the 4.3% CDI variation in 4Q05 against 4.7% in 3Q05.

Income from Marketable Securities (TVM) and Derivative Financial Instruments

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
6,160	7,941	28.9	2,105	2,181	3.6

The variation in income is basically due to: (i) higher non-interest income gains of R\$ 731, which includes R\$ 406 represented by a portion of income from derivatives used for hedge effects of investments abroad, which in terms of net income simply annuls the tax effect of such hedge strategy in the period; (ii) higher average interest rates, observing the 19.0% CDI variation in the period/05, compared to 16.2% in the period/04; which was **offset** by: (iii) exchange loss variation of 11.8% in the period/05, against an exchange loss variation of 8.1% in the period/04, impacting on the foreign currency indexed and/or denominated operations, comprising 12.2% of the portfolio.

The increase in income is mainly due to: (i) exchange gain variation of 5.3% in 4Q05, against exchange loss variation of 5.5% in 3Q05, impacting on foreign currency indexed and/or denominated operations, comprising 12.2% of the portfolio; **offset** by: (ii) lower average interest rates, observing the 4.3% CDI variation in 4Q05, compared to 4.7% in 3Q05; (iii) lower non-interest income gains of R\$ 329, composed of basically partial reduction in income from derivatives used for hedge effects of investments abroad, which, in terms of net income simply annuls the tax effect of such hedge strategy in the quarter.

Analysis of the Statement of Income R\$ million

Financial Income on Insurance, Private Pension Plans and Savings Bonds

Years			2005		
2004	2005	Variation %	3rd Qtr.	4th Qtr.	Variation %
5,143	6,498	26.3	1,516	1,749	15.4

The growth in the period was basically due to: (i) an increase in the volume of the securities portfolio, mainly comprising federal government bonds, which are linked to technical provisions, especially PGBL and VGBL products; (ii) higher average interest rates in line with the CDI variation of 19.0% in the period/05, as compared to 16.2% in the period/04; (iii) higher non-interest income of R\$ 563 in the period/05 against R\$ 179 in the period/04, as a result of increased TVM gains, in which we point out a positive result of R\$ 327 recorded with the partial sale of our stake in Belgo-Mineira's capital stock in the period/05, partially **mitigated**: (iv) by lower variation in the IGP-M index of 1.2% in the period/05 against 12.4% in the period/04.

The variation for the quarter was substantially due to: (i) an increase in the volume of marketable securities portfolio, mainly comprising federal government bonds, which are linked to technical provisions, especially PGBL and VGBL products; (ii) IGP-M exchange gain variation, 1.0% in 4Q05, against an exchange loss variation of 1.5% in 3Q05; partially **mitigated**: (iii) by a drop in average interest rates, observing CDI variation of 4.3% in 4Q05, against 4.7% in 3Q05; and (iv) by lower non-interest income, R\$ 38 in 4Q05, against R\$ 50 in 3Q05, arising from lower TVM gains.

Foreign Exchange Transactions

Years			2005		
2004	2005	Variation %	3rd Qtr.	4th Qtr.	Variation %
691	618	(10.6)	90	297	230.0

This item should be analyzed deducted from expenses with foreign funding, used for import/export operations financing, in accordance with Note 13a. After the deductions, the result would be of R\$ 222 in the period/04 and of R\$ 244 in the period/05, mostly influenced by an increase in the average volume of

This item should be analyzed deducted from expenses with foreign funding, used for import/export operations financing, in accordance with Note 13a. After such deductions, the result would be of R\$ 59 in 3Q05 and of R\$ 74 in 4Q05, mostly due to an increase in the average volume of foreign exchange portfolio in the quarter.

foreign exchange portfolio in 2005.

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Analysis of the Statement of Income R\$ million

Compulsory Deposits

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
1,177	1,495	27.0	392	364	(7.1)

The increase is basically due to increased: (i) average volume of deposits in the period; (ii) SELIC rate, used to remunerate the additional compulsory deposit, from 16.2% in the period/04 to 19.0% in the period/05; and (iii) Reference Rate TR, which composes the remuneration of compulsory deposits over savings deposits, from 1.8% in the period/04 to 2.8% in the period/05.

The variation is basically due to: (i) reduction in SELIC rate from 4.7% in 3Q05 to 4.3% in 4Q05, used to remunerate the additional compulsory deposit; (ii) reduction in Reference Rate TR from 0.9% in 3Q05 to 0.6% in 4Q05, which composes the remuneration of compulsory deposit over savings deposits; which was **offset**: (iii) by higher average volume of deposits in the quarter.

Funding Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
8,486	11,285	33.0	2,898	3,713	28.1

The variation is mostly due to: (i) higher average interest rates, observing the CDI variation of 19.0% in the period/05, against 16.2% in the period/04, mainly affecting the time deposits expenses and purchase and sale commitments of R\$ 1,701 and R\$ 824, respectively; (ii) increased Reference Rate TR, from 1.8% in the period/04 to 2.8% in the period/05, affecting the savings deposits expenses R\$ 374; (iii) increase in average balance of funding in the period; which was **offset** by: (iv) exchange loss variation of 11.8% in the period/05, against exchange loss variation of 8.1% in the period/04, impacting on foreign currency indexed and/or denominated funding R\$ 378.

Increased expenses in the quarter mainly derive from: (i) exchange gain variation of 5.3% in 4Q05, against exchange loss variation of 5.5% in 3Q05, impacting on foreign currency indexed and/or denominated funding R\$1,006; partially **offset**: (ii) by lower expenses related to time deposits R\$ 141, due to a reduction in average interest rates, observing the 4.3% CDI variation in 4Q05, against 4.7% in 3Q05.

Analysis of the Statement of Income R\$ million

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

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
3,216	3,765	17.1	873	1,051	20.4

The increase is basically due to: (i) higher average balance of technical provisions, especially PGBL and VGBL products; (ii) higher average interest rates, observing the CDI variation of 19.0% in the period/05, against 16.2% in the period/04; and partially **mitigated**: (iii) by lower IGP-M variation of 1.2% in the period/05, against 12.4% in the period/04, one of the indexes which also remunerates the Technical Provisions.

The increase is basically due to: (i) IGP-M positive variation of 1.0% in 4Q05, against an IGP-M negative variation of 1.5% in 3Q05, one of the indexes which also remunerates the technical provisions; (ii) increase in the average balance of the technical provisions, especially VGBL and PGBL products; partially **mitigated**: (iii) by a drop in average interest rates, observing the CDI variation of 4.3% in 4Q05, against 4.7% in 3Q05.

Borrowings and Onlendings Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
1,253	1,360	8.5	263	744	182.9

The variation in expense is due to: (i) higher expenses with funds basically derived from BNDES/FINAME R\$

The increase in expense is basically due to: (i) exchange gain variation of 5.3% in 4Q05, against exchange loss

94 resulting from increase in interest rates in 2005; (ii) higher foreign currency funds expenses of R\$ 13, due to increased volume, which was **offset** by: (iii) exchange loss variation of 11.8% in the period/05, against exchange loss variation of 8.1% in the period/04. variation of 5.5% in 3Q05, impacting on foreign currency indexed and/or denominated loans and onlendings operations, which account for 45.5% of the Loan and Onlendings Portfolio.

Analysis of the Statement of Income R\$ million

Net Interest Income

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
13,231	17,281	30.6	4,498	4,429	(1.5)

The variation in the period includes the income earned in the sale of our stake in Belgo-Mineira's capital stock in 1H05 of R\$ 327, as well as a portion of income from derivatives used for hedge effects of investments abroad, which in terms of net income simply annuls the tax effect of such hedge strategy in the period R\$ 406. Excluding these amounts, the adjusted net interest income would be R\$ 13,231 in the period/04 and R\$ 16,548 in the period/05, i.e., R\$ 3,317 composed of: (i) increase in interest income operations of R\$ 2,968, mainly due to a growth in the business volume; and (ii) higher non-interest income of R\$ 349, basically due to higher TVM and treasury gains.

The net interest income includes R\$ 162 and R\$ (174) in 3Q05 and 4Q05, respectively, referring to a portion of income from derivatives used for hedge effects of investments abroad, which in terms of net income simply annuls the tax effect of such hedge strategy. Excluding these amounts, the adjusted net interest income would be of R\$ 4,336 in 3Q05 and R\$ 4,603 in 4Q/05, i.e., a R\$ 267 variation composed of: (i) increase in interest income operations of R\$ 254, mainly due to the growth in the business volume; and (ii) an increase in non-interest income of R\$ 13.

Allowance for Doubtful Accounts Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %

2,042**2,507****22.8****540****770****42.6**

The increased expense of R\$ 465 is compatible with the performance of our loan portfolio, which evolved approximately 29.2% over the past 12 months, pointing out individual client portfolio with 56.8%. This shows a solid commitment of Bradesco in the concession, recovery and follow-up of loan portfolio, evidenced by means of quality of our AA-C ratings portfolio, comprising 92.3% and 93.2% in December/04 and December/05, respectively.

During 3Q05, provision at the amount of R\$ 166 was written-off, referring to the operations granted to a large utilities concessionaire. We also recorded surplus provision of R\$ 6 in 3Q05 and R\$ 62 in 4Q05. Excluding such effects, the expense would be R\$ 700 in 3Q05 and R\$ 708 in 4Q05, a R\$ 8 growth or 1.1%, percentage well below the performance of our loan portfolio, which climbed 7.8% over the past 3 months, pointing out the individual client portfolio at 8.6%.

Analysis of the Statement of Income R\$ million

Fee Income

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
5,824	7,349	26.2	1,918	2,010	4.8

The increase is mainly due to a hike in the average volume of operations, combined with an increase in the customer base, fee realignment and improvement in the partnership index (cross-selling), as a result of the segmentation process, pointing out: (i) loan operations R\$ 455; (ii) checking account R\$ 394; (iii) income on cards R\$ 225; (iv) assets under management R\$ 160; (v) collection R\$ 89; and (vi) consortium management R\$ 61.

The variation in the quarter is mostly due to expansion of businesses, substantially reflecting on: (i) checking accounts R\$ 34; (ii) income on cards R\$ 36; and (iii) loan operations R\$ 14.

Retained Premiums from Insurance, Private Pension Plans and Savings Bonds

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
13,284	13,647	2.7	3,546	4,304	21.4

The variation is detailed in the charts below:

The increase is detailed in the charts below:

Analysis of the Statement of Income R\$ million

a) Retained Premiums from Insurance

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
6,433	7,394	14.9	1,883	1,901	1.0

The variation in the period is basically resulted from: (i) increase in Health insurance sales, substantially due to the corporate plan R\$ 490; (ii) the Auto/RCF sales, due to the launching of profile recording and review of fee system R\$ 342; and (iii) the Life insurance sales, mainly related to the launching of products for the lower income classes, pointing out the *Vida Segura Bradesco* (Bradesco Safe Life) R\$ 97, with minimum price of R\$ 9.62/month.

Retained premiums from insurance remained practically stable in 4Q05 when compared to 3Q05, with a slight increase in the Life insurance sales R\$ 19.

b) Private Pension Plans Contributions

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
5,493	4,833	(12.0)	1,270	2,017	58.8

The variation in the period is due to: (i) increase in the amount of VGBL redemptions R\$1,059, (ii) reduction in

The increase in 4Q05 occurs due to seasonality of the period in view of inflow of additional funds into the

the sale of traditional products R\$ 95; **mitigated:** (iii) by increased sale of VGBL and PGBL product R\$ 476 and R\$ 18, respectively. The effects were influenced by changes in tax laws, which also led to the transfer of VGBL redemptions that would occur in 4Q04 to be carried out in 1Q05. **N.B.:** according to SUSEP, the recording of VGBL redemptions reduces the retained contributions.

Brazilian economy (Christmas Bonus). The variation in the quarter is due to: (i) higher sales of VGBL and PGBL products, R\$ 736 and R\$ 184, respectively; **mitigated:** (ii) by higher volume of VGBL redemptions R\$ 27; and (iii) by a reduction in sales of traditional products R\$ 145. **N.B.:** according to SUSEP, the recording of VGBL redemptions reduces the retained contributions.

Analysis of the Statement of Income R\$ million

c) Income on Savings Bonds

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
1,358	1,420	4.6	393	386	(1.8)

The variation in 2005 is due to: (i) sale of Pé Quente Bradesco GP Ayrton Senna products (in partnership with Instituto Ayrton Senna) and Fundação SOS Mata Atlântica R\$ 205; **mitigated**: (ii) by lower sale of other products R\$ 143. Income on savings bonds remained practically steady in 4Q05 when compared to 3Q05.

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

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(3,964)	(2,756)	(30.5)	(739)	(1,319)	78.5

The decrease is detailed in the charts below:

The increase is detailed in the charts below:

Analysis of the Statement of Income R\$ million

a) Variation in Technical Provisions for Insurance

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(288)	(652)	126.4	(64)	(72)	12.5

Variations in technical provisions for insurance are directly related to the sale of insurance in their respective effectiveness periods. The highest expenses occurred in Health R\$ 161, Auto R\$ 126 and Life R\$ 25. In 2005, we extraordinarily provisioned the Individual Health portfolio, at the amount of R\$ 324, to set out the leveling of premiums for insured above 60 years of age of plans prior to the Law 9,656/98 and benefits related to fully settled plans whose holders are still entitled to their benefits (*planos remidos*).

Variations in technical provisions for insurance are directly related to the sale of insurance in their respective effectiveness periods. The highest expenses occurred in the Health R\$ 45, Auto R\$ 17 and Life segments R\$ 10.

b) Variation in Technical Provisions for Private Pension Plans

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(3,640)	(2,105)	(42.2)	(659)	(1,257)	90.7

The variation in technical provisions is directly related to sales, combined with benefits and redemptions. The variation is due to: (i) enhanced increase in redemptions of various private pension products; **mitigated:** (ii) by higher sales; and (iii) by the establishment of administrative expenses provisions. The variations in provisions by products were: R\$ 493 for VGBL, R\$ 285 for PGBL and R\$ 757 for traditional products.

Variations in technical provisions are directly related to sales, combined with benefits and redemptions. In the quarter, there was an increase in the volume of sales and recording of administrative expenses provisions, influencing the variations in provisions of the item: (i) in VGBL products, R\$ 844 and PGBL products R\$ 199; and **mitigated:** (ii) by a reduction in traditional products R\$ 444.

Analysis of the Statement of Income R\$ million

c) Variation in Technical Provisions for Savings Bonds

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(36)	1		(16)	10	

The amounts in both periods basically refer to technical provisions for contingencies, due to a reduced need of such provision in 2005.

The amounts in both quarters basically refer to technical provisions for contingencies. In 4Q05, a partial reversal of such technical provision occurred.

Retained Claims

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(5,159)	(5,825)	12.9	(1,463)	(1,533)	4.8

The variation is mainly due to an increase in claims in the Health insurance line R\$ 439 (net of IBNR extraordinary provision R\$ 276, occurred in the period/04), Life insurance R\$120 and Auto R\$ 94, although the loss ratio has improved from 83.1% in the period/04 to 82.3% in the period/05.

The increase is mainly due to higher claims notified from Life insurance R\$ 49 and Auto R\$ 18 segments, increasing the loss ratio in 4Q05 to 84.9% when compared to 79.9% in 3Q05.

Analysis of the Statement of Income R\$ million

Savings Bonds Draws and Redemptions

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(1,223)	(1,229)	0.5	(337)	(332)	(1.5)

The redemptions are directly related to new sales. Revenues from savings bonds in 2005 had an increase of 4.6%, but with lower establishment of provision percentage, in view of profile of new products sold in 2005.

The redemptions are directly related to new sales. The variation is due to reduced revenues from savings bonds in 4Q05.

Insurance, Private Pension Plans and Savings Bonds Selling Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(867)	(961)	10.8	(244)	(264)	8.2

The variation is detailed in the charts below:

The increase is detailed in the charts below:

a) Insurance Products Selling Expenses

	Years			2005	
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(709)	(774)	9.2	(200)	(204)	2.0

The increase basically results from the growth in Auto insurance sales R\$ 63, however, the sale/premium ratio improved in 2005, when compared to 2004 (11.6% against 12.3%).

The selling expenses remained practically steady in 4Q05 when compared to 3Q05.

Analysis of the Statement of Income R\$ million

b) Private Pension Plans Selling Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(153)	(169)	10.5	(39)	(54)	38.5

The variation is influenced by higher selling expenses of traditional products R\$19.

The growth is influenced by higher selling expenses of traditional products R\$ 10 and VGBL product R\$ 5.

c) Savings Bonds Selling Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(5)	(18)	260.0	(5)	(6)	20.0

The variation derives from the onlending related to the use of SOS Mata Atlântica Foundation and Ayrton Senna Institute brands.

The increase derives from a higher onlending related to the use of SOS Mata Atlântica Foundation and Ayrton Senna Institute brands in 4Q05.

Analysis of the Statement of Income R\$ million

Private Pension Plans Benefits and Redemptions Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(2,131)	(2,582)	21.2	(616)	(593)	(3.7)

The increase of this item was due to an increase in the payment of private pension plans redemptions and also due to the characteristics of PGBL plans, allowing the participant to redeem at any time, observing the grace period, besides the change in withholding income tax for redemptions, which also led to the transfer of redemptions that would occur in 4Q04 to be carried out in 1Q05. In 2005: (i) there was higher volume of PGBL redemptions R\$ 528; (ii) higher benefit concession R\$ 74; **offset** by: (iii) lower volume of redemptions of traditional plans R\$ 150.

The variation in the quarter is due to: (i) lower volume of redemptions of traditional plans R\$15 and PGBL R\$ 13; **offset** by: (ii) higher volume of benefits granted R\$ 5.

Personnel Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(4,969)	(5,312)	7.2	(1,483)	(1,361)	(7.3)

The growth for 2005 was mainly due to: (i) payroll increase, as a result of the collective bargaining agreement of 8.5% in 2004, benefits and others R\$ 306; (ii) effect of collective bargaining agreement of 6.0% in 2005 of R\$ 87; (iii) higher employee profit sharing expenses R\$105; (iv) the highest bonus lump-sum payment R\$ 60; **mitigated** by: (v) lower labor claims provision expenses R\$ 47; and (vi) decrease in personnel expenses as a result of the synergy in administrative activities, estimated at R\$ 168.

The variation of this item in the quarter mostly derives from: (i) bonus lump-sum payment of R\$ 103 in September/05; (ii) lower expenses with PLR in 4Q05 R\$ 16; (iii) lower expenses related to labor claims R\$20 which was partially **offset**: (iv) by an increase in payroll, stemming from collective bargaining agreement of the category (6.0%)in September/05.

Analysis of the Statement of Income R\$ million

Other Administrative Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(4,937)	(5,142)	4.2	(1,271)	(1,439)	13.2

The increase in the year basically stems from higher expenses related to third-party services R\$ 174, mainly due to increase in the business volume, as well as investments in the improvement and optimization of technological platform (IT).

The reduction of administrative expenses remained practically steady in 4Q05, except for a seasonal increase in advertising expenses R\$ 124 in the quarter.

Tax Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(1,464)	(1,878)	28.3	(475)	(501)	5.5

This variation basically derives from: (i) PIS/COFINS increased expenses R\$ 306, as a result of higher taxable income that includes income from derivatives used for

The growth in the quarter mainly results from: (i) CPMF increased expenses R\$ 30, mainly due to the application of funds obtained via issuance of debentures by

hedge effect of investment abroad; (ii) ISS increased expenses R\$ 44 as a result of a change in legislation; and (iii) CPMF increased expenses R\$ 64 substantially due to the application of funds obtained via issuance of debentures by Bradesco Leasing, held in 2005.

Analysis of the Statement of Income R\$ million

Equity in the Earnings of Affiliated Companies

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
163	76	(53.4)	64	7	(89.1)

The variation is basically due to lower results obtained in the affiliated companies in 2005, when compared to 2004, pointing out the following investments: IRB-Brasil Resseguros R\$ 41; American BankNote R\$ 7; CP Cimento e Participação R\$ 16; Marlim Participações R\$ 9 and Nova Marlim Participações R\$ 7.

The reduction basically derives from lower results obtained in the affiliated companies in 4Q05, when compared to 3Q05, pointing out the following investments: IRB-Brasil Resseguros R\$ 51; and American BankNote R\$ 4.

Other Operating Income

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
1,198	1,097	(8.4)	238	300	26.1

The reduction is mainly due to: (i) lower income on sale of goods R\$ 31 and (ii) lower reversal of operating provisions R\$ 113; partially offset by: (iii) higher financial income R\$ 100.

The increase mainly derives from: (i) recovery of charges and expenses R\$ 29; (ii) higher income on the sale of goods R\$ 16; and (iii) higher financial income R\$ 15.

Analysis of the Statement of Income R\$ million

Other Operating Expenses

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(2,826)	(3,405)	20.5	(846)	(1,064)	25.8

The increase is mostly due to: (i) higher interest expenses R\$ 207; (ii) increase in sundry losses (basically discounts granted in loan operations) R\$ 172; (iii) goodwill amortization R\$ 109; and (iv) increase in the cost of services rendered R\$ 38.

The increase in the quarter basically derives from: (i) increase in goodwill amortization R\$ 96; (ii) higher interest expenses R\$ 57; (iii) recording of operational provisions R\$ 61; and (iv) higher costs of services rendered R\$ 24.

Operating Income

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
4,118	7,853	90.7	2,250	1,874	(16.7)

The increase derives from: (i) higher net interest income R\$ 4,050; (ii) increased fee income R\$ 1,525; (iii) increase in contribution of insurance, private pension plan and savings bonds operations R\$ 354; partially **offset** by: (iv) higher allowance for doubtful accounts

The variation derives from: (i) lower net interest income R\$ 69; (ii) higher allowance for doubtful accounts expenses R\$ 230; (iii) increased administrative expenses R\$ 168; (iv) increased operating expenses (net of income) R\$ 156; (v) lower equity in the earnings of affiliated

expenses R\$ 465; (v) higher tax expenses R\$ 414; (vi) increased personnel and administrative expenses R\$ 548; (vii) reduced equity in the earnings of affiliated companies R\$ 87; and (viii) increased operating expenses (net of income) R\$ 680. For a more detailed analysis of the variation of each item, we recommend the reading of each specific item.

companies R\$ 57; (vi) higher tax expenses R\$ 26; **offset** by: (vii) decreased personnel expenses R\$ 122; (viii) higher margin of contribution of insurance, private pension plans and savings bonds operations R\$ 116; and (ix) higher fee income R\$ 92. For a more detailed analysis of the variation of each item, we recommend the reading of each specific item.

Analysis of the Statement of Income R\$ million

Non-Operating Income

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(491)	(106)	(78.4)	(10)	(69)	590.0

The reduction is mainly due to the extraordinary goodwill amortization occurred in 2004 R\$ 370.

The variation in the quarter is substantially due to higher losses in the sale of assets and investments.

Income Tax and Social Contribution

Years			2005		
2004	2005	Variation %	3 rd Qtr.	4 th Qtr.	Variation %
(554)	(2,224)	301.4	(807)	(337)	(58.2)

The income tax and social contribution expenses include R\$ 355 in 2005, referring to the taxation of partial income on hedge on investments abroad, as well as tax charge over earnings before taxes, adjusted by additions and exclusions, as per Note 36.

The income tax and social contribution expenses include R\$ 141 and R\$ (152) in 3Q and 4Q05, respectively, referring to the partial income on derivatives used for hedge effect on investments abroad, as well as tax charge over earnings before taxes, adjusted by additions and exclusions, as per Note 36.

Comparative Balance Sheet

Assets	R\$ million					
	December			2005		
	2004	2005	Variation %	September	December	Variation %
Current and Long-Term Assets	180,038	204,325	13.5	197,383	204,325	3.5
Funds Available	2,639	3,363	27.4	2,600	3,363	29.3
Interbank Investments	22,347	25,006	11.9	24,150	25,006	3.5
Marketable Securities and Derivative Financial Instruments	62,422	64,451	3.3	64,248	64,451	0.3
Interbank and Interdepartmental Accounts	16,235	17,095	5.3	16,458	17,095	3.9
Restricted Deposits:						
Brazilian Central Bank	15,696	16,445	4.8	15,430	16,445	6.6
Other	539	650	20.6	1,028	650	(36.8)
Loan and Leasing Operations	53,447	70,740	32.4	65,492	70,740	8.0
Loan and Leasing Operations	57,440	75,546	31.5	69,984	75,546	7.9
Allowance for Doubtful Accounts	(3,993)	(4,806)	20.4	(4,492)	(4,806)	7.0
Other Receivables and Assets	22,948	23,670	3.1	24,435	23,670	(3.1)
Foreign Exchange Portfolio	7,337	6,937	(5.5)	8,140	6,937	(14.8)
Other Receivables and Assets	15,763	16,886	7.1	16,450	16,886	2.7
Allowance for Other Doubtful Accounts	(152)	(153)	0.7	(155)	(153)	(1.3)
Permanent Assets	4,888	4,358	(10.8)	4,530	4,358	(3.8)
Investments	1,101	985	(10.5)	1,038	985	(5.1)
Property, Plant and Equipment in Use and Leased Assets	2,289	1,995	(12.8)	2,054	1,995	(2.9)
Deferred Charges	1,498	1,378	(8.0)	1,438	1,378	(4.2)
Deferred Charges	472	531	12.5	534	531	(0.6)
Goodwill on Acquisition of Subsidiaries, Net of Amortization	1,026	847	(17.4)	904	847	(6.3)
Total	184,926	208,683	12.8	201,913	208,683	3.4
Liabilities						
Current and Long-Term Liabilities	169,595	189,164	11.5	183,542	189,164	3.1
Deposits	68,643	75,406	9.9	71,095	75,406	6.1
Demand Deposits	15,298	15,956	4.3	14,774	15,956	8.0
Savings Deposits	24,783	26,201	5.7	24,791	26,201	5.7
Interbank Deposits	19	146	668.4	89	146	64.0
Time Deposits	28,459	32,837	15.4	31,262	32,837	5.0
Other Deposits	84	266	216.7	179	266	48.6
Funds Obtained in the Open Market	22,886	24,639	7.7	24,538	24,639	0.4
Funds from Issuance of Securities	5,057	6,204	22.7	6,161	6,204	0.7
Securities Issued Abroad	4,376	2,731	(37.6)	2,573	2,731	6.1
Other Funds	681	3,473	410.0	3,588	3,473	(3.2)
Interbank and Interdepartmental Accounts	1,920	2,040	6.3	1,883	2,040	8.3

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Borrowings and Onlendings	15,960	16,563	3.8	15,241	16,563	8.7
Borrowings	7,561	7,135	(5.6)	6,470	7,135	10.3
Onlendings	8,399	9,428	12.3	8,771	9,428	7.5
Derivative Financial Instruments	173	239	38.2	1,043	239	(77.1)
Technical Provisions for Insurance, Private Pension Plans and Savings						
Bonds	33,669	40,863	21.4	38,235	40,863	6.9
Other Liabilities	21,287	23,210	9.0	25,346	23,210	(8.4)
Foreign Exchange Portfolio	3,011	2,207	(26.7)	4,042	2,207	(45.4)
Taxes and Social Security Contributions, Social and Statutory Payables	5,395	6,296	16.7	6,647	6,296	(5.3)
Subordinated Debt	5,972	6,719	12.5	6,499	6,719	3.4
Sundry	6,909	7,988	15.6	8,158	7,988	(2.1)
Deferred Income	45	52	15.6	55	52	(5.5)
Minority Interest in Subsidiaries	71	58	(18.3)	54	58	7.4
Stockholders Equity	15,215	19,409	27.6	18,262	19,409	6.3
Total	184,926	208,683	12.8	201,913	208,683	3.4

Equity Analysis R\$ million

Available Funds

December			2005		
2004	2005	Variation %	September	December	Variation %
2,639	3,363	27.4	2,600	3,363	29.3

The increase in the period derived from: (i) increase in the volume of available funds in domestic currency R\$ 987, **offset** by: (ii) decreased volume in foreign currency R\$ 263.

The variation in the quarter is due to: (i) increase in the volume of available funds in domestic currency R\$ 794; **offset** by: (ii) reduced volume in foreign currency R\$ 31.

Interbank Investments

December			2005		
2004	2005	Variation %	September	December	Variation %
22,347	25,006	11.9	24,150	25,006	3.5

The growth in the period derives: (i) from an increase in open market investments, own portfolio position, R\$ 6,631, partially **offset** by: (ii) reduced third-party portfolio position, R\$ 2,682; and (iii) decrease in interbank deposits R\$ 1,290.

The variation in the quarter is due to: (i) increased investments in the open market, own portfolio position, R\$ 6,624; (ii) partially **offset** by: (iii) reduction in third-party portfolio position R\$ 3,875; and (iii) decrease in interbank deposits R\$ 1,893.

Equity Analysis R\$ million

Marketable Securities (TVM) and Derivative Financial Instruments

December			2005		
2004	2005	Variation %	September	December	Variation %
62,422	64,451	3.3	64,248	64,451	0.3

The increase in the period is mainly due to: (i) additional funds derived from the increase in funding, particularly technical provisions for insurance, private pension plans and savings bonds, as well as the issuance of perpetual subordinated debt of R\$ 710; (ii) variation in average interest rates, observing the 19.0% CDI variation in 2005, partially **mitigated** by: (iii) exchange loss variation of 11.8% in 2005, impacting on foreign currency indexed and/or denominated securities, which comprise 12.2% of the portfolio; and (iv) the redemption/maturity of securities. The analysis (excluded from purchase and sale commitments) of portfolio profile, based on Management's intent, does not reveal significant changes in its breakdown, from 61.9% to 72.2% of Trading Securities; from 29.6% to 20.4% of Securities Available for Sale; and from 8.5% to 7.4% of Securities Held to Maturity. In December/05, 48.6% of the total portfolio (excluded from purchase and sale commitments) was represented by Government Bonds, 23.8% by Private Securities and 27.6% by PGBL and VGBL fund quotas.

The variation in the quarter partially reflects: (i) additional funds arising from increased fundings, especially, the technical provisions; (ii) the exchange gain variation of 5.3% in 4Q05, which impacted on the foreign currency indexed and/or denominated securities, which compose 12.2% of the portfolio, partially **mitigated**: (iii) by redemptions/maturities of securities. The analysis (excluded from purchase and sale commitments) of portfolio profile, based on Management's intent, reveals the following breakdown in the quarters: Trading Securities from 75.7% to 72.2%; Securities Available for Sale, from 16.7% to 20.4%; and Securities Held to Maturity, from 7.6% to 7.4%.

Interbank and Interdepartmental Accounts

December			2005		
2004	2005	Variation %	September	December	Variation %
16,235	17,095	5.3	16,458	17,095	3.9

The variation for the period basically reflects: (i) the increase in volume of compulsory demand deposits R\$ 341, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R\$ 16,080 in 2004 to R\$ 16,731 in 2005; and (ii) the increase in the balance of savings deposits R\$ 391 referring to the increase in the balance of these deposits by 5.7% in 2005.

The growth in the quarter basically results from: (i) increase in the volume of compulsory demand deposits R\$ 871, in view of higher average balance of these deposits, basis for payment in respective periods, from R\$ 14,749 in September/05 to R\$16,731 in December/05; which was **mitigated**: (ii) by reduction in the item Checks and other instruments clearing services R\$ 605, in view of accounts balance at the end of the year.

Equity Analysis R\$ million

Loan and Leasing Operations

December			2005		
2004	2005	Variation %	September	December	Variation %
62,788	81,130	29.2	75,244	81,130	7.8

Growth for the period was mainly due to: (i) the individual client portfolio, a 56.8% growth, in particular in the Auto products, up by 47.2%, Personal Loan, up by 107.8%, reflecting the operating agreements recently executed with retailers, combined with an economy scenario of falling unemployment rates and upturn of real income. In the corporate portfolio, the growth rate was of 15.2%, as a result of the 24.8% increase in the small and medium-sized companies (SME) portfolio, coupled with a 7.3% increase in the portfolio of large companies (Large Corporate). In the corporate portfolio we point out the products Working Capital, up by 17.9% and BNDES Onlending up by 14.8%, following the economic activity level; partially **offset** by: (ii) exchange loss variation of 11.8% in 2005, affecting foreign currency indexed and/or denominated contracts, comprising 8.9% of the total portfolio. In December/05, the portfolio was distributed at 59.1% for corporate (of which 26.2% is directed to industry, public and private sectors, 14.9% to commercial, 16.3% to services, 1.4% to agribusiness and 0.3% to the financial intermediation) and 40.9% for individuals. In terms of concentration, the 100 largest borrowers accounted for 26.6% of the portfolio in December/04 and for 22.4% in December/05. Out of the Total Loan Portfolio under Normal Course in December/05, in the amount of R\$ 75,519, 36.4% is falling due within up to 90 days. **N.B.:** this item includes advances on foreign exchange contracts and other receivables and does not include the allowance for doubtful accounts, as described in Note 12.

The growth of the quarter is mainly due to: (i) individual client portfolio, with an 8.6% growth, especially in the Auto products, with a 10.7% increase, and Personal Loan, with a 9.9% increase, reflecting the operating agreements recently executed with retailers, combined with an economy scenario of falling unemployment rates and upturn of income. The 7.3% growth recorded in the corporate portfolio results from an 8.5% hike in the portfolio of small and medium-sized companies (SME) and a 6.1% increase in the portfolio of large companies (Large Corporate). In the corporate portfolio, we point out BNDES Onlending with a 7.0% increase and Working Capital, up by 6.2%, as a result of economic activity level; and (ii) exchange gain variation of 5.3% in 4Q05, affecting foreign currency indexed and/or denominated contracts, which account for 8.9% of total portfolio. In terms of concentration, the 100 largest borrowers accounted for 22.9% of the portfolio in September/05 and 22.4% in December/05. **N.B.:** 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 12.

Equity Analysis R\$ million

Allowance for Doubtful Accounts (PDD)

December			2005		
2004	2005	Variation %	September	December	Variation %
(4,145)	(4,959)	19.6	(4,647)	(4,959)	6.7

The variation in the PDD balance for the period was mostly due to: (i) a 29.2% increase in the volume of loan operations, pointing out individual clients operations, with a 56.8% increase, which due to its specific feature, requires a higher volume of provisioning, **mitigated**: (ii) by the result of continuous improvement of loan portfolio quality. On a comparative basis, PDD ratio in relation to the loan portfolio decreased from 6.6% in December/04 to 6.1% in December/05. The provision coverage ratio in relation to the loan operation under abnormal course, respectively, rated between E and H, decreased from 201.0% in December/04 to 182.7% in December/05, and between D and H, reduced from 169.8% in December/04 to 150.1% in December/05. Despite the slight decrease, such ratios reflect the conservativeness adopted in the recording of provisions, in view of the loan portfolio quality, as a result of our safe, selective and consistent loan concession strategy, coupled with the current level of the Brazilian economic activity. In 2005, R\$ 2,507 was recorded as PDD and R\$ 1,693 was written-off. Additional PDD over minimum requirements increased from R\$ 925 in December/04 to R\$ 1,014 in December/05.

The increase in the PDD balance in the quarter basically reflects a 7.8% growth of the loan portfolio in the quarter, particularly, the individual client portfolio with a 8.6% growth, which due to its specific features, demands a higher provisioning volume. The PDD ratio in relation to the loan portfolio decreased from 6.2% in September/05 to 6.1% in December/05. The provision coverage ratios in relation to the loan portfolio under abnormal course, respectively, rated from E to H, decreased from 191.5% in September/05 to 182.7% in December/05, and those rated from D to H decreased from 159.6% in September/05 to 150.1% in December/05. Despite the slight decrease, such ratios reflect the conservativeness adopted in the recording of provisions, in view of the quality of loan portfolio, arising from safe, selective and consistent strategy of loan concession, coupled with the current level of the economic activity in the country. In the quarter, PDD was recorded in the amount of R\$ 770 and R\$ 458 was written-off. Additional PDD over minimum requirements increased from R\$ 952 in September/05 to R\$ 1,014 in December/05.

Other Receivables and Assets

December			2005		
2004	2005	Variation %	September	December	Variation %
22,548	23,256	3.1	24,060	23,256	(3.3)

The variation in the period is basically due to: (i) a R\$ 1,100 increase in credit cards operations, not included in loan operations; (ii) increase in the item Trading and Intermediation of Amounts, R\$ 767; and partially **offset**: (iii) by a decrease in tax credits R\$ 881, basically composed of temporary provisions; and (iv) by decrease in foreign exchange portfolio R\$ 400. **N.B.:** balances are deducted (net of corresponding PDD) of R\$ 400 in December/04 and of R\$ 414 in December/05, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

The reduction in the quarter is basically due to: (i) a R\$ 1,203 decrease in the foreign exchange portfolio; and (ii) a R\$ 1,108 reduction of tax credits, basically composed of temporary provisions; which was partially **offset** by: (iii) increase in credit cards operations R\$ 642, not included in the loan operations; (iv) a R\$ 449 increase in the item Negotiation and Intermediation of Amounts; and (v) increase in taxes and contributions to offset R\$ 282. **N.B.:** balances are deducted (net of corresponding PDD) of R\$ 375 in December/04 and of R\$ 414 in December/05, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

Equity Analysis R\$ million

Permanent Assets

December			2005		
2004	2005	Variation %	September	December	Variation %
4,888	4,358	(10.8)	4,530	4,358	(3.8)

The variation in the year is mostly due to: (i) goodwill amortization in subsidiaries R\$ 453; (ii) depreciation and amortization in the period R\$ 469; (iii) sale of stake in the company CP Cimento R\$ 62; partially **offset** by: (iv) the goodwill on the acquisition of Morada Serviços and Cia. Leader R\$ 99; and (v) positive result from the equity in the earnings of affiliated companies verified in the period.

The reduction in the quarter was substantially due to: (i) goodwill amortization in subsidiaries R\$ 182; (ii) depreciation and amortization in the quarter R\$ 134; and partially **offset**: (iii): by the positive result from the equity in the earnings of affiliated companies verified in the quarter.

Deposits

December			2005		
2004	2005	Variation %	September	December	Variation %
68,643	75,406	9.9	71,095	75,406	6.1

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

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

Equity Analysis R\$ million

a) Demand Deposits

December			2005		
2004	2005	Variation %	September	December	Variation %
15,298	15,956	4.3	14,774	15,956	8.0

Increase in the period is partially due to a 4.9% growth in customer base. The evolution of R\$ 658 is composed of individuals R\$ 170 and corporations R\$ 488.

The variation in the quarter is due to funds stemming from individuals R\$ 248 and corporations R\$ 934. The increase is due to the seasonal effect of higher liquidity (M1) of economy in 4Q05.

b) Savings Deposits

December			2005		
2004	2005	Variation %	September	December	Variation %
24,783	26,201	5.7	24,791	26,201	5.7

The increase in the period is basically due to: (i) the remuneration of deposits (TR + 0.5% p.m.) reaching 9.2%, in the period; and (ii) increase in the customer base; **mitigated**: (iii) by withdrawals occurred in the period.

The increase in the quarter is basically due to: (i) the remuneration of deposits (TR + 0.5% p.m.) reaching 2.2% in the quarter, combined with an increased volume resulting from the seasonality in the quarter.

Equity Analysis R\$ million

c) Time Deposits

December			2005		
2004	2005	Variation %	September	December	Variation %
28,459	32,837	15.4	31,262	32,837	5.0

The increase in the period is basically due to the remuneration of the period, **mitigated** by migration of funds to other funding forms by institutional investors, mainly by means of issuance of debentures.

The growth is mostly due to the remuneration of deposits in the quarter, combined with an increase in the liquidity of the economy resulting from seasonality in the quarter.

d) Interbank Deposits and Other Deposits

December			2005		
2004	2005	Variation %	September	December	Variation %
103	412	300.0	268	412	53.7

The variation results from: (i) a hike in the volume of the Interbank Deposits account R\$ 127; and (ii) increase in the item Other Deposits – Investment Account R\$ 182, resulting from the non-reinvestments of funds.

The increase in the quarter results from: (i) a hike in the volume of account Interbank Deposits R\$ 57; and (ii) an increase in the item Other Deposits – Investment Account R\$ 87, resulting from the non-reinvestment of funds.

Equity Analysis R\$ million

Funds Obtained in the Open Market

December			2005		
2004	2005	Variation %	September	December	Variation %
22,886	24,639	7.7	24,538	24,639	0.4

The variation of balance in the period mainly derives from: (i) an increase in funding volume, using the funds backed by debentures issued of R\$ 8,168; **offset** by: (ii) reduction in own portfolio (LTN) R\$ 3,449; and (iii) reduction in third-party portfolio R\$2,483. **N.B.:** includes 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\$ 10,234 in December/04 and R\$ 5,882 in December/05.

The increase of balance in the quarter derives: (i) from an increase in funding volume, using the funds backed by debentures issued of R\$ 4,780; **offset**: (ii) by a reduction in the third-party portfolio R\$ 3,781. **N.B.:** includes investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R\$ 8,238 in September/05 and R\$ 5,882 in December/05.

Funds from Issuance of Securities

December			2005		
2004	2005	Variation %	September	December	Variation %
5,057	6,204	22.7	6,161	6,204	0.7

The variation basically derives from: (i) increased volume of marketable securities issued in Brazil at R\$ 2,792, mainly in view of the issuance of debentures, R\$ 2,625; **offset** by: (ii) a decreased volume of marketable securities issued abroad at R\$ 1,645, mainly in view of redemptions of Eurobonds and Commercial Papers, overdue and not renewed, as well as from the partial settlement of our securitization operation of future flow of payment orders received abroad (MT-100); and (iii) exchange loss variation of 11.8% in the period, which impacted on the funds from issuance of securities abroad, the balances of which were R\$ 4,376 in December/04 and R\$ 2,731 in December/05, as per Note 18c.

In the quarter, funds derived from issuance of securities remained practically stable. The increase mostly occurred due to: (i) exchange gain variation of 5.3% in 4Q05, which impacted on the securities issued abroad R\$ 157, **mitigated** by: (ii) redemptions of securities in the country R\$ 133.

Equity Analysis R\$ million

Interbank and Interdepartmental Accounts

December			2005		
2004	2005	Variation %	September	December	Variation %
1,920	2,040	6.3	1,883	2,040	8.3

The variation is basically due to higher volume of foreign currency payment orders.

The increase in the quarter is basically due to higher volume of foreign currency payment orders.

Borrowings and Onlendings

December			2005		
2004	2005	Variation %	September	December	Variation %
15,960	16,563	3.8	15,241	16,563	8.7

The growth in 2005 is due to: (i) increase in the volume of funds from domestic loans and onlendings R\$ 1,060, mainly, BNDES/FINAME; **offset:** (ii) by exchange loss variation of 11.8% in 2005, which impacted on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R\$ 8,017 in December/04 and R\$ 7,532 in December/05.

The variation in the quarter mainly results from: (i) an increase in the volume of funds from domestic loans and onlendings R\$ 648, mainly by means of BNDES/FINAME; and (ii) exchange gain variation of 5.3% in the quarter, impacting on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R\$ 6,776 in September/05 and R\$ 7,532 in December/05.

Equity Analysis R\$ million

Technical Provisions for Insurance, Private Pension Plans and Savings Bonds

December			2005		
2004	2005	Variation %	September	December	Variation %
33,669	40,863	21.4	38,235	40,863	6.9

The increase in the period is mainly due to: (i) growth in sales of supplementary private pension plans and insurance policies, and (ii) restatement and interest of technical provisions. Largest variations recorded were: (a) in the private pension segment, VGBL plans at R\$ 4,389 and PGBL plans at R\$ 1,256, and (b) in the insurance segment, provisions for Life R\$ 312, Auto/RCF at R\$ 261, as well as for Health segment R\$ 702, which includes R\$ 324 extraordinarily recorded in 1Q05, to set out the leveling of premiums for insured above 60 years of age of plans prior to the Law 9,656/98 and benefits related to fully settled plans whose holders are still entitled to their benefits (*planos remidos*).

The increase in the quarter is basically due to: (i) restatement and interest of technical provisions; and (ii) increment in the sales of supplementary private pension plans and insurance policies, stemming from the seasonality of the period. The largest variations recorded were: (a) in the private pension segment, in VGBL plans at R\$ 1,983 and PGBL plans at R\$ 604; and (b) in the insurance segment, in Life provisions at R\$ 193 and Health provisions at R\$ 108.

Other Liabilities, Derivative Financial Instruments and Deferred Income

December			2005		
2004	2005	Variation %	September	December	Variation %

26,301	28,518	8.4	31,174	28,518	(8.5)
---------------	---------------	------------	---------------	---------------	--------------

The variation in the year basically derives from: (i) increase in the balance of items Tax and Social Security R\$ 545; (ii) increase in Trading and Intermediation of Amounts at R\$ 582; (iii) issuance of Perpetual Debt R\$ 710; and (iv) increase in credit cards operations R\$ 480. **N.B.:** excludes advances on foreign exchange contracts of R\$ 4,797 and R\$ 5,017, allocated to the specific account in loan operations in December/04 and December/05, respectively.

The variation in the quarter is mainly due to a reduction in items Foreign Exchange Portfolio, Tax Payment and Collection and Derivative Financial Instruments, at the amount of R\$ 1,547, R\$ 1,083 and R\$ 804, respectively. **N.B.:** excludes advances on foreign exchange contracts of R\$ 4,729 and R\$ 5,017, allocated to the specific account in loan operations in September/05 and December/05, respectively.

Equity Analysis R\$ million

Minority Interest in Subsidiaries

December			2005		
2004	2005	Variation %	September	December	Variation %
71	58	(18.3)	54	58	7.4

The reduction in the period is basically resulted from the full incorporation of Bradesco Seguros stockholders into Banco Bradesco. The variation in the quarter is mainly due to better minority results verified in the subsidiaries.

Stockholders Equity

December			2005		
2004	2005	Variation %	September	December	Variation %
15,215	19,409	27.6	18,262	19,409	6.3

This variation in the period is due to: (i) appropriation of net income for the period R\$ 5,514; (ii) capital increase R\$ 712; (iii) increase in the reserve for marketable securities and derivatives mark-to-market adjustment R\$ 50; (iv) record of goodwill in the stock subscription R\$ 24; which was partially **offset** by: (v) interest on own capital/dividends paid and provisioned R\$ 1,881; and (vi) stock buyback R\$ 225.

This increase in the quarter is due to: (i) appropriation of net income in the quarter, R\$ 1,463; (ii) increase in reserve for marketable securities and derivatives mark-to-market adjustment R\$ 90; which was **offset** by: (iii) dividends provisioned R\$ 344; (iv) stock buyback R\$ 62.

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2 - Main Statement of Income Information

Consolidated Statement of Income R\$ thousand

	Years				
	2005	2004	2003	2002	2001
Revenues from Financial Intermediation	33,701,225	26,203,227	28,033,866	31,913,379	21,411,673
Loan Operations	16,704,318	12,731,435	12,294,528	15,726,929	11,611,236
Leasing Operations	444,389	300,850	307,775	408,563	420,365
Operations with Marketable Securities	5,552,008	4,921,179	7,832,965	9,527,663	7,367,600
Financial Income on Insurance, Private Pension Plans and Savings					
Bonds	6,498,435	5,142,434	5,359,939	3,271,913	
Derivative Financial Instruments	2,389,002	1,238,890	55,192	(2,073,247)	(270,572)
Foreign Exchange Transactions	617,678	691,302	797,702	4,456,594	2,045,092
Compulsory Deposits	1,495,395	1,177,137	1,385,765	594,964	237,952
Expenses from Financial Intermediation	16,419,196	12,972,347	14,752,199	20,441,257	11,302,709
Funding Operations	11,285,324	8,486,003	10,535,497	10,993,327	6,986,027
Price-level Restatement and Interest on Technical Provisions for					
Insurance, Private Pension Plans and Savings Bonds	3,764,530	3,215,677	3,120,342	2,241,283	
Borrowings and Onlendings	1,360,647	1,253,175	1,083,379	7,194,161	4,316,682
Leasing Operations	8,695	17,492	12,981	12,486	
Net Interest Income	17,282,029	13,230,880	13,281,667	11,472,122	10,108,964
Allowance for Doubtful Accounts	2,507,206	2,041,649	2,449,689	2,818,526	2,010,017
Gross Income from Financial Intermediation	14,774,823	11,189,231	10,831,978	8,653,596	8,098,947
Other Operating Income (Expenses)	(6,921,319)	(7,071,120)	(7,278,870)	(6,343,850)	(5,324,166)
Fee Income	7,348,879	5,824,368	4,556,861	3,711,736	3,472,560
Operating Income on Insurance, Private Pension and Savings Bonds	293,769	(60,645)	(148,829)	658,165	(587,842)
Insurance Retained Premiums, Private Pension Plans and Savings					
Bonds	13,647,089	13,283,677	11,726,088	10,134,873	8,959,259
Net Premiums Written	16,824,862	15,389,170	13,111,896	10,687,384	9,413,039
Reinsurance Premiums and Redeemed Premiums	(3,177,773)	(2,105,493)	(1,385,808)	(552,511)	(453,780)
Variation in Technical Provisions for Insurance, Private Pension					
Plans and Savings Bonds	(2,755,811)	(3,964,106)	(3,670,163)	(2,784,647)	(3,492,217)
Retained Claims	(5,825,292)	(5,159,188)	(3,980,419)	(3,614,963)	(3,251,706)
Savings Bonds draws and redemptions	(1,228,849)	(1,223,287)	(1,099,554)	(720,932)	(744,402)
Insurance, Private Pension Plan and Savings Bonds Selling					
Expenses	(961,017)	(867,094)	(762,010)	(667,527)	(689,352)
Pension Plans Benefits and Redemption Expenses	(2,582,351)	(2,130,647)	(2,362,771)	(1,688,639)	(1,369,424)
Personnel Expenses	(5,311,560)	(4,969,007)	(4,779,491)	(4,075,613)	(3,548,805)
Other Administrative Expenses	(5,142,329)	(4,937,143)	(4,814,204)	(4,028,377)	(3,435,759)

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Tax Expenses	(1,878,248)	(1,464,446)	(1,054,397)	(847,739)	(790,179)
Equity in the Earnings of Affiliated Companies	76,150	163,357	5,227	64,619	70,764
Other Operating Income	1,096,968	1,198,532	1,697,242	1,320,986	1,326,459
Other Operating Expenses	(3,404,948)	(2,826,136)	(2,741,279)	(3,147,627)	(1,831,364)
Operating Income	7,853,504	4,118,111	3,553,108	2,309,746	2,774,781
Non-Operating Income	(106,144)	(491,146)	(841,076)	186,342	(83,720)
Income before Taxes on Profit and Interest	7,747,360	3,626,965	2,712,032	2,496,088	2,691,061
Income Tax and Social Contribution	(2,224,455)	(554,345)	(396,648)	(460,263)	(502,257)
Minority Interest in Subsidiaries	(8,831)	(12,469)	(9,045)	(13,237)	(18,674)
Net Income	5,514,074	3,060,151	2,306,339	2,022,588	2,170,130
Profitability on Stockholders' Equity	27.80%	20.11%	17.02%	18.65%	22.22%
Net Interest Income/Total Assets	8.28%	7.15%	7.54%	8.03%	9.18%

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	2005				2004			
	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.	4 th Qtr.	3 rd Qtr.	2 nd Qtr.	1 st Qtr.
Revenues from Financial Intermediation	9,940,353	8,532,515	7,119,093	8,109,264	6,201,944	5,525,100	7,719,563	6,756,620
Loan Operations	5,220,326	4,296,030	3,478,848	3,709,114	3,102,037	2,870,585	3,659,023	3,099,790
Leasing Operations	128,647	133,604	95,551	86,587	85,556	73,467	56,715	85,112
Operations with Marketable Securities	2,236,854	1,357,055	302,896	1,655,203	758,491	361,241	2,120,909	1,680,538
Financial Income on Insurance, Private Pension Plans and Savings Bonds	1,748,960	1,515,755	1,464,488	1,769,232	1,379,157	1,337,097	1,181,151	1,245,029
Derivative Financial Instruments	(55,559)	747,956	1,331,444	365,161	529,925	582,105	(68,697)	195,557
Foreign Exchange Operations	296,868	89,974	58,759	172,077	28,645	(746)	502,246	161,157
Compulsory Deposits	364,257	392,141	387,107	351,890	318,133	301,351	268,216	289,437
Expenses from Financial Intermediation	5,510,528	4,034,524	2,763,910	4,110,234	2,686,069	2,220,925	4,639,047	3,426,306
Funding Operations	3,713,534	2,897,471	1,864,385	2,809,934	1,709,830	1,291,812	3,029,988	2,454,373
Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	1,050,944	872,695	901,840	939,051	922,018	942,651	698,695	652,313
Borrowings and Onlendings	744,611	262,910	(4,863)	357,989	49,921	(18,123)	905,617	315,760
Leasing Operations	1,439	1,448	2,548	3,260	4,300	4,585	4,747	3,860
Net Interest Income	4,429,825	4,497,991	4,355,183	3,999,030	3,515,875	3,304,175	3,080,516	3,330,314
Allowance for Doubtful Accounts	770,560	539,900	562,149	634,597	488,732	478,369	513,554	560,994
	3,659,265	3,958,091	3,793,034	3,364,433	3,027,143	2,825,806	2,566,962	2,769,320

**Gross Income
from Financial
Intermediation
Other
Operating
Income**

(Expenses)	(1,785,723)	(1,708,397)	(1,646,577)	(1,780,622)	(1,491,990)	(1,663,296)	(1,945,378)	(1,970,456)
Fee Income	2,009,563	1,918,367	1,759,600	1,661,349	1,675,594	1,454,636	1,375,202	1,318,936
Operating Income of Savings Bonds, Private Pension Plans and Insurance	263,092	146,207	99,316	(214,846)	165,276	36,050	(127,324)	(134,647)
Insurance, Private Pension Plans, and Savings Bonds								
Retained Premiums	4,303,785	3,546,484	3,001,125	2,795,695	3,836,157	3,464,550	2,989,637	2,993,333
Net Premiums Written	5,083,889	4,314,294	3,810,957	3,615,722	4,471,433	3,999,901	3,487,258	3,430,578
Reinsurance Premiums and Redeemed Premiums	(780,104)	(767,810)	(809,832)	(820,027)	(635,276)	(535,351)	(497,621)	(437,245)
Variation of Technical Provisions of Insurance, Private Pension Plan and Savings Bonds	(1,318,642)	(739,487)	(279,264)	(418,418)	(1,316,961)	(1,076,201)	(693,433)	(877,511)
Retained Claims Savings Bonds Draws and Redemptions	(331,479)	(337,735)	(313,144)	(246,491)	(291,770)	(312,043)	(346,151)	(273,323)
Insurance, Private Pension Plan and Savings Bonds Selling Expenses	(263,324)	(244,611)	(224,258)	(228,824)	(233,846)	(215,775)	(205,157)	(212,316)
Private Pension Plans Benefits and Redemption Expenses	(593,746)	(615,702)	(628,153)	(744,750)	(511,108)	(496,399)	(590,492)	(532,648)
Personnel Expenses	(1,361,355)	(1,483,256)	(1,246,226)	(1,220,723)	(1,284,423)	(1,273,981)	(1,233,345)	(1,177,258)
	(1,439,655)	(1,270,824)	(1,239,471)	(1,192,379)	(1,288,511)	(1,225,032)	(1,215,747)	(1,207,853)

Other Administrative Expenses								
Tax Expenses	(501,240)	(474,447)	(497,966)	(404,595)	(411,494)	(373,965)	(343,100)	(335,887)
Equity in the Earnings of Affiliated Companies	7,281	64,227	10,283	(5,641)	44,797	(3,708)	122,309	(41)
Other Operating Income	299,948	237,711	259,469	299,840	310,663	350,660	279,688	257,521
Other Operating Expenses	(1,063,357)	(846,382)	(791,582)	(703,627)	(703,892)	(627,956)	(803,061)	(691,227)
Operating Income	1,873,542	2,249,694	2,146,457	1,583,811	1,535,153	1,162,510	621,584	798,864
Non-Operating Income	(69,388)	(10,149)	(20,757)	(5,850)	(148,183)	(129,249)	(202,568)	(11,146)
Income before Taxes on Profit and Interest	1,804,154	2,239,545	2,125,700	1,577,961	1,386,970	1,033,261	419,016	787,718
Income Tax and Social Contribution	(336,772)	(807,022)	(707,848)	(372,813)	(322,116)	(278,499)	224,907	(178,637)
Minority Interest in Subsidiaries	(4,829)	(2,294)	(1,985)	277	(7,101)	(2,413)	(2,587)	(368)
Net Income	1,462,553	1,430,229	1,415,867	1,205,425	1,057,753	752,349	641,336	608,713
Profitability on Stockholders' Equity								
(Annualized)	29.86%	35.20%	36.63%	32.50%	30.85%	22.13%	20.16%	19.10%
Net Interest Income/Total Assets								
(Annualized)	8.77%	9.21%	9.26%	8.63%	7.82%	7.56%	7.18%	8.54%

Profitability

Bradesco's Net Income reached R\$ 5,514 million in 2005, which corresponds to a 80.2% growth when compared to same period of 2004. Stockholders' Equity amounted to R\$ 19,409 million on December 31, 2005, equivalent to a 27.6% increase when compared to balance of December 2004. The Return on Stockholders' Equity (ROE) reached 28.4%. Consolidated total assets reached R\$ 208,683 million at the end of December 2005, a 12.8% growth when compared to the balances for same date of previous year. The Return on Total Assets (ROA) in was 2.6%. Earnings per share reached R\$ 5.63.

In 4Q05, Net Income was R\$ 1,463 million, which represents a R\$ 33 million increase or 2.3% in relation to 3Q05 figures. The annualized Return on Stockholders' Equity (ROE) reached 33.7% in the quarter and Return on Total Assets (ROA) was 2.8% ..

The 4Q05 was marked by a continued good performance of income composing the Fee Income item, which increased 4.8% when compared to 3Q05, the 16th consecutive quarter of growth, pointing out revenues from checking accounts, income on cards and loan operations. It is also worth mentioning the revenues composing the Net Interest Income, mainly due to better results in the interest component, which reached the amount of R\$ 4,211 million, showing a R\$254 million growth in relation to the previous quarter, basically, in view of an increment in the business volume. We point out an 8.6% increase in the volume of loan operations for individuals, mainly concerned with consumer sales and personal loan financing, which shows a higher profitability than the corporate portfolio, while the non-interest component reached the amount of R\$ 218 million, representing a R\$ 323 million drop, basically due to: (i) lower income from derivatives used for hedge effects of investments abroad, which in terms of Net Income, simply annuls the fiscal and tax effect (IR/CS and PIS/COFINS) of such hedge strategy of R\$ 336 million in 4Q05; and offset by: (ii) higher TVM and Treasury gains of R\$ 13 million in 4Q05.

The Operating Income from Insurance, Private Pension Plans and Savings Bonds contributed in 4Q05 with a R\$116 million increase, as a result of solid growth of sales for private pension products VGBL and PGBL and savings bond product named Pé Quente Bradesco GP Ayrton Senna, in partnership with Ayrton Senna Institute.

The loan portfolio improved in the current environment, and coupled with our ongoing selectiveness in the loan granting policy, resulted in an improved portfolio of risk ratings, with AA-to-C rated credits totaling 93.2% of the total portfolio, against 93.1% in 3Q05. This performance, connected with a 7.8% increase observed in loan portfolio volume in the period resulted in the recording of Allowance for Doubtful Accounts, in the amount of R\$ 770 million in 4Q05, which results in a R\$ 230 million increase when compared to the recording of R\$ 540 million in 3Q05. It is worth mentioning that in 3Q05, a PDD reversal occurred, recorded on a preventive basis in 1Q05 of R\$ 166 million over loan operations granted to an utilities concessionaire, as it adjusted its liabilities to its real ability to pay. We also recorded R\$ 6 million in 3Q05 and R\$ 62 million in 4Q05 as constitution of additional provisions. Excluded such effects, the provision would be R\$ 708 million in 4Q05 against R\$ 700 million in 3Q05, i.e., a 1.1% growth, well below the portfolio growth in the quarter, reaching a level of Allowance for Doubtful Accounts of R\$ 4,959 million on December 31, 2005.

Operating Efficiency Ratio in the 12-month period ended on December 31, 2005 was of 44.8%, improving by 0.9 percentage point when compared to the 12-month period ended on September 30, 2005, and by 10.7 percentage point when compared to the year ended in December 31, 2004, principally as a result of the combination of strict expense control with the revenue growth in this period.

The Expanded Coverage Ratio in 4Q05 [fee income/(personnel expenses + administrative expenses)] improved 2.2 percentage points, increasing from 69.6% in 3Q05 to 71.4% in 4Q05.

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 the Note 5.

Variation in the Main Statement of Income Items

2005 compared to 2004 R\$ million

(*) Composition: Premiums and Net Contributions of variations in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds 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.

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4th Quarter of 2005 compared to the 3rd Quarter of 2005 R\$ million

(*) Composition: Premiums and Net Contributions of variations in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds 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.

Variation in Items Composing the Net Interest Income and Exchange Adjusted

2005 compared to 2004 R\$ million

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 13a).
- (2) Includes Funding Expenses, excluding Expenses for Purchase and Sale Commitments + Expenses for Borrowings and Onlendings + Income on Compulsory Deposits + Adjustments to Income on Foreign Exchange Transactions (Note 13a).
- (3) Includes Operation with Marketable Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Savings Bonds + Income on Derivative Financial Instruments +

Adjustments to Income on Foreign Exchange Transactions (Note 13a).

(4) This refers to price-level restatement and interest of Technical Provisions for Insurance, Private Pension Plans and Savings Bonds.

4th Quarter of 2005 compared to the 3rd Quarter of 2005 R\$ million

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 13a).
- (2) Includes Funding Expenses, excluding Expenses for Purchase and Sale Commitments + Expenses for Borrowings and Onlendings + Income on Compulsory Deposits + Adjustments to Income on Foreign Exchange Transactions (Note 13a).
- (3) Includes Operations with Marketable Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Savings Bonds + Income on Derivative Financial Instruments + Adjustments to Income on Foreign Exchange Transactions (Note 13a).
- (4) This refers to price-level restatement and interest of Technical Provisions for Insurance, Private Pension Plan, and Savings Bonds.

Analysis of the Adjusted Net Interest Income and Average Rates

Loan Operations x Income

R\$ million	Years		2005	
	2004	2005	3 rd Qtr.	4 th Qtr.
Loan Operations	50,207	63,423	65,020	70,402

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Leasing Operations	1,452	2,027	2,091	2,363
Advances on Foreign Exchange Contracts	5,784	4,986	4,909	4,873
1 Total Average Balance (Quarterly)	57,443	70,436	72,020	77,638
2 Income (Loan Operations, Leasing and Exchange) (*)	13,149	17,278	4,471	5,354
3 Average Return Annualized Exponentially (2/1)	22.9%	24.5%	27.2%	30.6%

(*) Includes Income from Loan Operations, Net Results from Leasing Operations and adjusted Results on Foreign Exchange Transactions (Note 13a).

Marketable Securities x Income on Marketable Securities Transactions

R\$ million	Years		2005	
	2004	2005	3 rd Qtr.	4 th Qtr.
Marketable Securities	56,749	64,081	64,344	64,349
Interbank Investments	23,792	23,298	23,762	24,578
Subject to Repurchase Agreements	(21,812)	(22,976)	(22,747)	(24,588)
Derivative Financial Instruments	(332)	(912)	(1,331)	(641)
4 Total Average Balance (Quarterly)	58,397	63,491	64,028	63,698
5 Income on Marketable Securities Transactions (Net of Sales and Purchase Commitments Expenses) (*)	8,101	10,355	2,491	2,795
6 Average Rate Annualized Exponentially (5/4)	13.9%	16.3%	16.5%	18.7%

(*) Includes Financial Income on Insurance, Private Pension Plans and Savings Bonds, Derivative Financial Instruments and Foreign Exchange adjustments (Note 13a).

Total Assets x Income from Financial Intermediation

	R\$ million	Years		2005	
		2004	2005	3 rd Qtr.	4 th Qtr.
7	Total Assets Average Balance (Quarterly)	175,590	196,273	198,228	205,298
8	Income from Financial Intermediation	26,203	33,701	8,533	9,940
9	Average Rate Annualized Exponentially (8/7)	14.9%	17.2%	18.4%	20.8%

Funding x Expenses

R\$ million	Years		2005	
	2004	2005	3 rd Qtr.	4 th Qtr.
Deposits	62,955	71,634	71,375	73,251
Funds from Acceptance and Issuance of Securities	6,332	5,827	6,419	6,182
Interbank and Interdepartmental Accounts	1,648	1,725	1,675	1,961
Subordinated Debt	5,676	6,361	6,497	6,609
10 Total Funding Average Balance (Quarterly)	76,611	85,547	85,966	88,003
11 Expenses (*)	4,147	5,809	1,413	2,260
12 Average Rate Annualized Exponentially (11/10)	5.4%	6.8%	6.7%	10.7%

Funding Expenses without Repurchase Agreements, less Income on Compulsory Deposits and Foreign Exchange (*) Adjustments (Note 13a).

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

R\$ million	Years		2005	
	2004	2005	3 rd Qtr.	4 th Qtr.
13 Technical Provisions for Insurance, Private Pension Plans and Savings Bonds Average Balance (Quarterly)	29,818	36,925	37,384	39,549
14 Expenses (*)	3,216	3,765	873	1,051
15 Average Rate Annualized Exponentially (14/13)	10.8%	10.2%	9.7%	11.1%

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

Borrowings and Onlendings (Local and Foreign) x Expenses

R\$ million	Years		2005	
	2004	2005	3 rd Qtr.	4 th Qtr.
Borrowings	8,034	7,013	6,474	6,803
Onlendings	7,986	8,667	8,646	9,099
16 Total Borrowings and Onlendings				
Average Balance (Quarterly)	16,020	15,680	15,120	15,902
17 Expenses for Borrowings and Onlendings				
(*)	656	777	178	409
18 Average Rate Annualized Exponentially				
(17/16)	4.1%	5.0%	4.8%	10.7%

(*) Includes Foreign Exchange adjustments (Note 13a).

Total Assets x Net Interest Income

R\$ million	Years	2005
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		2004	2005	3rd Qtr.	4th Qtr.
19	Total Assets Average Balance (Quarterly)	175,590	196,273	198,228	205,298
20	Net Interest Income (*)	13,231	17,281	4,498	4,429
21	Average Rate Annualized Exponentially (20/19)	7.5%	8.8%	9.4%	8.9%

(*) Gross Income from Financial Intermediation excluding PDD.

Financial Market Indicators

Analysis of Net Interest Income

a) Net Interest Income Adjustment

Similarly to the previous quarters, the tax effect of hedge of investments abroad is presented separately in the compared periods, which include the partial income on derivatives used for hedge effect on investments abroad, which, in terms of Net Income, simply annuls the tax effect (Income Tax/Social Contribution and PIS/COFINS) of such hedge strategy.

This tax effect is triggered by the fact that exchange variation of investments abroad is not deductible when losses are verified and is not taxable when gains are recognized. On the other hand, the income from derivative instruments is taxable when gains occur and deductible when losses occur.

Therefore, gross income from hedge is reflected in Net Interest Income, under the line *Income from Derivative Financial Instruments*, and its respective taxes are reflected under the lines *Tax Expenses* and *Income Tax and Social Contribution*, as follows:

Tax Effect of Hedge of Investments Abroad

Effect on the Items	R\$ million							
	Effect in 2005			Effect in 4Q05				
	Net Interest Income	Tax Expenses	Income Tax/Social Contribution	Net Income	Net Interest Income	Tax Expenses	Income Tax/Social Contribution	Net Income
Partial Income on Hedge of								
Investments Abroad	1,095	(51)	(355)	689	(469)	22	152	(295)
Exchange Variation of Investments Abroad	(689)			(689)	295			295
Total	406	(51)	(355)		(174)	22	152	

For a better evaluation of Net Interest Income growth among the periods, hedge effects and exchange variation of investments abroad occurred in the Net Interest Income were excluded, as shown in the chart below, as well as the R\$ 327 million income earned with the sale of our stake in Belgo-Mineira, which took place in 1Q05, as follows:

Adjusted Net Interest Income

Margin Adjustments	R\$ million					
	Years		Variation	2005		
	2004	2005		3 rd Qtr.	4 th Qtr.	Variation
Reported Net Interest Income	13,231	17,281	30.6%	4,498	4,429	(1.5%)
(-) Sale of Belgo Mineira		(327)				
(-) Hedge/Exchange Variation		(406)		(161)	174	
Adjusted Net Interest Income	13,231	16,548	25.1%	4,337	4,603	6.1%
% Adjusted on Average Assets	7.5%	8.4%		9.0%	9.3%	

b) Comments on the Adjusted Net Interest Income Variation

In 4Q05, the adjusted Net Interest Income reached R\$ 4,603 million, a 6.1% growth or R\$ 266 million, when compared to R\$ 4,337 million in 3Q05. Such variation is due to a R\$ 253 million increase in the results of interest income operations, caused by higher volume of operations and increase in non-interest income of R\$ 13 million.

When comparing 2005 with the same period of the previous year, the growth was 25.1%, reaching R\$ 16,548 million and R\$ 13,231 million, respectively.

An improved adjusted net interest income of R\$ 3,317 million among the periods, is basically due to a R\$ 2,968 million increase in the results of interest income operations, triggered by an increment in the volume of operations and by higher non-interest income of R\$ 349 million, basically derived from higher marketable securities and treasury gains.

In the last two years, Bradesco's net interest income presented constant evolutions in 2Q04, according to graph below:

Evolution Adjusted Margin R\$ million

The annualized net interest income adjusted rate, obtained by dividing the income from adjusted net interest income over the average balance of total assets, increased from 9.0% in 3Q05 to 9.3% in 4Q05, accounting for 0.3 percentage point increase.

In 2005 year-to-date, the adjusted net interest income rate reached 8.4%, accounting for a 0.9 percentage point increase when compared to the same period of 2004, which was 7.5% .

The evolution of the adjusted net interest income quarterly rate of the years ended in 2004 and 2005 are shown as follows:

Evolution Average Rate Adjusted Margin

The evolution of Bradesco net interest income through the years ended in 2004 and 2005 is directly related with the improvement of Bradesco Consolidated operations mix, with a highlight on loan and leasing operations that started representing in Dec/05 38.9% of the total assets while in Dec/ 04 those operations represented 34.0% .This partial growth is due to the expansion in operations for individuals. This represented 33.8% in Dec/04 of the total credit portfolio and went up to 40.9% in Dec/05.

The evolution of loan operations which, at the end of the 4Q05 reached R\$ 81.1 billion, represented an expansion of 7.8% only in the last quarter of 2005 and a growth of 29.2% YTD.

Despite the 16.2% increase of the CDI rate in the year ended in 2004 to 19.0% in 2005, the loan operations growth policy focusing on individuals, favored an increase in the global margin, even with a spread decrease for the clients.

Another highlight is the demand deposits and savings performance, which throughout 2005 had an evolution, regarding the average balance (quarterly), of 9.7% and 8.9% respectively. This evolution is related , to name some factors, with the increase on the clients base through 2005, of about 776 thousand new checking accounts and 476 thousand savings accounts.

In addition, the operations of the Insurance area contributed positively for the net interest income increase, as a result of the good performance of the activities in that segment; essentially, by the increase on the supplementary social plans sales and insurance policies. Because of that expansion, the technical provisions increased 21.4% in 2005 and 6.9% in the 4Q05.

Allowance for Doubtful Accounts (PDD)

Movement of Allowance for Doubtful Accounts

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Opening Balance	4,213	4,181	4,059	4,450	4,647	4,145
Amount Recorded	478	489	2,041	540	770	2,507
Amount Written-off	(510)	(525)	(2,032)	(343)	(458)	(1,693)
Balance Derived from Acquired Institutions			77			
Closing Balance	4,181	4,145	4,145	4,647	4,959	4,959
Specific Allowance	1,885	1,785	1,785	2,053	2,288	2,288
Generic Allowance	1,383	1,435	1,435	1,642	1,657	1,657
Other Allowance	913	925	925	952	1,014	1,014
Credit Recoveries	228	154	612	174	193	682

Allowance for Doubtful Accounts (PDD) on Loan and Leasing Operations

	R\$ million			
	2004		2005	
	September	December	September	December
Allowance for Doubtful Accounts (A)	4,181	4,145	4,647	4,959
Loan Operations (B)	59,976	62,788	75,244	81,130
PDD over Loan Operations (A/B)	7.0%	6.6%	6.2%	6.1%

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

	R\$ million			
	2004		2005	
	September	December	September	December
(1) Total Allowance	4,181	4,145	4,647	4,959
(2) Abnormal Course Loans (E to H)	2,175	2,062	2,426	2,714
PDD Coverage Ratio (1/2)	192.2%	201.0%	191.5%	182.7%

Coverage Ratio Non Performing Loans (NPL) (*)

R\$ million

	2004		2005	
	September	December	September	December
(1) Total Allowance	4,181	4,145	4,647	4,959
(2) Non Performing Loans	2,239	2,140	2,341	2,702
NPL Ratio (1/2)	186.7%	193.7%	198.5%	183.5%

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

For further information on Allowance for Doubtful Accounts (PDD), see pages 80 to 84 of this Report.

Fee Income

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	3 rd Qtr.	Year
Checking Accounts	325	374	1,333	447	481	1,727
Cards	243	349	1,076	335	371	1,301
Loan Operations	223	249	834	334	348	1,289
Assets under Management	233	239	888	276	275	1,048
Collection	160	168	629	185	189	718
Interbank Fees	67	69	261	69	71	271
Collection of Taxes	51	54	204	54	55	206
Consortium Purchase Plan Management	23	29	87	40	46	148
Custody and Brokerage Services	24	25	98	35	34	126
Others	106	119	414	143	140	515
Total	1,455	1,675	5,824	1,918	2,010	7,349

Fee Income increased 26.2% in 2005, or R\$1,525 million growth when compared to the same period of previous year, amounting to R\$ 7,349 million.

Major components for growth of Fee Income were:

the increase in the volume of Loan Operations, especially individuals, which is directly related to the growth of economy activity, was the major factor for the increase in item Revenues from Loan Operations , a R\$ 455 million improvement;

the strategy of clients segmentation (Private, Prime, Corporate, Midde Market and Retail), the tariff realignment and client base growth boosted the Checking Accounts , up by R\$ 394 million;

the 20.9% increase represented by a R\$ 225 million hike in the Cards item when comparing 2004 and 2005, mainly resulting from revenues from commissions on purchases made with debit and credit cards; and

the 21.7% expansion in the volume of managed portfolios, from R\$ 99.6 billion on December 31,2004 to R\$ 121.2 billion on December 31,2005, was the main factor for the growth in Assets under Management , which increased R\$ 160 million.

When compared to 3Q05, Fee Income showed an expansion of 4.8% with a R\$ 92 million growth, as a result of the increased volumes of customer base and transactions in 4Q05, pointing out increases of 10.7%, 7.6%, 4.2% and 15.0% under the items Income on Cards , Checking Account , Loan Operations and Consortium Purchase Plan Management , up by R\$ 36 million, R\$ 34 million, R\$ 14 million and R\$ 6 million, respectively.

Administrative and Personnel Expenses

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Third-Party Services	216	216	847	269	272	1,021
Communications	159	171	647	183	187	727
Depreciation and Amortization	118	120	480	108	134	469
Advertising	88	142	426	79	203	439
Transport	100	108	390	104	111	420
Financial System Services	101	103	402	105	110	416
Rentals	73	76	299	81	83	320
Maintenance and Repairs	69	75	272	77	73	300
Data Processing	70	55	254	63	70	248
Leasing of assets	76	72	308	55	51	236
Materials	36	44	152	48	45	174
Water, Electricity and Gas	30	34	129	34	37	143
Travel	14	17	58	14	16	56
Others	75	56	273	51	47	173
Administrative Expenses	1,225	1,289	4,937	1,271	1,439	5,142
Remuneration	636	647	2,509	650	671	2,575
Benefits	257	271	1,007	285	312	1,136
Social Charges	228	241	924	236	243	954
Employee Profit Sharing	43	55	182	80	63	287
Training	15	16	53	15	13	52
Lump-sum payment of bonus (*)	14	29	43	103		103
Others	81	25	251	114	59	205
Personnel Expenses	1,274	1,284	4,969	1,483	1,361	5,312
Total Administrative and Personnel Expenses	2,499	2,573	9,906	2,754	2,800	10,454

(*) In 2004, the lump-sum payment bonus refers to the additional food basket.

In 2005, the Administrative and Personnel Expenses showed a R\$ 548 million increase when compared to the same period last year, reaching the amount of R\$ 10,454 million against R\$ 9,906 million in the same period of 2004. The nominal variation of Administrative Expenses between 2004 and 2005 shows a R\$ 205 million increase, reaching the amount of R\$ 5,142 million, lower than average inflation in the period.

Personnel Expenses increased R\$ 343 million when compared to the same period of 2004, reaching R\$ 5,312 million, pointing out:

a payroll increase resulted from the collective bargaining agreement of 8.5% in 2004, benefits and others in the amount of R\$ 306 million;

the effect of collective bargaining agreement of 6.0% in 2005 in the amount of R\$ 147 million, referring to labor liabilities restatement, increase in payroll and higher bonus lump-sum payment;

higher expenses : employee profit sharing (PLR) in the amount of R\$ 105 million;

this was mitigated:

by lower labor claims provisions R\$ 47 million; and

by the reduction in personnel expenses, in view of synergy in the administrative processes in the amount estimated at R\$ 168 million.

When compared to 3Q05, Administrative and Personnel Expenses increased R\$ 46 million, up by 1.7%, from R\$ 2,754 million in 3Q05 to R\$ 2,800 million in 4Q05.

Administrative Expenses increased R\$168 million, higher variations occurred in the items Advertising, Depreciation and Amortization and Data Processing, growing R\$ 124 million, R\$ 26 million and R\$ 7 million, respectively. Increase in Advertising expenses is basically due to the intensification of the ads for Bradesco Completo and Finasa Campaign. Increase in Depreciation and Amortization expenses is basically in view of the acceleration of the amortization of systems under lack of use, while the increase in Data Processing expenses is basically due to annual contractual renewal with suppliers and expenditures related to the replacement of regular cards with chip cards.

Personnel expenses in 4Q05 declined R\$ 122 million when compared to the previous quarter, mainly due to: (i) the bonus lump-sum payment, R\$ 103 million provisioned in 3Q05; (ii) the lower employee profit sharing expenses in 4Q05 R\$16 million; (iii) the lower labor proceedings expenses R\$ 20 million, which was partially mitigated by an increase in the salary levels resulting from the collective bargaining agreement, of 6.0% in September, 2005.

Operating Efficiency

	R\$ million					
	Years				2005 (*)	
	2001	2002	2003	2004	September	December
Personnel Expenses	3,549	4,076	4,779	4,969	5,234	5,325
Employee Profit Sharing	(160)	(140)	(170)	(182)	(278)	(287)
Other Administrative Expenses	3,436	4,028	4,814	4,937	4,992	5,142
Total (1)	6,825	7,964	9,423	9,724	9,948	10,167
Net Interest Income	10,109	11,472	13,282	13,231	16,368	17,281
Fee Income	3,473	3,712	4,557	5,824	7,014	7,349
Income from Insurance Premiums, Private Pension Plans and Savings Bonds	8,959	10,135	11,726	13,284	13,179	13,647
Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	(3,492)	(2,785)	(3,670)	(3,964)	(2,754)	(2,756)
Retained Claims	(3,252)	(3,615)	(3,980)	(5,159)	(5,609)	(5,825)
Savings Bonds Draws and Redemptions	(744)	(721)	(1,100)	(1,223)	(1,189)	(1,229)
Insurance, Private Pension Plans and Savings Bonds	(689)	(667)	(762)	(867)	(931)	(961)
Expenses with Pension Plan Benefits and Redemptions	(1,370)	(1,689)	(2,363)	(2,131)	(2,500)	(2,582)
Subtotal Private Pension Plans and Savings Bonds	(588)	658	(149)	(60)	196	294
Equity in the Earnings of Affiliated Companies	71	65	5	163	113	76
Other Operating Expenses	(1,831)	(3,148)	(2,741)	(2,826)	(3,045)	(3,405)
Other Operating Income	1,326	1,321	1,697	1,198	1,108	1,097
Total (2)	12,560	14,080	16,651	17,530	21,754	22,692
Efficiency Ratio (%) = (1/2)	54.3	56.6	56.6	55.5	45.7	44.8

(*) Accumulated amounts for the past 12 months

Efficiency Ratio in percentage

Efficiency Ratio in percentage

The Efficiency Ratio (accumulated for the 12-month period) for December 2005 was of 44.8%, improved by 0.9% percentage point compared to the 12-month period ended in September 2005, mainly as a result of the expenses control, pointing out administrative and personnel expenses, which remained below the average inflation over the past 12 months, coupled with the efforts to increase revenues. Deserves highlight the higher net interest income in the amount R\$ 913 million, basically stemming from interest component, generated by an increment in business volume, pointing out a 56.8% increase in the volume of loan operations for individuals, mainly concerned with consumer sales and personal loan financing, the profitability of which is higher if compared to the corporate loans, and increased fee income, in the amount of R\$ 335 million, as a result of increase in the average volume of transactions, combined with an increase in the customer base, fee realignment and improved partnership ratio (cross-selling), as a result of the segmentation process.

The Efficiency Ratio for 2005 posted significant improvement of 10.7 percentage point, from 55.5% in 2004 to 44.8% in 2005, due to, basically, the effective control of expenses account, especially, personnel and administrative expenses, which within one year

evolved only 5.5%, i.e., well below the inflation levels recorded in the period. Another factor deserving attention in the improvement of efficiency ratio was the 30.6% evolution of net interest income in the period compared, pointing out higher revenues from loan operations at 31.7%, boosted by an increase in the loan portfolio volume, particularly, the individual client portfolio.

It is worth pointing out that part of the increase in the net interest income of R\$ 4,050 million includes R\$ 406 million, which is part of derivatives used for hedge effect on investments abroad, which in terms of net income, simply annuls the tax effect of this hedge strategy in the period. This negative tax effect is directly reflected on the items Tax Expenses and Income Tax and Social Contribution, which are not considered in the calculation of the Efficiency Ratio. If we disregard this part of derivatives in the calculation basis of Efficiency Ratio, both in December and September 2005, we would reach an index of 45.6% in December and 47.0% in September, a 1.4 percentage point improvement when compared to September 2005.

If we also exclude from the Efficiency Ratio calculation basis the goodwill amortization expenses over the past 12 months, in the amount of R\$ 453 million, we would have an improvement of 0.9 percentage point, from 45.6% to 44.7% .

The Expanded Coverage Ratio [fee income/(personnel expenses + administrative expenses)] improved 2.2 percentage points, from 69.6% in 3Q05 to 71.8% in 4Q05, as shown in the following graph:

Administrative Expenses + Personnel and Fee Income

Other Indicators

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3 - Main Balance Sheet Information

Consolidated Balance Sheet R\$ thousand

Assets	December				
	2005	2004	2003	2002	2001
Current and Long-Term Assets	204,325,065	180,038,498	171,141,348	137,301,711	105,767,892
Funds Available	3,363,041	2,639,260	2,448,426	2,785,707	3,085,787
Interbank Investments	25,006,158	22,346,721	31,724,003	21,472,756	3,867,319
Open Market Investments	19,615,744	15,667,078	26,753,660	19,111,652	2,110,573
Interbank Deposits	5,390,726	6,682,608	4,970,343	2,370,345	1,760,850
Allowance for Losses	(312)	(2,965)		(9,241)	(4,104)
Marketable Securities and Derivative Financial Instruments	64,450,808	62,421,658	53,804,780	37,003,454	40,512,688
Own Portfolio	59,324,858	51,255,745	42,939,043	29,817,033	27,493,936
Subject to Repurchase Agreements	1,051,665	4,807,769	5,682,852	1,497,383	9,922,036
Derivative Financial Instruments	474,488	397,956	232,311	238,839	581,169
Restricted to the Negotiation and Intermediation of Amounts					526,219
Restricted Deposits – Brazilian Central Bank	2,506,172	4,512,563	3,109,634	3,536,659	1,988,799
Privatization Currencies	98,142	82,487	88,058	77,371	25,104
Subject to Collateral Provided	995,483	1,365,138	1,752,882	1,836,169	715,858
Provisions for Mark-to-Market					(740,433)
Interbank Accounts	16,922,165	16,087,102	14,012,837	12,943,432	5,141,940
Unsettled Receipts and Payments	39,093	22,075	20,237	16,902	10,118
Restricted Credits:					
Restricted Deposits – Brazilian Central Bank	16,444,866	15,696,154	13,580,425	12,519,635	4,906,502
National Treasury – Rural Funding SFH	578	578	578	578	712
Correspondent Banks	396,089	335,320	391,871	374,177	217,518
	41,539	32,975	19,726	32,140	7,090
Interdepartmental Accounts	172,831	147,537	514,779	191,739	176,073
Internal Transfer of Funds	172,831	147,537	514,779	191,739	176,073
Loan Operations	68,328,802	51,890,887	42,162,718	39,705,279	35,131,359
Loan Operations:					
Public Sector	902,455	536,975	186,264	254,622	199,182
Private Sector	72,124,905	55,242,348	45,768,970	42,842,693	37,689,671
Allowance for Doubtful Accounts	(4,698,558)	(3,888,436)	(3,792,516)	(3,392,036)	(2,757,494)
Leasing Operations	2,411,299	1,556,321	1,306,433	1,431,166	1,567,927
Leasing Receivables					
Public Sector	66,237			45	138
Private Sector	4,896,717	3,237,226	2,859,533	3,141,724	3,248,050
Unearned Income from Leasing	(2,444,596)	(1,576,690)	(1,438,534)	(1,560,278)	(1,557,642)
Allowance for Leasing Losses	(107,059)	(104,215)	(114,566)	(150,325)	(122,619)
Other Receivables:	22,106,013	21,664,592	24,098,765	20,690,054	15,685,433
Receivables on Guarantees Honored		811	624	1,577	1,131
Foreign Exchange Portfolio	6,937,144	7,336,806	11,102,537	10,026,298	5,545,527
Receivables	183,015	197,120	331,064	249,849	187,910
	1,124,197	357,324	602,543	175,185	761,754

Negotiation and Intermediation of Securities					
Specific Receivables					146,919
Insurance Premiums Receivable	1,073,002	988,029	889,358	718,909	995,662
Sundry	12,941,687	12,937,408	11,324,857	9,640,966	8,107,714
Allowance for Other Doubtful Accounts	(153,032)	(152,906)	(152,218)	(122,730)	(61,184)
Other Assets	1,563,948	1,284,420	1,068,607	1,078,124	599,366
Other Assets	367,688	477,274	586,994	679,515	415,484
Provisions for Mark-to-Market Adjustments	(180,941)	(230,334)	(257,185)	(243,953)	(164,290)
Prepaid Expenses	1,377,201	1,037,480	738,798	642,562	348,172
Permanent Assets	4,357,865	4,887,970	4,956,342	5,483,319	4,348,014
Investments	984,970	1,101,174	862,323	512,720	884,773
Interest in Affiliated Companies:					
In the country	438,819	496,054	369,935	395,006	742,586
Other Investments	895,836	971,311	857,985	439,342	452,871
Allowance for Losses	(349,685)	(366,191)	(365,597)	(321,628)	(310,684)
Property, Plant and Equipment in Use	1,985,571	2,270,497	2,291,994	2,523,949	2,152,680
Buildings In Use	1,115,987	1,357,063	1,398,735	1,748,409	1,475,581
Other Fixed Assets	3,644,874	3,604,741	3,480,636	3,459,950	2,988,008
Accumulated Depreciation	(2,775,290)	(2,691,307)	(2,587,377)	(2,684,410)	(2,310,909)
Leased Assets	9,323	18,951	34,362	34,323	46,047
Leased Assets	23,161	58,463	63,812	51,198	51,214
Accumulated Depreciation	(13,838)	(39,512)	(29,450)	(16,875)	(5,167)
Deferred Charges	1,378,001	1,497,348	1,767,663	2,412,327	1,264,514
Organization and Expansion Costs	1,315,881	1,170,866	1,124,058	1,037,559	874,970
Accumulated Amortization	(785,364)	(699,710)	(572,620)	(568,525)	(481,127)
Goodwill on Acquisition of Subsidiaries, Net of Amortization	847,484	1,026,192	1,216,225	1,943,293	870,671
Total	208,682,930	184,926,468	176,097,690	142,785,030	110,115,906

	December				
Liabilities	2005	2004	2003	2002	2001
Current and Long-Term Liabilities	189,163,465	169,596,632	162,406,307	131,652,394	100,199,709
Deposits	75,405,642	68,643,327	58,023,885	56,363,163	41,083,979
Demand Deposits	15,955,512	15,297,825	12,909,168	13,369,917	8,057,627
Savings Deposits	26,201,463	24,782,646	22,140,171	20,730,683	18,310,948
Interbank Deposits	145,690	19,499	31,400	23,848	40,446
Time Deposits	32,836,656	28,459,122	22,943,146	22,238,715	14,674,958
Other Deposits	266,321	84,235			
Funds Obtained in the Open Market	24,638,884	22,886,403	32,792,725	16,012,965	14,057,327
Own Portfolio	12,690,952	8,248,122	6,661,473	915,946	12,178,855
Third-party Portfolio	11,947,932	14,430,876	17,558,740	12,188,054	1,878,472
Unrestricted Portfolio		207,405	8,572,512	2,908,965	
Issuance of Securities	6,203,886	5,057,492	6,846,896	3,136,842	4,801,410
Exchange Acceptances				1,214	
Mortgage Notes	847,508	681,122	1,030,856	384,727	780,425
Debentures Funds	2,624,899		7,291	100,369	48,921
Securities Issued Abroad	2,731,479	4,376,370	5,808,749	2,650,532	3,972,064
Interbank Accounts	139,193	174,066	529,332	606,696	192,027
Interbank Onlendings			159,098	35,686	4,519
Correspondent Banks	139,193	174,066	370,234	571,010	187,508
Interdepartmental Accounts	1,900,913	1,745,721	1,782,068	1,337,729	762,505
Third-party Funds in Transit	1,900,913	1,745,721	1,782,068	1,337,729	762,505
Borrowings	7,135,327	7,561,395	7,223,356	9,390,630	7,887,154
Local Borrowings Official Institutions	1,088	1,376	2,070	3,368	2,979
Local Borrowings Other Institutions	18	11,756	4,010	216,812	230,468
Foreign Currency Borrowings	7,134,221	7,548,263	7,217,276	9,170,450	7,653,707
Local Onlending Official Institutions	9,427,571	8,355,398	7,554,266	7,000,046	5,830,633
National Treasury	52,318	72,165	51,398	62,187	
BNDES	4,237,973	3,672,007	3,403,462	3,437,319	3,067,220
CEF	59,588	395,820	459,553	453,803	433,381
FINAME	5,075,232	4,211,762	3,638,966	3,045,176	2,321,508
Other Institutions	2,460	3,644	887	1,561	8,524
Foreign Onlendings	183	42,579	17,161	47,677	316,283
Foreign Onlendings	183	42,579	17,161	47,677	316,283
Derivative Financial Instruments	238,473	173,647	52,369	576,697	111,600
Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	40,862,555	33,668,654	26,408,952	19,155,479	13,853,426
Other Liabilities	23,210,838	21,287,950	21,175,297	18,024,470	11,303,365
Collection of Taxes and Other Contributions	156,039	204,403	130,893	108,388	181,453
Foreign Exchange Portfolio	2,206,952	3,011,421	5,118,801	5,002,132	1,343,769
Social and Statutory Payables	1,254,651	900,266	851,885	666,409	572,265
Fiscal and Pension Plans Activities	5,041,312	4,495,387	4,781,458	4,376,031	3,371,127
Negotiation and Intermediation of Securities	893,957	312,267	595,958	109,474	1,307,385
Subordinated Debt	6,719,305	5,972,745	4,994,810	3,321,597	969,842
Sundry	6,938,622	6,391,461	4,701,492	4,440,439	3,557,524

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Deferred Income	52,132	44,600	31,774	15,843	9,020
Deferred Income	52,132	44,600	31,774	15,843	9,020
Minority Interest in Subsidiary Companies	58,059	70,590	112,729	271,064	139,231
Stockholders' Equity	19,409,274	15,214,646	13,546,880	10,845,729	9,767,946
Capital:					
Local Residents	11,914,375	6,959,015	6,343,955	4,960,425	4,940,004
Foreign Residents	1,085,625	740,985	656,045	239,575	259,996
Receivables		(700,000)			
Capital Reserves	36,032	10,853	8,665	7,435	7,435
Profit Reserves	5,895,214	7,745,713	6,066,640	5,715,317	4,614,110
Mark-to-Market Adjustment Marketable Securities and Derivatives	507,959	458,080	478,917	9,152	
Treasury Stock	(29,931)		(7,342)	(86,175)	(53,599)
Stockholders' Equity Managed by Parent Company	19,467,333	15,285,236	13,659,609	11,116,793	9,907,177
Total	208,682,930	184,926,468	176,097,690	142,785,030	110,115,906

Total Assets by Currency and Maturity

Total Assets by Currency R\$ million

Total Assets by Maturity R\$ million

N.B.: The Balance Sheet by Maturity can be found in the Note 7.

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Marketable Securities

Summary of the Classification of Securities R\$ million

	R\$ million					
	Financial	Insurance/ Savings Bonds	Private Pension Plans	Other Activities	Total	%
Trading Securities	5,837	7,304	28,850	344	42,335	72.2
Securities Available for Sale	9,726	1,371	810	20	11,927	20.4
Securities Held to Maturity	1,170		3,137		4,307	7.4
Subtotal	16,733	8,675	32,797	364	58,569	100.0
Purchase and Sale Commitments	1,044	870	3,968		5,882	
Total on December 31, 2005	17,777	9,545	36,765	364	64,451	
Total on December 31, 2004	25,621	6,477	30,237	87	62,422	

Composition of Marketable Securities by Issuance

	R\$ million		
Securities	2004	2005	
	December	September	December
Government	33,656	30,967	28,449
Private	8,355	13,623	13,944
PGBL / VGBL	10,177	11,420	16,176
Subtotal	52,188	56,010	58,569
Purchase and Sale Commitments:	10,234	8,238	5,882
Funds	5,913	2,102	1,914
PGBL / VGBL	4,321	6,136	3,968
Total	62,422	64,248	64,451

Classification of Marketable Securities by Segment in percentage

N.B.: The Composition of Marketable Securities Portfolio consolidated by: issuer, maturity, business segment and by category can be found in the Note 10.

Loan Operations

The consolidated balance of loan operations reached at the end of 4Q05 a total of R\$ 81.1 billion, representing a 7.8% increase in 4Q05 and a 29.2% growth in the year.

As a result of the strategy to reinforce Bradesco's performance in typical retail operations, not only by means of organic growth, but also by means of acquisition of loans and operating agreements, the growth in the loan portfolio was more pronounced in products destined to individuals, especially the portfolios of products destined to the acquisition of assets and personal loan. Referring to legal entities, the portfolios concerned with foreign trade activities and business activity stood out.

Loan Operations Total Portfolio

The loan for individuals showed a 56.8% growth when compared to the balance of December 2004, and the growth was 8.6% in 4Q05, in view of a reduced demand for loans related to consumer financing, whether from own portfolio or from operating agreements and consigned loan.

The loan granted to companies picked up in 4Q05, a 7.3% increase compared to September 2005, reaching an annual growth of 15.2%. We pointed out in 4Q05, a higher growth of loans to micro, small and medium-sized companies (SMEs) and also a high growth in U.S. dollar-denominated portfolios, due to a strong appreciation of U.S. dollar in December 2005.

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Loan Operations per Type of Client

It is still expected for 2006 a loan portfolio growth of individual clients, although less intense than the previous years, in view of the consolidation of certain types of financings, which were previously not focused by the Organization, such as consigned loans and operating agreements with large retail chains.

On the other hand, we estimate a better performance of corporate loan portfolio, in view of a scenario of economic growth pickup and drop of interest rates, although the U.S. dollar-indexed portfolios may suffer important changes when referred to in Reais by currency fluctuation.

In the wake of the higher increase in the individuals segment operations, as previously commented, its relative participation in the loan portfolio was meaningful in the period, already representing, in December 2005, 40.9% of the total portfolio compared to 33.8% observed in December 2004.

Loan Operations per Activity Sector

	R\$ million					
	2004		2005			
	December	%	September	%	December	%
Public Sector	537	0.8	795	1.1	891	1.1
Private Sector	62,251	99.2	74,449	98.9	80,239	98.9
Industry	18,549	29.5	18,849	25.1	20,396	25.1
Commerce	9,826	15.6	11,324	15.0	12,077	14.9
Financial Intermediary	344	0.6	236	0.3	259	0.3
Services	11,232	17.9	12,363	16.4	13,193	16.3
Agribusiness, Fishing, Silviculture and Forest Exploitation	1,109	1.8	1,088	1.4	1,093	1.4
Individuals	21,191	33.8	30,589	40.7	33,221	40.9
Total	62,788	100.0	75,244	100.0	81,130	100.0

When distribution is concerned, by activity sector, the industry remained in absolute terms with the highest loan volume (with 25.1% of the total portfolio), standing out once more the segments directly related to exports, such as agri-industry, steel, metallurgy and automotive, followed by Services (16.3%) and Commerce (14.9%) .

Loan Operations per Type

	R\$ million			
	2004		2005	
	September	December	September	December
Borrowings and Discount of Trade				
Receivables	26,818	27,791	33,988	36,483
Financings	19,608	21,906	28,055	30,142
Rural and Agribusiness Loans	5,955	6,082	5,733	6,403
Leasing Operations	1,451	1,661	2,208	2,518
Advances on Foreign Exchange Contracts	5,618	4,796	4,730	5,017
Subtotal of Loan Operations	59,450	62,236	74,714	80,563
Other Loans	526	552	530	567
Total Loan Operations	59,976	62,788	75,244	81,130
Sureties and Aval Guarantees Recorded in Memorandum Accounts	6,960	8,100	8,674	9,630
Total Including Sureties and Aval Guarantees	66,936	70,888	83,918	90,760

We point out the evolution in 4Q05 in Sureties and Aval Guarantees recorded, with a growth of 11%, pointing out the large corporate operations.

Loan Portfolio Quality

During 2005 we verified an improvement in the portfolio profile, resulting in a higher contribution from credits under the AA and C ratings, amounting to 93.2% of total balance, compared to 92.3% in December 2004, despite a change occurred in the portfolio profile, which as already seen, has been showing a significant increase in loans for individuals.

The total volume of allowance for doubtful accounts reached R\$ 4,959 million, presenting a slight decrease in relative terms, when compared to the total loan portfolio (6.2% in September 2005 to 6.1% in December 2005), as a result of improved quality of the loan portfolio mentioned above.

Loan Operations by Rating in percentage

In this regard, we point out the consistency of the provision criteria adopted, which may be evidenced through the analysis of historical data of allowances for doubtful accounts and losses effectively occurred in the subsequent period of twelve months.

Allowance for Loan Losses (PPD) x Default x Losses Percentage over Loan Operation Balance

It can be verified in the graph above that for a total provision of 6.6% of the loan portfolio in December 2004, the loss over the subsequent twelve months was 2.7% of the portfolio, attesting that the coverage margin was maintained in comfortable levels throughout the periods.

It was also observed during 2005 the delinquency maintenance in E-H rated operations, in which loans to individuals that by nature present higher delinquency rates than corporate loans, have a larger share. It is worth pointing out that a significant growth in the delinquency of loan portfolios, when analyzed individually, was not observed.

For 2006, if the outlook of greater expansion in loan operations for individuals is confirmed, the overall delinquency rate may present a slight increase, notwithstanding the portfolios delinquency remains steady, given the importance that individual clients may assume in the portfolio breakdown.

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Loan Portfolio Profile

Breakdown of the Normal Course Loan Portfolio by Maturity R\$ million

The loan portfolio profile under normal course has been extending, mainly in view of consumer financing operations, which by their nature have a longer term. The operations with maturity exceeding 180 days already represent 48.8% of total portfolio in 2005, against 45.4% in the previous year.

The consolidated loan portfolio movement over the past twelve months, based on December 2005, indicates the adequacy and consistency of the credit rating instruments employed in the loan granting process.

Loan Portfolio Movement between December 2004 and 2005 R\$ million

Loan Portfolio Movement between December 2004 and 2005

Rating	Borrowers Remaining from December 2004		New Borrowers Between December 2004 and 2005		Total Loans in December 2005	
	R\$ million	%	R\$ million	%	R\$ million	%
AA C	59,800	92.4	15,847	96.5	75,647	93.2
D	1,410	2.2	168	1.0	1,578	2.0
E H	3,490	5.4	415	2.5	3,905	4.8
Total	64,700	100.0	16,430	100.0	81,130	100.0

The loan portfolio has been constantly maintaining its good quality, which may be verified by the table above and by the positive evolution over the past 5 years, as seen in the table Loan Portfolio by Rating , which shows an extremely positive evolution of AA to C rated operations, from 90.6% to current 93.2% .

It is worth pointing out once more that the breakdown of portfolio balance may cause such rate to be reduced, without meaning a deterioration of its quality, due to a higher concentration in consumer financing operations to individuals.

Concentration of Loan Portfolio R\$ million

As a result of the growth strategy of loan portfolio in retail, especially individuals, the concentration of largest borrowers kept decreasing in December 2005, in relation to the status showed in the previous year, as can be evidenced in the following table:

	2004				2005			
	September	%	December	%	September	%	December	%
Largest Borrower	931	1.6	897	1.4	835	1.1	922	1.1
10 Largest Borrowers	5,746	9.6	5,593	8.9	5,788	7.7	5,762	7.1
20 Largest Borrowers	8,803	14.7	8,239	13.1	8,483	11.3	8,668	10.7
50 Largest Borrowers	14,196	23.7	13,055	20.8	13,170	17.5	13,904	17.1
100 Largest Borrowers	18,062	30.1	16,683	26.6	17,232	22.9	18,187	22.4

Loan Portfolio Indicators

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

Items	R\$ million	
	2004	2005

	September	December	September	December
Total Loan Operations	59,976	62,788	75,244	81,130
Individuals	18,688	21,191	30,589	33,221
Corporate	41,288	41,597	44,655	47,909
Existing Provision	4,181	4,145	4,647	4,959
Specific	1,885	1,785	2,053	2,288
Generic	1,383	1,435	1,642	1,657
Additional	913	925	952	1,014
Specific Provision/Existing Provision (%)	45.1	43.1	44.2	46.1
Existing Provision/ Loan Operations (%)	7.0	6.6	6.2	6.1

Items	R\$ million			
	2004		2005	
	September	December	September	December
AA - C Rated Loan Operations / Loan Operations (%)	91.6	92.3	93.1	93.2
Operations Under Risk Management (D Rating) / Loan Operations (%)	2.9	2.7	2.0	2.0
E - H Rated Loan Operations / Loan Operations (%)	5.5	5.0	4.9	4.8
Loan Operations (D Rating) Existing Provision for D Rating Loan Operations	1,765	1,693	1,496	1,578
Provision/ D Rating Loan Operations (%)	398	454	352	407
D - H Rated Loan Operations overdue	2,533	2,441	2,911	3,303
Total Provision/D - H Rated Loan Operations overdue (%)	165.1	169.8	159.6	150.1
E - H Rated Loan Operations Existing Provision for E - H Rated Loan Operations	3,287	3,167	3,681	3,905
Provision/ E - H Rated Loan Operations (%)	2,856	2,741	3,159	3,401
E - H Rated Loan Operations overdue	86.9	86.5	85.8	87.1
Total Provision/E - H Rated Loan Operations overdue (%)	2,175	2,062	2,426	2,714
Total Provision / Non Performing Loans (%) (*)	192.2	201.0	191.5	182.7
(*) Loan Operations Overdue for more than 59 days and which do not generate income under the accrual method of accounting.	186.7	193.7	198.5	183.5

The evolution of figures during 2005 continues to confirm the portfolio's low credit risk, based on its comfortable coverage levels. For the year of 2006, Bradesco remains prepared to take full advantage of all business opportunities, focused on increasing the loan portfolio, while respecting the established loan granting parameters, rooted by the traditional concepts of security, consistency, selectivity and diversification.

Funding

Deposits by Maturity

R\$ million

2005

Deposits	September	December
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	Total	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	Total
Demand	14,774	15,956				15,956
Savings	24,791	26,201				26,201
Interbank	89	87	43	16		146
Time	31,262	4,741	5,363	1,894	20,839	32,837
Other Deposits	179	266				266
Total	71,095	47,251	5,406	1,910	20,839	75,406

Demand Deposits R\$ billion

Checking Accounts

The balance of Checking Accounts of Bradesco Organization in the end of 2005 was R\$16.0 billion.

In compliance with a policy of continued improvement of products and services, we reformulated the design of check books by adding new security devices, such as double-trace printing in heat-sensible ink, enabling a greater assurance against adulteration of new check forms.

Quantity of Checking Accounts Individuals and Corporate In thousands

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Savings Accounts

The balance of Bradesco Organization Savings Accounts at the end of 2005, was R\$ 26.2 billion in deposits, corresponding to a 19.3% market share in the Brazilian Savings and Loan System (SBPE) and secured the leadership of Bradesco among all private banks in the Brazilian Financial System.

The evolution of balances of such portfolio in 2005 was R\$ 1.4 billion, which accounts for an increase of 5.6% in 2005, maintaining amongst private banks, a market share of 31.6% .

Savings Account Deposits R\$ billion

Share of SBPE (Brazilian Savings and Loan System) in percentage

Checking Accounts

Number of Savings Accounts million

Asset Management

In 2005, Bradesco obtained various awards in the market, as follows:

For the third consecutive year, Bradesco stood out in the Ranking Invest Tracker-Estadão *Melhores Fundos* (Best Investment Funds) as it obtained the five-star Fund status;

Bradesco was elected as the *Top Gestão de Fundos 2005 em Renda Mista* (2005 Mixed-Income Fund Top Asset Management), according to a strict methodology applied by the U.S. agency Standard & Poor's;

Bradesco was also elected as the Best Asset Manager, the top ranking Foco/Quantum;

Bradesco stood out in the August/September/October 2005 edition of Star Ranking *The Best Investment Funds*, exclusively for the magazine ValorInveste by Standard & Poor's. Fifteen investment funds managed by BRAM Bradesco Asset Management were granted four and five star rating;

And finally, Bradesco was the investment fund manager, which received the best evaluation from magazine ValorInveste, a publication edited by the newspaper Valor Econômico, in December 2005. The work of verifying the quality of funds is conducted by Standard & Poor's, the world's largest risk rating agency.

These awards confirm Bradesco's concern with the excellence in the asset management, by always offering the best investment options to all investors' profiles.

Stockholders' Equity

	R\$ million			
	2004		2005	
	September	December	September	December
Investment Funds	80,852	86,253	101,697	107,540
Managed Portfolios	9,319	8,243	7,782	8,162
Third-party Fund Quotas	3,095	5,144	5,177	5,480
Total	93,266	99,640	114,656	121,182

Asset Distribution

	R\$ million			
	2004		2005	
	September	December	September	December
Investment Funds - Fixed Income	78,148	83,441	98,387	104,183
Investment Funds - Floating Rate	2,704	2,812	3,310	3,357
Investment Funds - Third-Party	3,004	5,066	4,922	5,103
Total	83,856	91,319	106,619	112,643
Managed Portfolio - Fixed Income	6,742	5,922	5,996	6,340
Managed Portfolio - Floating Rate	2,577	2,321	1,786	1,822
Managed Portfolios - Third-Party	91	78	255	377
Total	9,410	8,321	8,037	8,539
Total Fixed Income	84,890	89,363	104,383	110,523
Total Floating Rate	5,281	5,133	5,096	5,179
Total Third-Party Funds	3,095	5,144	5,177	5,480
Total	93,266	99,640	114,656	121,182

Total Asset Under Management according to ANBID's Global Ranking R\$ million (*)

Number of Funds, Portfolios and Quotaholders

	December 2004		September 2005		December 2005	
	Quantity	Quotaholders	Quantity	Quotaholders	Quantity	Quotaholders
Investment Funds	507	2,683,514	507	3,385,475	516	3,392,016
Managed Portfolios	105	371	112	343	110	390
Total	612	2,683,885	619	3,385,818	626	3,392,406

4 - Operating Companies

Bradesco Insurance and Private Pension Group**Insurance Companies**

Aggregated Balance Sheet (*)

	R\$ million			
	2004		2005	
	September	December	September	December
Assets				
Current and Long-Term Assets	37,679	39,306	45,171	49,169
Marketable Securities	35,157	36,778	42,380	46,423
Insurance Premiums Receivable	906	951	1,008	1,041
Other Receivables	1,616	1,577	1,783	1,705
Permanent Assets	1,016	965	662	585
Total	38,695	40,271	45,833	49,754
Liabilities				
Current and Long-Term Liabilities	34,357	37,195	40,889	43,880
Tax, Civil and Labor Contingencies	1,072	1,087	1,131	1,208
Payables on Insurance, Private Pension Plans and Savings Bonds	425	401	483	455
Other Liabilities	1,275	2,075	1,040	1,355
Technical Provisions for Insurance	2,477	2,687	3,526	3,703
Technical Provisions for Private Pension Plans	27,059	28,960	32,574	35,020
Technical Provisions for Savings Bonds	2,049	1,985	2,135	2,139
Minority Interest	36	35	74	83
Stockholders Equity	4,302	3,041	4,870	5,791
Total	38,695	40,271	45,833	49,754

(*) Includes Bradesco Saúde, wholly-owned subsidiary of Banco Bradesco, and Private Pension Plans and Savings Bonds Operations.

Aggregated Statement of Income (*)

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Net Premiums Written	3,999	4,472	15,389	4,314	5,084	16,825
Reinsurance Premiums and Redeemed Premiums	(535)	(635)	(2,105)	(768)	(780)	(3,178)
Insurance, Private Pension Plans and						

Savings Bonds Retained Premiums	3,464	3,837	13,284	3,546	4,304	13,647
Variation in Technical Provisions	(1,076)	(1,280)	(3,927)	(739)	(1,319)	(2,756)
Fee Income	82	88	311	109	110	414
Retained Claims	(1,311)	(1,318)	(5,158)	(1,463)	(1,533)	(5,825)
Expenses for Savings Bonds Draws and Redemptions	(313)	(291)	(1,223)	(338)	(331)	(1,229)
Expenses for Private Pension Plans Benefits and Redemptions	(513)	(511)	(2,132)	(615)	(593)	(2,582)
Selling Expenses	(217)	(236)	(873)	(249)	(267)	(975)
Other Operating Income (Expenses)	45	(4)	(76)	(12)	(77)	(77)
Personnel and Administrative Expenses	(244)	(229)	(997)	(246)	(269)	(918)
Tax Expenses	(32)	(40)	(137)	(46)	(52)	(175)
Financial Result	405	432	1,894	702	688	2,427
Operating Income	290	448	966	649	661	1,951
Non-Operating Income	19	(28)	(45)	28	(50)	(71)
Equity Result	(1)	(90)	84	18	(42)	396
Minority Interest		(2)	1	(1)	(6)	(9)
Income before Taxes and Contributions	308	328	1,006	694	563	2,267
Taxes and Contributions on Income	(107)	(16)	(118)	(269)	(191)	(670)
Net Income	201	312	888	425	372	1,597

(*) It includes Bradesco Saúde, wholly-owned subsidiary of Banco Bradesco, equity accounting of IRB, affiliated to Banco Bradesco, and Private Pension Plans and Savings Bonds Operations.

Performance Ratios in percentage

	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Claims Ratio (1)	84.2	79.1	83.1	79.9	84.9	82.3
Selling Ratio (2)	12.0	12.1	12.3	11.4	12.1	11.6
Combined Ratio (3)	104.6	101.9	108.3	101.5	109.1	103.4
Expanded Combined Ratio (4)	93.7	92.8	98.3	86.9	91.8	89.8
Administrative Expense Ratio (5)	12.7	11.9	12.8	11.9	13.3	11.2

N.B.: For the purposes of comparison, in 2005 we excluded the provision for Health Insurance, at the amount of R\$ 324 million. We also excluded the administrative provision for VGBL in 4Q05 and in 2005, at the amount of R\$ 90 million.

- (1) Retained Claims/Earned Premiums.
(2) Selling Expenses/Earned Premiums.
(3) (Retained Claims + Selling Expenses + Administrative Costs + Taxes + Other Operating Expenses)/Earned Premiums.
(4) (Retained Claims + Selling Expenses + Administrative Costs + Taxes + Other Operating Expenses)/(Earned Premiums + Financial Result).
(5) Administrative Expenses/Earned Premiums.

Insurance Premiums Market Share (%)

Source: SUSEP and ANS

In the insurance segment, according to information published by SUSEP and ANS data, up to December 2005, Bradesco secured R\$ 13.3 billion in premiums and maintained its leadership with a 26.1% market share. The insurance sector obtained a total of R\$ 51.0 billion in premiums up to December 2005.

Growth in Technical Provisions (*) R\$ million

(*) Bradesco Saúde, Banco Bradesco's wholly-owned, is included.

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 by Insurance Line R\$ million

Insurance Line	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Health (*)	792	805	3,036	885	888	3,428
Auto/RCF	413	436	1,634	520	525	1,998
Life/AP/VGBL	268	325	1,103	337	300	1,246
Basic Lines	90	93	368	94	92	365
DPVAT	26	23	111	28	25	137
Total	1,589	1,682	6,252	1,864	1,830	7,174

N.B.: for the purposes of comparison, in 2005 we excluded the provision for Health Insurance, at the amount of R\$ 324 million. We also excluded the administrative provision for VGBL in 4Q05 and in 2005, at the amount of R\$ 90 million.

In 2005, there was an increase of 14.7% in premiums earned in the insurance segment, if compared to the same period of the previous year.

Earned Premiums by Line %

N.B.: for the purposes of comparison, in 2005 we excluded the provision for Health Insurance, at the amount of R\$ 324 million. We also excluded the administrative provision for VGBL in 4Q05 and in 2005, at the amount of R\$ 90 million.

Retained Claims by Insurance Line R\$ million

Insurance Line	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Health	734	749	2,805	805	854	3,244
Auto/RCF	357	363	1,430	400	417	1,524
Life/AP/VGBL	164	139	646	212	209	802
Basic Lines	61	65	231	53	56	237
DPVAT	22	14	85	20	17	96
Total	1,338	1,330	5,197	1,490	1,553	5,903

Breakdown of Loss Ratio by Insurance Line (%)

N.B.: for the purposes of comparison, in 2005 we excluded the provision for Health Insurance, at the amount of R\$ 324 million. We also excluded the administrative provision for VGBL in 4Q05 and in 2005, at the amount of R\$ 90 million.

Insurance Selling Expenses by Insurance Line R\$ million`

Insurance Line	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Health	25	25	96	25	26	102
Auto/RCF	77	76	295	93	95	358
Life/AP/VGBL	72	83	303	74	83	298
Basic Lines	17	20	74	21	17	73
DPVAT					1	2
Total	191	204	768	213	222	833

Selling Expenses by Insurance Line (%)

N.B.: for the purposes of comparison, in 2005 we excluded the provision for Health Insurance, at the amount of R\$ 324 million. We also excluded the administrative provision for VGBL in 4Q05 and in 2005, at the amount of R\$ 90 million.

Number of Insured in thousands

In 2005, there was an increase of 16.3% in the customer base.

When comparing 2005 to the same period of the prior year, Bradesco Saúde maintained its noteworthy market position, especially in the corporate health insurance segment (source: ANS). Brazilian consumers 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 2.5 million customers, of which 2.2 million pertain to the corporate segment.

The increasing number of insured from large corporations that have contracted Bradesco Saúde, 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.

Almost 12 thousand companies in Brazil have acquired Bradesco Saúde insurance products. Out of Brazil's 100 largest companies in terms of revenues, 31 are Bradesco's insurance clients and out of the country's 50 largest companies, 32% are Bradesco Saúde's clients. (source: *Exame magazine's Maiores e Melhores de julho de 2005* - Biggest and Best List, July 2005).

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.

Until December 2005, Bradesco maintained an outstanding position among the insurance companies in the Brazilian Basic Line (RE) Insurance market, with a significant 9.0% share of total market sales in this area.

Referring to the insurance portfolio named as Corporate, Bradesco Auto/RE insures the assets of Brazil's largest companies related to oil, petrochemical, steel, mining, home-building, aircraft, automobile, food, pulp and paper industries, by means of insurance policies for Operational Risks, Named, Oil, Port Operator, Civil Liability, Engineering Risks, Domestic and International Transport, Hull and Aircraft.

Concerning Large Risk insurance, we point out the following insured companies: Volkswagen, DaimlerChrysler, Cia. de Transmissão de Energia do Estado de São Paulo, BR Distribuidora and Furnas. Also in such area, Bradesco Auto/RE, in partnership with Chubb do Brasil, intensified the commercialization of insurance policies for executives responsibility protection, most known as D&O.

In the area of Domestic and International Transport insurance, we are conquering new and important businesses, by implementing an intense schedule of visits to insurance brokers through various regions of Brazil, together with the Corporate team, and also increasingly consolidating a good relationship with Bradesco's Corporate and Empresas (Middle Market) segment, including visits to their respective clients.

We are also being successful in keeping profitable insurance policies and, as possible, removing from the portfolio the accounts not adding satisfactory results.

In the aviation segment, we maintained our majority interest in Varig's insurance, we conquered Embraer's insurance in co-insurance, we renewed insurance policies of Infraero, Star One and BR Distribuidora. In addition, we have been maintaining a good performance in the segment of business aircraft, the products Bradesco Seguro Aeronáutico (Bradesco Aircraft Insurance), which completed one year since its launching. In the Maritime Hull area, we renewed important and significant accounts of the companies Hermasa, Elcano and Guarita.

Bradesco Auto/RE consolidated the relationship with Bradesco Corporate and Bradesco Empresas (Middle Market), also maintaining a specific structure linked to such Bradesco's segments. This strategy resulted in a greater closeness with Bradesco's clients and enabled to obtain and/or renew insurance programs of large companies installed in the country.

In the mass market insurance segment, whose products are focused on individuals, small and medium-sized (SME's) companies, we maintained a meaningful number of customers, in particular those of the Residential Insurance line, with more than 800 thousand homes insured.

Another high profitability segment was the Diverse Risks directed to equipment, mainly the insurance arising from operations of Leasing, FINAME and CDC of Banco Bradesco.

The continuous upgrading of products provides the improvement of the services rendered to our clients and contributing significantly for the increase in income of the current period.

In the Auto/RCF line, the market was affected by intense competition in big metropolitan areas, aggravated by a small growth in insured vehicle market.

During the period, we maintained our technically correct pricing policy, focused on balanced portfolio results. We consolidated our pricing policy based on the insured specific characteristics, after one year it was launched. We also maintained differentiated services, which add value to our products, such as discounts given through the nationwide customer service networks and autoglass repair, as well as the increase in the number of electronic relationships with brokers and those insured, which are carried out via the Internet.

Bradesco's market share of the Auto/RCF portfolio, up to December, 2005 was 17.5% .

Awards/Recognition

1. In March, Bradesco Seguros was awarded with the *Segurador Brasil 2005* , sponsored by *Segurador Brasil* magazine, being elected as the *Insurance Company of the Year* .
2. In March, Bradesco Seguros was appointed in the seventh edition of the poll *Marcas de Quem Decide* (Brands of Those Who Decide), as the preferred insurance company amongst Rio Grande do Sul state consumers. This poll is prepared by *Jornal do Comércio* in partnership with the *Qualidata* Institute, being recognized as the most complete study concerning brands in the Brazil's south region.
3. In April, the president of Bradesco Seguros e Previdência, Luiz Carlos Trabuco Cappi, represented the Insurance and Private Pension Plans category in the event *Brazilian Sector Leader* promoted by *Gazeta Mercantil*. Cappi was selected as *Brazilian Sector Leader* under such category in 2004. He was chosen at the *Forum of Gazeta Mercantil Leaders*.

4. In May, Bradesco Seguros was chosen the Outstanding Performance of the Year , in award promoted by the Conjuntura Econômica magazine, of Getulio Vargas Foundation Brazilian Institute of Economy (Ibre/FGV), as the best insurance company in 2004 under the following aspects: Net Income, Total Assets, Stockholders Equity and Best Operating Margin.
5. In May, Bradesco Seguros e Previdência website won the iBest Award for the fourth time, regarded as the Oscar of the Brazilian Internet. The Insurance Company was the winner in the popular vote for Insurance category and Marketing Campaign category (Academia iBest), where it competed with various segment companies, which makes this achievement even more significant.

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6. In May, Bradesco Seguros won the XI Prêmio Abemd de Marketing Direto 2005 (Direct Marketing Award 2005), promoted by the Brazilian Association of Direct Marketing (Abemd). The Company won the category Financial Products and Services – Insurance, Private Pension Plans, Investment, Savings Bonds and Others, thanks to the case Campanha Renovação de Seguro Auto (Auto Insurance Renewal Campaign).
7. In May, Bradesco Seguros was awarded in the category Insurance Leadership/Insurance Company on the X Top of Mind – Common Market, Successful Brands – Minas Gerais, promoted by Mercado Comum magazine.
8. In June, Bradesco Seguros deserved special acknowledgment in the Balanço Financeiro magazine award, an annual publication edited by Gazeta Mercantil in partnership with the consulting firm Austin Rating. The company was awarded in the Insurance category.
9. In June, Bradesco Seguros was awarded with the trophy Gaivota de Ouro, granted by the Seguro Total magazine. The company deserved special acknowledgment in the category Excellence in total premiums in the V Prêmio Mercado de Seguros 2005 (Insurance Market Award 2005).
10. In August, Bradesco Seguros received the 2005 Carrier Preference Award, under the category Insurance Company, of the Union of Carriers of the State of Rio Grande do Sul (SETCERGS). The award created in 1994 aims at knowing which products and brands are preferred by the carriers of Rio Grande do Sul.
11. In September, the president of Grupo Bradesco Seguros e Previdência, Luiz Carlos Trabuco Cappi, received the award Outstanding Performances of 2004/2005, and was considered the Insurance Man of the Year. The Outstanding Performances of the Year, conducted with members of Clube Vida em Grupo (Group Life Club) of Rio de Janeiro (CVG – RJ), exists for 29 years and it is regarded as the Insurance Oscar, paying a tribute to professionals of such area, entities and companies which most contributed to the growth of insurance market.
12. In September, Bradesco Auto/RE Companhia de Seguros conquered the award The Best in the Market under the category Auto/RE Outstanding Executive, promoted by the Chamber of Insurance Brokers of Rio Grande do Sul.
13. In September, Bradesco Seguros conquered the award The Best in the Market under the category Special Outstanding Performance for the UniverSeg Program Project. The award was promoted by the Chamber of Insurance Brokers of Rio Grande do Sul.
14. In October, Bradesco Seguros conquered for the fourth consecutive time the award Folha Top of Mind, under the Insurance category. The award is granted annually to the most recalled brands by consumers according to a survey conducted by Datafolha Institute among thousands of people throughout Brazil.
15. In October, Bradesco Auto/RE Companhia de Seguros won the JC Recall de Marcas 2005 award, which elects the most known brands in the metropolitan region of Recife, under the Automobile Insurance Company category, promoted by Jornal do Comercio in the state of Pernambuco. According to a survey conducted by Harrop Institute in August, the awarded companies were those most recalled by consumers in Pernambuco.
16. In November, Bradesco Seguros received the award Secovi Destaque Fornecedor 2005 (Secovi Outstanding Supplier 2005) at the Fair Secovi Condomínios, held at the Centro de Exposições Imigrantes in São Paulo.
17. In December, Bradesco Seguros won the trophy Alvorada 2005, under Auto/RE segment, elected as the best insurance company according to Brasília brokers' opinion. The electronic voting occurred via the Sincor/DF (Insurance Brokers Union) Website.

18. In December, for the second consecutive time, Bradesco Seguros received an honor with the trophy Bandeirantes , under the Best Superintendent category of all insurance companies operating in the state of Goiás. Goiás insurance brokers voted, which was also electronic, and delivered by Sincor/GO.

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Sponsorships

1. In March, Bradesco Seguros was the exclusive sponsor for the 37th edition of the award Sports Highlights , promoted by A Notícia , a newspaper from the state of Santa Catarina. The event took place at CentroSul s conventions center, in the city of Florianópolis. In 2004, 44 successful athletes from Santa Catarina were honored with a trophy called O Jornaleiro .
2. In April, Bradesco Seguros sponsored Motoristas.com, a website launched by Globo Online O Globo newspaper Internet version in partnership with Detran (Traffic State Department) Rio de Janeiro.
3. In May, Bradesco Seguros was the official insurance company of the XII Bienal Internacional do Livro (12 International Book Fair), held in the city of Rio de Janeiro.
4. In May, Bradesco Seguros sponsored the event Ética e Transparência na Atividade Seguradora a Massificação dos Seguros (Ethics and Transparency in the Insurance Activity, Mass Insurance) held at the Hotel Jaraguá Convention Center, in São Paulo.
5. In May, Bradesco Seguros sponsored the 4th Symposium of Insurance Brokers of Santa Catarina, held at the Centreventos Cau Hansen, in the city of Joinville.
6. In August, Bradesco Seguros sponsored the 31st National Conference of Human Resources (CONARH), which took place at the Transamérica Expo Center, in São Paulo.
7. In August, Bradesco Seguros sponsored the 1st Forum of Mass Insurance Marketing, which took place at the Maksoud Plaza Hotel, in the city of São Paulo.
8. In October, Bradesco Seguros was one of the sponsors of the 14th Brazilian Congress of Insurance Brokers and of the 13th Exposeg, which occurred simultaneously at the Convention Center in Maceió.
9. In October, Bradesco Seguros sponsored the VII Encontro das Melhores Empresas para Você Trabalhar (7th Meeting of Best Companies to Work for), promoted by the magazines Exame and Você S/A . The event took place at the São Paulo American Chamber (AMCHAM) and relied on the participation of executives of companies listed in 2005 edition of the Guia EXAME-VOCÊ S/A publication The Best Companies to Work for- 2005.
10. In November, Bradesco Seguros sponsored the IV Encontro Anual do Setor Elétrico Brasileiro (4 Annual Meeting of the Brazilian Electricity Industry), promoted by Eletrosul at its headquarters, in the city of Florianópolis.
11. In November, Bradesco Seguros sponsored the Fair Secovi Condomínios held at the Centro de Exposições Imigrantes, in São Paulo. The fair exhibited services and products for condominiums and management companies, and relied on the presence of businessmen and executives of companies awarded in the fair, journalists and communication vehicle editors and authorities.

Vida e Previdência (Private Pension Plans)

Balance Sheet

	R\$ million			
	2004		2005	
	September	December	September	December
Assets				
Current and Long-Term Assets	29,454	31,279	34,719	37,715
Funds Available	41	6	46	12
Marketable Securities	28,826	30,246	33,876	36,772
Insurance Operations and Other Receivables	587	1,027	797	931
Permanent Assets	1,194	1,590	918	143
Total	30,648	32,869	35,637	37,858
Liabilities				
Current and Long-Term Liabilities	28,171	31,144	33,697	36,541
Tax and Social Security Contingencies	704	723	740	942
Operating Liabilities for Insurance and Private Pension Plans	61	518	114	78
Other Liabilities	347	943	269	501
Technical Provisions	27,059	28,960	32,574	35,020
Stockholders' Equity	2,477	1,725	1,940	1,317
Total	30,648	32,869	35,637	37,858

Statement of Income

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Retained Premiums	266	322	1,039	294	311	1,194
Variations in Premium Reserves	(25)	(28)	(67)	(10)	(10)	(27)
Earned Premiums	241	294	972	294	301	1,167
Retained Claims	(138)	(136)	(561)	(189)	(192)	(754)
Expenses with Benefits VGBL	(11)	(12)	(37)	(28)	(19)	(78)
Selling Expenses Insurance	(55)	(66)	(227)	(63)	(63)	(238)
Other Operating Income (Expenses)	75	78	267	95	55	341
Income from Contributions and VGBL	1,810	2,233	6,903	1,869	2,645	7,304
Technical Provisions Variation						
Private Pension Plans and VGBL	(973)	(1,200)	(3,640)	(659)	(1,258)	(2,105)
Benefits/Redemptions Expenses	(486)	(499)	(2,093)	(588)	(574)	(2,505)
Redemptions Expenses VGBL	(357)	(485)	(1,411)	(600)	(628)	(2,470)

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Selling Expenses						
Private Pension						
Plans and VGBL	(39)	(43)	(157)	(44)	(58)	(184)
Administrative Expenses	(62)	(67)	(235)	(66)	(102)	(284)
Tax Expenses	(12)	(19)	(51)	(22)	(27)	(79)
Financial Income	1,117	1,129	4,237	1,180	1,357	4,860
Financial Expenses	(926)	(909)	(3,160)	(845)	(1,034)	(3,679)
Equity Income and Expenses	58	141	368	89	(55)	534
Non-Operating Income	3	(16)	(11)	(1)	(15)	(29)
Income before Taxes and Contributions	245	423	1,164	422	333	1,801
Taxes and Contributions on Income	(64)	(97)	(269)	(111)	(104)	(401)
Net Income	181	326	895	311	229	1,400

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

Source:SUSEP

In 2005, income from private plans totaled R\$ 7.304 billion

Life Insurance Premiums and Personal Accidents Market Share (%)

Source:SUSEP

In 2005, income from net premiums written amounted to R\$ 1.312 billion.

Increase in Technical Provisions R\$ million

Total technical provisions of Bradesco Vida e Previdência in December 2005 of R\$ 35,020 million comprised R\$ 20,320 million for supplementary private pension plans, R\$ 13,529 million for VGBL, R\$ 1,089 million for life and personal accident, R\$ 78 million for DPVAT and R\$ 4 million for retroassignment.

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

Source:ANAPP

In December 2005, the Investment Portfolios reached R\$ 35,427 million.

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Increase in Number of Participants in thousands

Increase in Life Insurance Policyholders and Personal Accidents 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 37.5% share of income from private pension plans and VGBL and a 16.0% share of life insurance premiums and personal accident.

Bradesco is also sole leader in VGBL plans with a 44.8% share and a 27.6% share in PGBL (source: ANAPP (Brazilian Association of Private Pension Plan) 2005 data).

The number of Bradesco Vida e Previdência customers reached 22.7%, in December 2005, compared to December 2004, surpassing the record of 1.6 million private pension plan and VGBL participants and 8.3 million life insurance and personal accident holders. This significant increase was prompted by the strength of the Bradesco Brand name, by the use of an appropriate management and sales policies.

Technical provisions totaled R\$ 35.0 billion in December 2005, an increase of 20.9% as compared to December 2004. The portfolio of investments in private pensions and VGBL totaled R\$ 35.6 billion, comprising 43.9% of all market resources.

Awards/Recognition

The quality of services rendered by Bradesco Vida e Previdência was recognized in 2005, conquering the following awards:

Desbravadores Trophy pioneer in VGBL, awarded in March, 2005;

Marketing 10 Trophy by line of products (Life insurance, Premium on Personal Accidents, Prev Jovem, amongst others), awarded in March 2005.

Company of the Year awarded by FGV in May, 2005;

Top of Business awarded in May, 2005;

Best and Biggest Top in the ranking of largest insurance companies by premium, June/2005 edition;

2005 Reliable Brands Reader's Digest Seleções magazine, as the most reliable brand in the supplementary private pension industry awarded in August 2005; and

Acknowledgment for the case Vida Segura Empresarial Bradesco: A Democratização do Acesso ao Seguro de Vida chega às Micro e Pequenas Empresas (Bradesco Corporate Life Insurance: the democratization of access to life insurance reaches micro and small-sized companies) by ANSP, ABMN, ADVB and Marketing Best.

Savings Bonds Companies⁽¹⁾

Balance Sheet R\$ million

	2004		2005	
	September	December	September	December
Assets				
Current Assets and Long-Term Assets	2,787	2,916	2,910	2,847
Marketable Securities	2,719	2,844	2,811	2,768
Accounts Receivable and Other Receivables	68	72	99	79
Permanent Assets	205	31	80	16
Total	2,992	2,947	2,990	2,863
Liabilities				
Current and Long-Term Liabilities	2,387	2,583	2,431	2,535
Tax and Labor Contingencies	177	179	194	198
Other Liabilities	161	419	102	198
Technical Provisions	2,049	1,985	2,135	2,139
Stockholders' Equity	605	364	559	328
Total	2,992	2,947	2,990	2,863

Statement of Income R\$ million

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	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Income from Savings Bonds	338	319	1,358	393	386	1,420
Technical Provisions Variation	11	47	1	(16)	10	1
Draws and Redemption of Bonds	(313)	(292)	(1,223)	(338)	(332)	(1,229)
Redemptions	(299)	(276)	(1,172)	(328)	(320)	(1,189)
Draws	(14)	(16)	(51)	(10)	(12)	(40)
Selling Expenses		(4)	(5)	(5)	(6)	(18)
Other Operating Income (Expenses)				1		
Financial Result	60	74	311	100	61	303
Administrative Expenses/Taxes	(22)	(21)	(90)	(16)	(16)	(56)
Equity Result	4	33	65			49
Non-Operating Income	(1)	(3)	(2)	8	(7)	
Income before Taxes and Contributions	77	153	415	127	96	470
Taxes and Contributions on Income	(25)	(41)	(117)	(43)	(31)	(139)
Net Income	52	112	298	84	65	331

(1) Bradesco Capitalização and Atlântica Capitalização are included.

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Bradesco Capitalização's outstanding position in the savings bonds market is the result of its transparent operating policy, which is focused on adjusting its products in line with potential consumer demand.

Regionally, the company holds a leadership position in two Brazilian states, according to the latest figures for December 2005 published by SUSEP. The company's market share was of 31.3% in Amazonas and 27.3% in São Paulo.

In pursuit of a bond which is suited to its customers' different profiles and budgets, a number of products were developed, which vary in accordance with the type of payment (lump sum or monthly), contribution terms, regularity of draws (weekly or monthly) and related prize amounts. This phase brought the general public closer and consolidated the success of the popular 'Pé Quente Bradesco' (Lucky Bond) savings bonds series.

Bradesco Capitalização was the first private savings bonds company in Brazil to receive ISO 9002 Certification, which in December 2002 was upgraded to the 2000 Version ISO 9001:2000. Granted by Fundação Vanzolini, the certification attests the management quality of Bradesco Savings Bonds and confirms the principles on which their creation was based: good products, good services and continuous growth.

Income from Savings Bonds Certificates Market Share (%)

Source:SUSEP

Technical Provisions Market Share (%)

Source:SUSEP

Growth in Technical Provisions R\$ million

Due to the growing strengthening of Technical Provisions volume, Bradesco Capitalização reached the amount of R\$ 2.1 billion in December 2005 and according to December 2005 data, released by SUSEP, it holds 20.3% of the total volume of Technical Provisions in the market.

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

Number of Clients in thousands

As a result of a customer loyalty building policy, focused on the quality customer service and the offer of innovative products, Bradesco Capitalização ended 2005 amounting to 2.5 million of clients.

Outstanding Savings Bonds in thousands

Outstanding Savings Bonds with transfer of Draw Participation rights in thousands

Outstanding Savings Bonds in thousands

The outstanding savings bonds portfolio decreased from 31.8 million recorded in December 2004 to 12.8 million in December 2005. This decrease was motivated by the redemption of a major series of bonds with Transfer of Draw Participation Rights, which were sold in 2004 via partnership agreements in various market segments. Of the total portfolio, 64.7% comprise bonds with Transfer of Draw Participation Rights, including:

Bradesco Cartões, Bradesco Vida e Previdência, Banco Finasa etc. Since the purpose of this type of savings bonds certificate is to add value to partners' products or to provide incentives for customer due payments, these are low-priced bonds which are sold with reduced terms and grace periods and at a lower unit purchase price.

Awards/Recognition

1. In March, Bradesco Capitalização was awarded the Segurador Brasil 2005 (Brazil's Insurance Company 2005), sponsored by Segurador Brasil magazine. The company was recognized as having the Best Performance.
2. In May, Bradesco Capitalização conquered the Top of Marketing 2005 Award, of ADVB/SP, for the case Pé Quente Bradesco SOS Mata Atlântica (Bradesco Lucky Bond Helping the Atlantic Forest). The award aims at giving special acknowledgement to Organizations strengthening the creation or the endurance of its product, service or brand, by means of innovative and solid marketing strategies.
3. In June, Bradesco Capitalização deserved special acknowledgement in the Balanço Financeiro magazine award, an annual publication edited by Gazeta Mercantil in partnership with the consulting firm Austin Rating. The company was awarded in the Savings Bonds category.
4. In June, Bradesco Capitalização was given the trophy Gaivota de Ouro, granted by the Seguro Total magazine. The company received special acknowledgement in the Melhores Empresas de Capitalização (Best Savings Bonds Companies) category in the V Prêmio Mercado de Seguros 2005 (5th Insurance Market Award 2005).
5. In October, Bradesco Capitalização received the Prêmio Desempenho (Performance Award) of the magazine Desempenho das Empresas (Companies Performance), mentioned in the 2005 yearbook of the publication.
6. In November, Bradesco Capitalização conquered the award Top de Marketing SegNews 2005, as the best marketing campaign of the product Pé Quente Bradesco GP Ayrton Senna. The award, an initiative of SegNews news agency, is granted to the most recalled companies in opinion surveys conducted in June and July, with insurance companies, insurance brokers and service providers, via phone or e-mail.
7. In December, Bradesco Capitalização conquered the award Marketing Best FGV/EAESP in São Paulo, with the case "Bradesco Capitalização consolida sua posição no mercado nacional de títulos de capitalização" (Bradesco Capitalização consolidates its position in the domestic savings bond market) at the 18th edition of the Marketing Best, one of the most important marketing awards in the country. The award is organized by Editora Referência, FGV and MadiaMundoMarketing, and aims at promoting and disseminating the most outstanding companies in the planning and execution of marketing strategies.
8. In December, Bradesco Capitalização conquered the award Top de Marketing ADVB-RIO in the city of Rio de Janeiro, with the case Bradesco Capitalização consolida sua posição no mercado nacional de títulos de capitalização (Bradesco Capitalização consolidates its position in the domestic savings bond market).
9. In December, Bradesco Capitalização conquered the award Cobertura Performance 2005, (2005 Performance Coverage), an initiative of the magazine Cobertura and SK Comunicações. The Company received the award with the case Pé Quente Bradesco GP Ayrton Senna in event held in São Paulo.

10. In December, Bradesco Capitalização conquered the award Top de Ecologia ADVB Brasil (Top Ecology ADVB Brazil) in São Paulo, with the case Pé Quente Bradesco SOS Mata Atlântica . Five institutions were awarded, which contributed to the Brazilian economic growth, without deteriorating the environment and fomenting the nature conservation. The award is an effect of ECO 92, world conference, which was held in the city of Rio de Janeiro in 1992. In the following year, the first edition of recognition occurred with a view to value the companies showing solutions in benefit of environment preservation.

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Banco Finasa

Consolidated Balance Sheet

	R\$ million			
	2004		2005	
	September	December	September	December
Assets				
Current Assets and Long-Term Assets	7,652	8,697	14,015	15,819
Funds Available	8	9	7	3
Interbank Investments	37	107	232	407
Marketable Securities and Derivative Financial Instruments	78	27	53	50
Interbank Accounts	30	28	29	32
Loan and Leasing Operations	7,129	8,114	13,249	14,837
Allowance for Doubtful Accounts	(233)	(253)	(432)	(501)
Other Receivables and Other Assets	603	665	877	991
Permanent Assets	343	1,640	1,785	1,800
Total	7,995	10,337	15,800	17,619
Liabilities				
Current and Long-Term Liabilities	7,551	9,837	15,034	16,652
Demand, Time and Interbank Deposits	7,025	9,322	14,620	16,313
Interbank Accounts	2			
Borrowings and Onlendings	51	47	9	7
Derivative Financial Instruments	203	159	52	31
Other Liabilities	270	309	353	301
Deferred Income	35	36	47	43
Stockholders Equity	409	464	719	924
Total	7,995	10,337	15,800	17,619

Consolidated Statement of Income

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Income from Financial Intermediation	590	667	2,334	1,028	1,159	3,772
Financial Intermediation Expenses	(333)	(418)	(1,314)	(767)	(846)	(2,728)
Gross Income from Financial Intermediation	257	249	1,020	261	313	1,044
Other Operating Income (Expenses)	(160)	(134)	(583)	(180)	(219)	(717)

Operating Income	97	115	437	81	94	327
Non-Operating Income	1	1	(4)	(1)		
Income before Taxes and Contributions	98	116	433	80	94	327
Taxes and Contributions on Income	(34)	(19)	(91)	(6)	(17)	(44)
Net Income	64	97	342	74	77	283

Profile

Banco Finasa acts as Bradesco's consumer finance company, focused on the financing to consumer of light vehicles and transportation, other goods and services, leasing and personal loan.

Thus, Banco Finasa relies on the services of Finasa Promotora de Vendas Ltda., its wholly-owned subsidiary, responsible for the business prospect, through its 239 branches established nationwide, enlarging its networking with business partners, represented in December, 2005 by 17,949 auto dealers and 22,490 stores selling furniture and home décor, tourism, auto parts, IT programs and equipment, home improvement material, clothing and footwear, amongst others. At the end of 2005, Finasa Promotora de Vendas recorded 4,029 employees, 74% of which were directly performing in new businesses prospect.

In addition to Bradesco's solid operation in the granting of financing, during 2005, Finasa advanced with its innovative policy of operational agreements with large car makers, auto and truck resale, associations and store chains, by enlarging the portfolio of agreements executed in the previous years with Ford, Abracred - Brazilian Association of Fiat Vehicles Resale, Anamaco - Brazilian Association of Home Improvement Material Stores and Microsoft. In 2005 agreements with store chains were implemented, pointing out Casas Bahia, Salfer, Dudony, Ponte Irmão, Eletrozema and GREleto-Vesle.

Material Facts in 2005

- 1) In April, Morada Serviços Financeiros Ltda. was acquired by Finasa Promotora de Vendas Ltda., with a structure of 33 branches, 2,964 accredited stores and 218 employees, mainly operating in the States of Rio de Janeiro and São Paulo. On April 30, 2005, Finasa Promotora merged Morada Serviços.
- 2) Also in April, a specialized team was structured in the transportation segment, to serve business partners from all the regions of the Country, trading buses, trucks and road implements.
- 3) In August, heads of agreement was signed with Lojas Colombo, Farroupilha, in the state of Rio Grande do Sul, for the acquisition of 50% of the capital of finance company Credifar.
- 4) Proceeding with the expansion process of Promotora's network, 118 new branches were inaugurated, 116 of them for Personal Loan and 2 for Auto Financing.

Consumer Market

In 2005, individuals operations were the main highlight for banks' loan assets. According to the Brazilian Central Bank's data, after increasing 37.15% in 2004, the loan portfolio with free funds destined to individuals, grew 37.67% in 2005. The rise of types of loan with lower risk levels and accordingly, with lower costs, such as consigned loan, banks partnership with retail chains, besides the increase in the offer of loan by the banks, encouraged the democratization of access to loan, by recording an innovative migration of non-banking loan to the banking segment.

These factors allowed the growth of loan for individuals to accelerate in all its types in 2005. The personal loan, which includes the consigned loan, climbed 46.39% in 2005, after growing 42.40% in 2004. The loan for the acquisition of vehicles increased 33.49% in 2005, after going up 26.94% in 2004. Finally, the loan for the acquisition of other goods, a category encompassing operations derived from partnerships between banks and retail chains, grew 41.89% in 2005, after increasing 35.20% in 2004.

The expectations of an economic growth momentum, drop in the interest rates, a continued good performance of the labor market, amongst others, should contribute to the individuals' loan still showing a good performance in 2006. Nevertheless, the pace of growth should slow down in view of a high comparison base, after two years of accelerated growth, as well as the consolidation of banking loan in Brazil.

Operating Performance

The investments made by the Organization in such segment, a differentiated form of negotiating products, with a specialized and focused team, besides favorable market conditions to consumer, enabled Finasa to grow the loan portfolio by 82.85% in 2005, accumulating a 693.42% over the past 4 years. The average production increased from R\$ 134 million/month in 2001 to the current R\$ 1,185 million/month in 2005, recording a growth of 784.33% in the period and 92.37% when compared to the previous year.

Market x Finasa Evolution R\$ million

* Source: Central Bank of Brazil includes Auto CDC, Other Goods and Services, Personal Loan, including multiple banks and leasing operations as from 2003 (Individuals and corporations).

The balances of Bradesco's loan operations in December 2005, in all lines of business, when compared to 2004, showed growth higher than the Market (source: Central Bank of Brazil), according to the table as follows:

Portfolio (R\$ million)

Line of Business	December		Evolution %		Share(2)
	2004	2005	Finasa	Market(1)	
Auto	7,575	12,172	60.69		
CDC	7,427	11,618	56.43	33.49	22.86%
Leasing	148	554	274.36	65.33	2.41%
FINABENS	415	2,228	436.50	41.89	21.73%
Personal Loan	124	437	251.98	46.39	
Total	8,114	14,837	82.85	43.86	

(1) Source: Central Bank of Brazil period between December 2004 and December 2005

(2) Source: Central Bank of Brazil reference December 2005

Banco Finasa

The contribution from balance of Allowance for Doubtful Accounts over Loan and Leasing Operations in December 2005 was 3.37%, slightly above 3.11% of 2004, taking into account the growth of the portfolio and a higher contribution from Personal Loan and Other Goods products and Services in the portfolio composition.

In 2005, Finasa had a Net Income, before the swap mark-to-market, of R\$ 261.1 million against R\$ 227.8 million verified in 2004, a 14.6% increase, even taking into account the impact of solid investments made in acquisitions and physical expansion, which naturally generate medium and long-term return.

Finasa ended 2005 with a stockholders' equity of R\$ 924 million, which included R\$ 80 million from capital increase made for the acquisition of Morada Serviços in April 2005 and R\$ 162 million with the subscription of capital by controlling stockholder, corresponding to the dividends paid on December 23, 2005.

	R\$ million	
	Years	
	2004	2005
Net Income prior to Swap Mark-to-Market	227.8	261.1
Swap Mark-to-Market Effect	114.5	22.3
Net Income	342.3	283.4

Leasing Companies

On December 31, 2005, Bradesco Organization controlled the following leasing companies: Bradesco Leasing S.A., Arrendamento Mercantil and Zogbi Leasing S.A. Arrendamento Mercantil, besides the leasing portfolio of Banco Finasa S.A, which is directly shown in its statements.

On April 15, 2005, the 1st Debentures Public Offering Program was filed at CVM under N° CVM/SRE/PRO/2005/004, with duration of up to 2 years and R\$10.0 billion limit, out of which the following issuances were recorded:

40,000,000 (R\$ issuance) simple debentures, under N° CVM/SRE/DEB/2005/017, with unit value of R\$ 100.00, issuance date as of February 1, 2005, and a total amount of issuance of R\$ 4.0 billion, a 20-year term, as from the issuance date, with payment of compensatory interest on the debentures maturity date;

30,000 (R\$ issuance), simple debentures, under N° CVM/SRE/DEB/2005/029, with unit value of R\$ 100,000.00, issuance date as of May 1, 2005, and a total amount of issuance of R\$ 3.0 billion, a 6-year term, as from the issuance date, with payment of compensatory interest on a semi-annual basis;

30,000,000 (R\$ issuance) simple debentures, under N° CVM/SRE/DEB/2005/045, using a 35% surplus, with unit value of R\$ 100.00, with issuance date as of February 1, 2005, and a total amount of issuance of R\$ 4.05 billion, a 20-year term, as from the issuance date, with payment of compensatory interest on the debentures maturity date.

Aggregated Balance Sheet

	R\$ million			
	2004		2005	
	September	December	September	December
Assets				
Current Assets and Long-Term Assets	4,737	5,227	13,558	18,546
Funds Available	1			8
Interbank Investments	2,257	2,548	10,558	15,310
Marketable Securities and Derivative Financial Instruments	618	649	725	760
Leasing Operations	1,348	1,513	1,785	1,964
Allowance for Doubtful Accounts	(95)	(99)	(91)	(94)
Other Receivables and Other Assets	608	616	581	598
Permanent Assets	485	93	97	92
Total	5,222	5,320	13,655	18,638
Liabilities				
Current and Long-Term Liabilities	3,131	3,209	11,296	16,238
Funds obtained in the Open Market and Funds Received from				
Issuance of Securities	1,834	1,907	9,916	14,798
Borrowings and Onlendings	191	191	185	185
Derivative Financial Instruments	11	8	2	1
Subordinated Debt	624	625	629	627
Other Liabilities	471	478	564	627
Stockholders' Equity	2,091	2,111	2,359	2,400
Total	5,222	5,320	13,655	18,638

Aggregated Statement of Income

	R\$ million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Income from Financial Intermediation	257	382	1,480	843	1,010	2,851
Financial Intermediation Expenses	(191)	(296)	(1,115)	(709)	(869)	(2,349)
Gross Income from Financial						
Intermediation	66	86	365	134	141	502
Other Operating Income (Expenses)	8	(14)	(45)	(17)	(46)	(128)
Operating Income	74	72	320	117	95	374
Non-Operating Income	(5)	(4)	(8)		(3)	(2)
Income Before Taxes and Contributions	69	68	312	117	92	372
Taxes and Contributions on Income	(15)	(22)	(98)	(41)	(40)	(134)
Net Income	54	46	214	76	52	238

Leasing Performance Aggregated Bradesco

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

On December 31, leasing operations brought to present value totaled R\$ 2.5 billion, with a balance of R\$ 6.7 million receivable in operating leases.

In 2005, Bradesco Organization's leasing companies verified a Net Income of R\$ 238.1 million, against R\$ 214.4 million recorded in 2004, a 11.1% increase, ending 2005 with a stockholders' equity of R\$ 2.400 billion, which includes R\$ 18.7 million from capital increase with subscription by means of the utilization of credit held by Banco Bradesco S.A. with Bradesco Leasing, with the issuance of 77 new non-par registered, book-entry, common stocks.

The Bradesco Organization's leasing companies are positioned amongst sector leaders, according to ABEL (Brazilian Association of Leasing Companies), with an 11.5% share of this market (reference date: December 2005). This sound 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 carriers vehicles and machinery/equipment industries.

Leasing Companies

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

Portfolio by Type of Asset

Bradesco Consórcios (Consortium Purchase System)**Administradora (Management Company)**

Balance Sheet

	R\$ thousand			
	2004		2005	
	September	December	September	December
Assets				
Current Assets and Long-Term Assets	61,552	76,381	142,513	158,824
Funds Available	8	5		
Marketable Securities	60,217	74,709	140,332	154,138
Other Receivables	1,327	1,667	2,181	4,686
Permanent Assets	770	782	715	1,618
Total	62,322	77,163	143,228	160,442
Liabilities				
Current and Long-Term Liabilities	15,055	23,252	44,976	50,681
Amounts Refundable to Former Groups Now				
Closed	5,749	5,853	6,234	6,330
Other Liabilities	9,306	17,399	38,742	44,351
Stockholders Equity	47,267	53,911	98,252	109,761
Total	62,322	77,163	143,228	160,442

Statement of Income

	R\$ thousand					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Fee Income	22,935	28,676	86,970	39,674	45,666	148,560
Taxes Payable	(1,370)	(1,722)	(5,179)	(4,056)	(4,761)	(15,065)
Financial Income	1,780	2,466	6,428	5,700	6,435	19,956
Administrative Expenses (Including Personnel Expenses)	(2,522)	(4,162)	(11,060)	(5,538)	(6,667)	(19,630)
Selling Expenses	(4,550)	(8,624)	(20,455)	(6,297)	(9,530)	(24,070)
Other Operating (Expenses) Income	210	291	668	837	973	2,985
Income Before Taxes and Contributions	16,483	16,925	57,372	30,320	32,116	112,736
Taxes and Contributions on Income	(3,181)	(4,068)	(11,857)	(10,930)	(10,982)	(39,490)
Net Income	13,302	12,857	45,515	19,390	21,134	73,246

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Consortium Groups

Balance Sheet

	R\$ thousand			
	2004		2005	
	September	December	September	December
Assets				
Current and Long-Term Assets	201,818	268,577	1,230,689	1,441,060
Amount Offset	6,189,691	8,163,846	9,878,726	10,636,448
Total	6,391,509	8,432,423	11,109,415	12,077,508
Liabilities				
Current and Long-Term Liabilities	30,923	36,083	1,230,689	1,441,060
Stockholders' Equity	170,895	232,494		
Amount Offset	6,189,691	8,163,846	9,878,726	10,636,448
Total	6,391,509	8,432,423	11,109,415	12,077,508

In the months of September and December 2005, amounts shown as per Circular Letter 3147/04 of the Brazilian Central Bank.

Operating Overview

Bradesco Consórcios on December 9, 2002 started to sell consortium purchase plan quotas to its employees, and on January 21, 2003, started to sell to account holders and non-account holders, both for individuals and corporations.

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

Referring to the sale of plans offered, the Company relies on the 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 name are added advantages for expanding consortium purchase plan sales.

Segmentation

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

Representation

Market Share Real Estate
Consortium in percentage

Source: Central Bank of Brazil

Note: Embrakon and Itaú's market share was not published in December 2004.

Market Share Automobile Consortium - in percentage

Source: Central Bank of Brazil.

Note: Banco do Brasil's market share was not published in December 2004.

Bradesco has been playing an important role in the consortium purchase plan industry, enabling to the population 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 members is free to select a preferred automobile or real property when he/she wins the draw.

In 4Q05, 135 groups were inaugurated and 25.5 thousand consortium quotas were sold. On December 31, 2005, we recorded total accumulated sales exceeding 220.4 thousand consortium quotas, summing up sales exceeding R\$ 6.3 billion and recording 59.6 thousand draws, 41.2 thousand properties delivered and 1,150 active groups.

Active Quotes

Conquering Leadership

According to a strategy defined by the Organization, Bradesco Consórcios leads the automobile and real estate segments. These results brought important recognition, such as the Marketing Best and ADVB award.

In the real estate segment, Bradesco ended December 2005 with 76,520 active quotas, according to Central Bank data. In the Automobile segment, Bradesco ended with 131,861 active quotas, surpassing consortium management companies associated with car makers, such as: Volkswagen, Fiat and General Motors.

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

Total Quotas Sold

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

Source: Central Bank of Brazil

Note: Embracon and Itaú were not mentioned in the ranking of December 2004 of the ten largest consortiums management companies.

List of 10 largest auto segment consortium management companies

Source: Central Bank of Brazil

Note: Banco do Brasil was not mentioned in the December 2004 ranking of the ten largest consortium management companies.

Bradesco S.A. Corretora de Títulos e Valores Mobiliários

Balance Sheet

	R\$ thousand			
	2004		2005	
	September	December	September	December
Assets				
Current Assets	99,821	105,753	481,198	835,532
Funds Available	27	38	33	42
Interbank Investments	33,610	19,971	8,670	27,698
Securities	40,085	42,141	61,523	51,667
Other Loans	26,019	43,603	410,876	756,069
Other Amounts and Assets	80		96	56
Long-Term Assets	10,372	10,382	11,001	15,330
Other Loans	10,372	10,382	11,001	15,330
Permanent Assets	23,058	23,773	29,955	31,016
Investments	21,102	21,650	27,861	29,043
Property and Equipment	1,488	1,469	1,333	1,188
Deferred Assets	468	654	761	785
Total	133,251	139,908	522,154	881,878
Liabilities				
Current Liabilities	56,872	49,039	413,509	761,741
Other Liabilities	56,872	49,039	413,509	761,741
Long-Term Liabilities		29,875	31,685	35,736
Other liabilities		29,875	31,685	35,736
Stockholders' Equity	76,379	60,994	76,960	84,401
Total	133,251	139,908	522,154	881,878

Statement of Income

	R\$ thousand					
	2004			2005		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Income from Financial Intermediation	2,741	3,557	11,353	3,379	3,583	11,812
Financial Intermediation Expenses					(46)	(46)
Other Operating Income (Expenses)	1,209	2,620	10,104	3,596	5,086	16,010
Operating Income	3,950	6,177	21,457	6,975	8,623	27,776
Non-Operating Income			2		(83)	(90)
Income before Taxes and Contributions	3,950	6,177	21,459	6,975	8,540	27,686

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Taxes and Contributions on Income	(1,341)	(2,076)	(7,212)	(2,357)	(2,605)	(9,852)
Net Income	2,609	4,101	14,247	4,618	5,935	17,834

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Bradesco S.A. Corretora de Títulos e Valores Mobiliários

Bradesco Corretora ended the year in the 12th position of São Paulo Stock Exchange – BOVESPA ranking of top 90 participant brokers. 49,841 investors were served in such period, executing 539,552 stock call and put orders, summing up a volume corresponding to R\$18,056 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 2005, Bradesco Corretora traded 3,877 thousand contracts at the Brazilian Mercantile & Futures Exchange – BM&F, with a financial volume of R\$ 402,874 million, reaching the 20th position in the ranking of top 80 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 sponsored the clients' visit from various regions of the country to São Paulo, BM&F and Bradesco Corretora. It has also been received producers, teachers, opinion makers and dealers of goods physical market. It also takes part in the trading of future mini-contracts of Bovespa Index, U.S. dollar and *boi gordo* (live cattle) through the WebTrading system, with a view to offering an alternative to carry out derivative operations directly at the trading floor.

Electronic trading carried out via Internet in the year summed up 286,208 orders executed, with a volume of R\$1,832 million, accounting for 2.32% over total volume operated via Home Broker at BOVESPA, with Bradesco Corretora at the 8th position in the ranking. The customer base grew 36.69%, with the acceptance of 10,192 new registrations in 2005, period in which we received 56,648 e-mails against 47,059 of the previous year, representing a 20.38% increase.

In 2005, Bradesco Corretora, conquered the seal of protection and privacy of data, GoodPriv@cy in the product Home Broker – Management of Protection of Data Sent Via the Internet (Shopinvest), to enable the intermediation of stocks at the Stock Exchange.

Bradesco Corretora, with a financial volume of R\$ 1,359 million ended the year, maintaining its outstanding position in the market of Stock Public Offerings, Primary and Secondary Public Distributions, Special Operations, Stock Swap and Privatization Auctions.

Bradesco Corretora offers the investment analysis service, acting jointly with the Economics Department of Banco Bradesco S.A., providing reports on the performance of main markets, stock portfolio suggested and stock guide.

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 N^o 2,689, as of January 26, 2000.

As from July, Bradesco Corretora launched the *Tesouro Direto* (Direct Treasury) Program, which allows the individual client to invest in federal government bonds via the Internet; he/she just have to register himself/herself at Bradesco Corretora via the Website www.bradesco.com.br.

The net income recorded in the year amounted to R\$ 17,834 thousand.

The Stockholders' Equity, at the end of the year, amounted to R\$ 84,401 thousand and assets summed up R\$ 881,878 thousand.

Information - Trading on BM&F and BOVESPA

	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
BM&F						
Ranking	29 th	22 th	27 th	20 th	24 th	20 th
Contracts Traded (thousand)	640	819	2,856	1,144	940	3,877
Financial Volume (R\$ million)	69,983	89,706	315,775	111,997	94,228	402,874
Stock Exchange						
Ranking	10 th	9 th	9 th	12 th	12 th	12 th
Number of Investors	20,341	15,394	120,435	16,358	16,495	49,841
Number of Orders Executed	65,389	180,030	461,258	143,441	134,165	539,552
Volume Traded (R\$ million)	3,677	5,393	16,462	5,048	5,218	18,056
Home Broker						
Ranking	5 th	5 th	5 th	8 th	8 th	8 th
Registered Clients	25,340	27,781	27,781	35,021	37,973	37,973
Orders Executed	60,783	62,403	232,200	75,012	75,344	286,208
Volume Traded (R\$ million)	355	378	1,375	502	510	1,832

Bradesco Securities, Inc.

Balance Sheet

	R\$ thousand			
	2004		2005	
	September	December	September	December
Assets				
Current and Long-Term Assets	63,500	60,348	50,893	53,212
Funds Available	1,821	1,671	7,428	7,758
Interbank Investments	5,978	5,771		
Marketable Securities and Derivative Financial Instruments	55,682	52,890	43,418	45,412
Other Receivables and Other Assets	19	16	47	42
Permanent Assets	34	25	12	10
Total	63,534	60,373	50,905	53,222
Liabilities				
Current and Long-Term Liabilities	524	1,023	404	475
Other Liabilities	524	1,023	404	475
Stockholders' Equity	63,010	59,350	50,501	52,747

Total	63,534	60,373	50,905	53,222
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Statement of Income

	R\$ thousand					
	2004			2005		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Gross Income from Financial Intermediation	3,263	1,792	6,929	710	514	2,866
Other Operating Income (Expenses)	(683)	(819)	(5,813)	(529)	(917)	(2,454)
Operating Income	2,580	973	1,116	181	(403)	412
Net Income	2,580	973	1,116	181	(403)	412

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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 Certificates of Deposit, 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, and is designed to offer support for global economy investors who invest part of this flow in countries such as Brazil.

Banco Bradesco obtained the Financial Holding Company status (Board of Governors of the Federal Reserve System), on January 30, 2004, which will allow the expansion of Bradesco Securities activities.

This status, given based on a rigorous analysis of various aspects determined in US banking legislation, including Bradesco's high level of capitalization and the quality of its Management, 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 trading (underwriting, private placement and market-making);
- Acquisitions, mergers, portfolio management and financial services (merchant banking);
- Mutual funds portfolio management; and
- Sale of insurance.

Accordingly, Banco Bradesco has strengthened its role in the Investment Banking segment, increasing opportunities for exploiting 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) The Bradesco management (Board of Executive Officers and Board of Directors) comprises the Governing Board of the Fundação Bradesco, the Entity's Top Deliberative Body. Reference Date: December 31, 2005

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Main Subsidiaries and Affiliated Companies

(* Aquisición on 1.3.2006

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Administrative Body

Reference Date: 2.8.2006

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Risk Ratings Bank

Fitch Ratings											
International Scale						Domestic Scale		International Scale			
Individual	Support	Foreign Currency		Local Currency		Domestic		Foreign Currency Deposit		Foreign Currency Debt	
		Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
A	1	AAA	F1	AAA	F1	AAA(bra)	F1+(bra)	Aaa	P-1	Aaa	
A/B	2	AA+	F2	AA+	F2	AA+(bra)	F1 (bra)	Aa1	P-2	Aa1	
B	3	AA	F3	AA	F3	AA(bra)	F2 (bra)	Aa2	P-3	Aa2	
B/C	4	AA	B	AA	B	AA (bra)	F3 (bra)	Aa3	NP	Aa3	
C	5	A+	C	A+	C	A+ (bra)	B (bra)	A1		A1	
C/D		A	D	A	D	A (bra)	C (bra)	A2		A2	
D		A		A		A (bra)	D (bra)	A3		A3	
D/E		BBB+		BBB+		BBB+ (bra)		Baa1		Baa1	
E		BBB		BBB		BBB (bra)		Baa2		Baa2	
		BBB		BBB		BBB (bra)		Baa3		Baa3	
		BB+		BB+		BB+ (bra)		Ba1		Ba1	
		BB		BB		BB (bra)		Ba2		Ba2	
		BB		BB		BB (bra)		Ba3		Ba3	
		B+		B+		B+ (bra)		B1		B1	
		B		B		B (bra)		B2		B2	
		B		B		B (bra)		B3		B3	
		CCC		CCC		CCC (bra)		Caa1		Caa1	
		CC		CC		CC (bra)		Caa2		Caa2	
		C		C		C (bra)		Caa3		Caa3	
		DDD		DDD		DDD (bra)		Ca		Ca	
		DD		DD		DD (bra)		C		C	
		D		D		D (bra)					

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

(*) See recognition note at page 168.

Risk Ratings Insurance and Savings Bond Companies

Fitch Ratings		Insurance		Savings Bonds	
		Standard & Poor's		Standard & Poor's	
Domestic Scale	International Scale	Domestic Scale	International Scale	Domestic Scale	Domestic Scale
AAA (bra)	AAA	brAAA	AAA ^{SR}	brAAA	brAAA
AA+ (bra)	AA+	brAA+	AA+ ^{SR}	brAA+	brAA+
AA (bra)	AA	brAA	AA ^{SR}	brAA	brAA
AA (bra)	AA	brAA	AA ^{SR}	brAA	brAA
A+ (bra)	A+	brA+	A+ ^{SR}	brA+	brA+
A (bra)	A	brA	A^{SR}	brA	brA
A (bra)	A	brA	A ^{SR}	brA	brA
BBB+ (bra)	BBB+	brBBB+	BBB+ ^{SR}	brBBB+	brBBB+
BBB (bra)	BBB	brBBB	BBB ^{SR}	brBBB	brBBB
BBB (bra)	BBB	brBBB	BBB ^{SR}	brBBB	brBBB
BB+ (bra)	BB+	brBB+	BB+ ^{SR}	brBB+	brBB+
BB (bra)	BB	brBB	BB ^{SR}	brBB	brBB
BB (bra)	BB	brBB	BB ^{SR}	brBB	brBB
B+ (bra)	B+	brB+	B+ ^{SR}	brB+	brB+
B (bra)	B	brB	B ^{SR}	brB	brB
B (bra)	B	brB	B ^{SR}	brB	brB
CCC (bra)	CCC	brCCC	CCC ^{SR}	brCCC	brCCC
CC (bra)	CC	brCC	CC ^{SR}	brCC	brCC
C (bra)	C	brC	C ^{SR}	brC	brC
	DDD	brD	D ^{SR}	brD	brD
	DD				
	D				

Major Rankings

Source	Criterion	Position	Reference Date
Forbes the World's Leading Companies	Research	Banks/Forbes 2000*	1 st (Brazil) March 2005
Forbes the World's Leading Companies	Research	Banks/Forbes 2000*	38 th (Worldwide) March 2005
Forbes the World's Leading Companies	Research	Overall/Forbes 2000*	2 nd (Brazil) March 2005
Forbes the World's Leading Companies	Research	Overall/Forbes 2000*	208 th (Worldwide) March 2005

(*) 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.

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Market Segmentation

Bradesco operates on a segmented service basis, i.e., seeks to match its different products and services to the different profiles and size of its target public. In line with a world market trend, Bradesco's structure allows to grouping together customers with similar profiles, facilitating superior quality customer service, extending business opportunities with a greater focus on relationship actions.

Bradesco Corporate Banking

Mission and Values

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

The area's principal values and which permeate its day-to-day activities comprise the following:

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

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 product standpoint, under a centralized relations management, offering as well as traditional products, structured, Tailor-made and Capital Market solutions, through specific Managers who have a clear vision of risk, market, industries and relationship.

Among the various significant achievements obtained, we point out the ISO 9001:2000 quality certification received by all areas of the Corporate Banking structure, including its Corporate Banking exclusive customer service platforms, as well as the important partnerships entered into with major international banks: UFJ Japan, BBVA Spain and BES Portugal.

Brazilian Desk

Bradesco was the first Brazilian Bank to carry out an operating agreement with a Japanese bank allowing the inclusion of approximately 300 thousand Brazilians living and working in Japan.

This partnership between the different professionals from the two Banks, which was carried out through out the last two years ago, offers checking accounts, products and services destined to meet the needs of this community.

Customers have access to an exclusive UFJ-Bradesco Branch 7-days-a-week with bilingual (Japanese and Portuguese) employees who answer via Automated Consulting and Contract Machines - ACMs, which are fully integrated with the UFJ Branch Network, for local bank services and remittances to Brazil.

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These facilities will also be available, via 6,000 ATMs with screens in Portuguese, offering ease and convenience to customers.

Such operational agreement sets forth a strategic alliance between Bradesco and the UFJ Bank, which after its merge with Banco Tokyo Mitsubishi as from January 1, 2006, it will become the world's largest bank: Bank of Tokyo Mitsubishi-UFJ (MUFG).

BES

The partnership with Banco Espírito Santo (BES) to provide for funds remittance services from Portugal to Brazil directly benefits more than 100 thousand Brazilians living and working in that Country.

Besides processing the remittance service, the agreement also provides for the opening of checking accounts of Brazilians, allowing their banking inclusion. The opening of checking accounts will give access to various financial products, such as debit card, savings accounts and life insurance.

The funds remittance from Brazilians working in Portugal represents nearly 300 million Euros per year. Brazilians using the remittance service offered by the partnership Bradesco/BES will have competitive cost and more processing alternatives, such as the Internet and 10 thousand ATMs, besides the telephone and the Internet Banking. Inflow of funds will occur and these will be distributed to the beneficiaries in Brazil by Bradesco.

Another example of a solution with significant added value for the Institution are the partnerships entered into with major retail networks for consumer sales financing, made feasible as a result of the relationship, familiarity with this industry's production chain and the synergy which exists among the Bank's various segments.

Total resources comprising assets (credit, bonds and guarantees) and liabilities (deposits and funds/ portfolios) amount to R\$ 66.4 billion.

Target Market

The 1,248 Economic Groups comprising Bradesco Corporate's target market, which is mostly comprised of large corporations which record sales results in excess of R\$ 180 million per annum, 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.

Specialized Structures

In addition to the teams specialized in the different economic sectors, this service also maintains structures entirely dedicated to the management of specific clients:

Euro Desk this structure is focused on the management of customers of Spanish origin and the development of financial solutions for Bradesco Corporate companies, prospecting business synergies in Europe and Latin America.

Asian Desk this desk serves Asian descendent clients, by developing financial solutions as an economic financial advisor in businesses with Japan and the entire Asia.

Bradesco Empresas (Middle Market)

Bradesco's Middle Market segment (Bradesco Empresas) was implemented with a view to offering services to companies with annual sales results from R\$ 15 million to R\$ 180 million, through 66 exclusive Branches in the main Brazilian capitals.

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

The 66 Branches are distributed throughout Brazil as follows: Southeast (41), South (16), Mid-West (4), Northeast (3) and North (2).

Bradesco Empresas is formed by a team of 368 Relationship Managers, who are included in the ANBID Certification Program, serving on average 30 economic groups per Manager, on a tailor-made concept, encompassing 20,372 companies from all sectors of the economy.

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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, the most appropriate financial solution is sought, considering each client's profile, under the Tailor-Made concept, providing advisory services for asset allocation and fiscal, tax and successor advisory services. 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 and, recently, Fortaleza and Uberlândia. Bradesco Private Banking is also certified by ISO 9001:2000 with scope on the Relationship Management of High Net Wealth Individuals, as well as with the certification GoodPriv@cy (Data Protection 2002 Edition) granted by IQNet (The International Certification Network), in the Management of Privacy of Data Used in the Relationship with High Net Wealth Clients.

Bradesco Prime

Bradesco Prime's target public comprises individual customers with monthly income of more than R\$ 4 thousand, or with investments in excess of R\$ 50 thousand. This high-income segment is aligned to Bradesco's commitment in offering a BancoCompleto (all-inclusive bank) to all its clients.

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

Attesting its commitment to the quality, Bradesco Prime Department was granted the NBR ISO 9001:2000 certification by Fundação Carlos Alberto Vanzolini, under the scope Bradesco Prime Segment Management, enhancing even more Bradesco's commitment to continuously improve processes and in pursuit of clients' satisfaction.

Bradesco Prime's customers are provided with:

- VIP facilities specifically designed to provide comfort and privacy;

- Customized service by the Relationship Managers who, due to of their small client portfolios, are able to dedicate special attention to each client;

- Differentiated products and services, amongst them, the Bradesco Prime Checking Account, a loyalty program which is designed to add value and provide incentives to the client's relationship with Bradesco through the offer of increasing benefits, the chat on-line, real time financial consultant, besides investments funds exclusively created for Bradesco Prime clients.

Bradesco Prime clients have access to a Network comprising 195 exclusive Branches throughout Brazil. In addition, clients use unique Internet Banking and Call Center facilities, in addition to the extensive Bradesco Customer Service Network, which includes its nationwide Branches and ATM equipment.

Some Prime branches also offer differentiated services, such as:

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Prime Digital Branch: focused on customer service via call center at extended business hours (from 8:00 am to 10:00 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.

The Relationship Managers are continually enhancing their professional qualifications to meet the financial needs of their clients. Moreover, all Bradesco Prime s Managers are included in the ANBID Certification Program.

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Bradesco Retail

Bradesco maintains its Retail specialty, serving with high quality service all segments of the Brazilian population regardless of income level. The Bank has 16 million individuals and corporate customers account holders, who carry out millions of transactions daily at our Branches, Service Branches, Banco Postal (Post-Office Branches) and Bradesco Expresso, comprising Brazil's largest Customer Service Network, besides thousands of teller machines, providing easy 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 and Internet Banking, which are already used for a significant portion of daily transactions.

Micro, small and medium-sized companies (SME), as well as individuals, are given special attention through oriented management.

The Retail segment has been focusing on 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.

The main focus of this segment is directed towards meeting the diverse customer demands, which include the offer of microcredit, onlending, foreign exchange and a complete range of financing products for individuals, which allied with the Bradesco Brand Name and nationwide Branch Network comprise an important source for increasing Bradesco's results.

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

Bradesco Retail also makes available a Digital Branch, operating in a virtual environment and offering courier service. The 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

Banco Postal is a brand through which the Brazilian Post Office Company ECT renders services as Correspondent Bank of Bradesco. Banco Postal is present in more than 4,700 cities of Brazil, and aims at serving the low income population, deprived of banking services, especially in 1,700 cities where there are no other financial institution.

Thanks to Banco Postal, millions of Brazilians, who before were excluded from the banking system, now have the possibility of opening a bank account and obtain loan with a regulated institution. In addition, Banco Postal enables a greater economic development of the cities, fomenting new entrepreneurs, hence, improving peoples' lives. It also enables the replacement of physical money with debit and credit cards, reducing risks and easing funds management.

Banco Postal, besides offering payment of accounts and bank slips, it provides a series of products and services to its clients and the entire community:

- Acceptance and sending of proposals to open accounts;

- Acceptance and sending of loan proposals and credit card;
- Withdrawals for check account, savings and INSS;
- Deposits;
- Consultations of balances and bank statements;
- Payment of taxes; and
- Car licensing in various States.

The figures reached by Banco Postal in 2005 once more evidence the success of the partnership between Bradesco and the Brazilian Postal Office Company. 4.5 million accounts were opened at the 5,461 Branches inaugurated. Also in 2005, the Banco Postal Credit Card started to be sold and the car licensing service was implemented in the states of Bahia, Maranhão and Rio Grande do Sul.

Number of Branches Inaugurated (accumulated)

Number of Accounts Opened (accumulated) in thousands

Number of Transactions Made at Banco Postal in thousands

Bradesco Expresso

2005 was a year also marked by a higher participation of Bradesco in correspondent bank segment, by expanding the Bradesco Expresso Network, in 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 inclusion of millions of Brazilians in the banking system, which would not be possible by means of traditional banking branches, in view of high installation and operational costs. Concerning shopkeepers, Bradesco Expresso foments a higher flow of clients and encourages them to visit the establishment many times, opening possibilities for loyalty and sales increase.

Number of Transactions made at Bradesco Expresso in thousands

Customer Service Network

	2004			2005			2005		
	December			September			December		
	Branches	PABs	PAEs	Branches	PABs	PAEs	Branches	PABs	PAEs
Consolidated	3,004	851	1,450	2,916	937	1,453	2,921	1,001	1,450
Bradesco	3,003	851	1,450	2,915	937	1,453	2,920	1,001	1,450
Banco Finasa	1			1			1		
Banco Postal	5,383			5,439			5,461		
Branches Abroad	6			3			3		
Subsidiaries Abroad	6			5			5		
ATMs	21,822			22,658			23,036		
ATMs Network Assisted Terminals - Banco24Horas (24-hour bank)								2,559	
ATM Network Outplaced Terminals	1,945			2,164			2,235		

ATM Equipment			
Banco 24Horas			2,748

Finasa Promotora			
de Vendas	121	224	239

PAB (Corporate Site Branch) and PAE (Electronic Banking Branch).

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Customer Service Network Branches

Client/Branch Ratio thousand

Bradesco and Market Share

Region/State	December 2004			December 2005		
	Bradesco	Total banks in market (1)	Market share (%)	Bradesco	Total banks in market (1)	Market share (%)
Northern						
Acre	5	31	16.1	5	35	14.3
Amazonas	59	132	44.7	59	137	43.1
Amapá	4	23	17.4	4	24	16.7
Pará	50	272	18.4	49	282	17.4
Rondônia	18	88	20.5	18	89	20.2
Roraima	2	17	11.8	2	18	11.1
Tocantins	13	81	16.0	13	84	15.5
Total	151	644	23.4	150	669	22.4
Northeast						
Alagoas	12	123	9.8	11	120	9.2
Bahia	230	746	30.8	208	717	29.0
Ceará	29	359	8.1	29	363	8.0
Maranhão	67	225	29.8	67	222	30.2
Paraíba	17	170	10.0	17	157	10.8
Pernambuco	65	472	13.8	63	453	13.9
Piauí	10	113	8.8	8	112	7.1
Rio Grande do Norte	14	133	10.5	14	144	9.7
Sergipe	13	155	8.4	12	158	7.6
Total	457	2,496	18.3	429	2,446	17.5
Mid-West						
Distrito Federal	33	304	10.9	30	312	9.6
Goiás	107	543	19.7	106	555	19.1
Mato Grosso	62	233	26.6	62	241	25.7
Mato Grosso do Sul	56	223	25.1	56	225	24.9
Total	258	1,303	19.8	254	1,333	19.1
Southeast						
Espírito Santo	40	319	12.5	40	343	11.7
Minas Gerais	285	1,834	15.5	275	1,815	15.2
Rio de Janeiro	268 ⁽²⁾	1,627	16.5	255 ⁽²⁾	1,683	15.2
São Paulo	1,100	5,549	19.8	1,078	5,801	18.6
Total	1,693	9,329	18.1	1,648	9,642	17.1
South						

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Paraná	176	1,252	14.1	172	1,276	13.5
Rio Grande do Sul	161	1,408	11.4	158	1,448	10.9
Santa Catarina	108	828	13.0	110	845	13.0
Total	445	3,488	12.8	440	3,569	12.3
Overall Total	3,004	17,260	17.4	2,921	17,659	16.5

(1) Source: UNICAD Information on Entities of Interest to the Brazilian Central Bank.

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

Customer Service Network (Branches) Market Share

Bradesco Day and Night Customer Service Channels

In addition to the Branch Network, 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.

Bradesco Day and Night ATM Network

This ATM network is distributed in strategic points throughout Brazil, with 23,036 machines as of 12.31.2005.

As from December 2005, Bradesco's clients have access to the Banco24Horas (24-hour Bank) network for withdrawal, composed of 2,748 machines as of 12.31.2005, for balance and bank statement transactions.

Distribution of Own ATM Network Productivity in 2005

ATM Network Number of Transactions thousands

ATM Network Financial Volume Evolution R\$ million

ATM Network Highlights millions

Items	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Cash Withdrawal Transactions	107.8	117.5	429.8	111.8	118.1	446.6
Deposit Transactions	50.2	51.7	198.5	49.1	49.5	194.3

Items	2004		2005	
	September	December	September	December
Banking Service Outlets (nationwide network)	6,858	7,020	7,271	7,399
Outplaced Terminals (excluding branches, PABs and PAEs)	1,866	1,945	2,164	2,235
Banking Service Outlets Banco24Horas (nationwide network)				2,559

2005 Highlights

The new brand Bradesco Dia&Noite is created, aiming at clearly and efficiently communicating the ATM channel and enhance the perception of services offered;

1,753.6 million transactions carried out, a 6.0% increase compared to the same period of 2004;

Traded financial volume amounted to R\$ 225.9 billion, up 7.6% compared to same period last year;

Improved security with a new form of presenting Access Letters, which now are shown in a three-letter combination for transactions in Bradesco and Banco24Horas (24-hour Bank) network ATMs;

We reached the record of 23,036 machines, a 5.6% growth when compared to 12.31.2004;

Implantation of 19 ATMs for visual disabled clients;

Installation of 2,423 machines and replacement of 1,663 machines having outdated models and/or with technical problems; and

525,266 transactions were made at Banco24Horas network by Bradesco's clients.

Bradesco Day and Night Fone Fácil (Easy Phone Service)

Nationwide 24-hour call-center access, 7 days a week, with Electronic Voice-Response (EVR) technology and personalized calls.

Personalized calls are routed via Bradesco's Data and Voice Network to call centers sites. Main services are: Bank, Credit Cards, Consortium Purchase Plan, Private Pension Plans, Financing and Finasa Personal Loan, and Collection.

Fone Fácil Number of Calls million

Fone Fácil Number of Transactions thousands

Fone Fácil Financial Volume Evolution R\$ million

2005 Highlights

Bradesco obtained the GoodPriv@cy certification, attesting that Fone Fácil and Fax Fácil operate a management system to protect data, meeting statutory requirements for data protection and privacy and continuously improving clients' data protection and privacy processes;

In 4Q05, Bradesco received 71.4 million calls, a 12.4% growth in the total volume of calls when compared to the same period of 2004; and

Implementation of Número Único project, by offering an access number nationwide: 4002-0022.

Bradesco Day and Night Internet

Bradesco Day and Night Internet Banking Bradesco Day and Night manages a Portal, which contains links to 40 related websites, 27 of which are institutional, and 13 are transactional. Since it was first launched, Bradesco Internet Banking has been focusing on providing the largest number of online services as possible to its clients.

Bradesco Internet Banking currently offers to its clients 612 different services, of which 351 for individuals and 261 for corporate clients, which can be accessed around-the-clock, seven days a week from anywhere.

Bradesco Day and Night Internet

Internet Banking thousands of registered users

Internet Banking Number of Transactions in thousands (*)

(*) Number of transactions made via Internet Banking, ShopInvest, Cards, ShopCredit, Net Empresa and Net Empresa WebTA (Web File Transmission).

Internet Banking Financial Volume R\$ million (*)

(*) Financial Volume transacted through the Internet Banking, ShopInvest, Cards, ShopCredit, Net Empresa and Net Empresa WebTA (File Web Transmission).

Services	Transactions in 2005
Bradesco Internet Banking (www.bradesco.com.br)	6.9 million registered users on 12.31.2005. 302.1 million transactions carried out.
ShopInvest Bradesco (www.shopinvest.com.br)	1,085 thousand registered users on 12.31.2005. 1,198 million transactions carried out.
ShopCredit (www.shopcredit.com.br)	16.0 million transactions/operations carried out.
Bradesco Net Empresa (www.bradesco.com.br)	361,569 registered companies on 12.31.2005. 31.3 million transactions/operations carried out.
Bradesco Cards (www.bradescocartoes.com.br)	28.6 million transactions carried out.
Net Empresa WebTA (Web File Transmission)	213.3 million transactions/operations carried out.

2005 Highlights

Bradesco obtained the GoodPriv@cy certification, attesting that Bradesco Internet Banking operates a management system to protect data, meeting statutory requirements for data protection and privacy and continuously improving clients' data protection and privacy processes;

Implementation of Chave de Segurança Bradesco Eletrônica (Token) project (Bradesco Security Key) Electronic and Card (TanCode);

New Websites version: Bradesco Prime, Bradesco Internet Banking, Bradesco Universitários, Bradesco Net Express, Bradesco Private, Bradesco Corporate and Bradesco Empresas;

New Institutional Websites version: ShopInvest and ShopCredit;

New Transactional Websites version: Bradesco Net Empresa and WebTA;

On-line service at Cidadetran Website;

Stock public offerings via the Internet;

Implementation of investment consulting agenda services; and

New Corporate Governance version at Investor Relations Website.

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, characterizing Bradesco as one of the world's most contemporary companies and creating added value for its clients and users at home and abroad.

Investments

	R\$ million				
	Years				
	2001	2002	2003	2004	2005
Infrastructure	509	613	469	230	245
IT/Telecommunications	743	947	1,225	1,302	1,215
Total	1,252	1,560	1,694	1,532	1,460

Risk Management and Compliance**Credit Risks, Operational Risks, Market Risks, Internal Controls and Compliance**

Activity and Structure

The risk management activity plays a significant role, not only as a result of a growing complexity of services and products offered by the Organization, but also in view of the globalization of its activities. Therefore, Bradesco has improved its risk management-related activities, in pursuit of the best internationally used practices, however duly adjusted to Brazil's reality.

Bradesco deems the risk management a generating factor of competitive advantage employed by the Organization with a view to adding value to Bradesco brand, to the extent this enables support to the business areas in the planning of their activities, optimizing the utilization of own funds and of third parties, in benefit of stockholders and the Company. In this regard, Bradesco foments the technical improvement of its team on a permanent basis and particularly, the professionalization of those connected with the risk management and control.

The organizational structure of the Risk Management and Compliance Department – DGRC, reflects the Organization's commitment to the issue. DGRC has the independency necessary and the integration of three risks into a single area brings great advantages to risk management, meeting the concepts enacted by Basel II and the best Corporate Governance practices.

Organizational Structure of the Risk Management and Compliance Department:

The structure of the Risk Management and Compliance Department also aims at ensuring the necessary focus to such activities and generate a solid added value. Robust investments are made, especially in the qualification of employees, to enhance the quality of risk management of the Conglomerate, not restricted to the banking activities, but on the contrary, extended with the same relevance to the other activities of the Conglomerate.

Additionally, the Risk Management and Compliance Department coordinates all the actions necessary to comply with the regulations issued by the Brazilian Central Bank, as regards the New Capital Accord (Basel II) and also the provisions of Section 404 of the Sarbanes-Oxley Act.

Risk Management Process

Bradesco adopts a comprehensive and integrated approach for managing all risks inherent to its activities, based on the support from its Internal Controls and Compliance structure. This integrated view allows the improvement of its risk management models, filling possible gaps, which could jeopardize the correct identification and assessment of risks.

Credit Risk Management

Credit Risk is the possibility of a counterparty of a loan or financial operation might neither intend nor suffer any change in its ability to comply with its contractual liabilities, thus may generate any loss for the Organization.

As part of its Credit Risk Management improvement process, Bradesco is working uninterruptedly to improve the procedures for gathering and controlling portfolio information, developing and improving loss estimation models to examine and prepare the rating inventories used in the follow-up of credit analysis, granting and settlement processes, monitoring credit concentration and identifying new components offering credit risks and preparing risk mitigation strategies.

Efforts, which are focused on the utilization of advanced models, used to assess the risks and improve processes, have demanded exhaustive works by all the areas comprising the loan chain, and on the other hand, have reflected on the quality and performance of the portfolio seen over the past quarters, both in terms of results and solidity to various past and future scenarios.

We also point out the following actions and events:

The Executive Committee of Credit Risk Management monthly holds a meeting, enabling to follow-up and the participation of the Top Management in the major facts and decisions referring to credit risk;

incentives to improve risk rating models of clients within particular characteristics in the business segments Bradesco operates;

participation in the evaluation of credit risks upon review of formalization of products;

implementation of expected and unexpected losses calculation system, besides the allocation of corresponding capital;

a periodical review of projects related to the compliance with best 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;

backtesting of the models used for measuring loan portfolio's risks;

optimization of the manageable information systems in order to meet the current approach of department and customers' segmentation, emphasizing decision-making process and loan portfolio's management;

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; and

continuous review and restructuring of the internal processes, including roles and responsibilities, qualification, organizational structures review and IT demands.

Operational Risk Management

Under the corporate scope, Bradesco Organization defines operational risk as a manifestation of events resulting in the business interruption, systems failure, errors, omissions, frauds, or events in various activities, with impacts over clients and the Institution.

The operational risk management is based on the preparation and implementation of methodologies, using a standardization specific system of collection format and treatment of operating loss historical data and is aligned to best practices in the market in operational risk management. We point out that we are under the conditions to meeting the guidelines enacted by the New Capital Basel Accord and to the schedule set forth by the Central Bank of Brazil, by means of Notice #12,746, issued in December 2004.

Since 2002, we have been annually conducting a theoretical calculation of operational risk capital allocation, using the Basic Indicator Approach (BIA), Standardized Approach (STA) and the Alternative Standardized Approach (ASA), as defined by Basel II. Through such studies, we verified a lower utilization of capital with the Alternative Approach (ASA), when compared to the others.

In 2005, Bradesco concluded an exhaustive process of reviewing the corporate accounts plan, which included the review of the Organization's products and services. As a result of such work, Bradesco opened specific accounting items, it improved the records and the analysis of events related to operational risk, by also resulting in the improvement of internal processes, associating them to the lines of business enacted by Basel II, which on their turn, are aligned to the concepts used in the credit risk management. Such work carried out in 2005 at affiliated companies, Branches and subsidiaries Abroad, should be extended to the Insurance Group in 2006.

In addition, in 2005, we directed our efforts to identify operational losses occurred with loan instruments, by observing the concepts enacted by Basel II, and obtained solid results in the Retail line of business, specifically Finasa

and Credit Cards.

The Organization participated in the 5º Estudo de Impacto Quantitativo (Quantitative Impact Study 5 - QIS 5) prepared by the Central Bank of Brazil and BIS (Bank for International Settlement), and based on the average of the three-year period (2004, 2003 and 2002), in which a lower allocation of capital by the Alternative Approach (ASA) was again verified, according to the table as follows:

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Participation among Approaches in the Calculation of Operational Risk Capital Allocation

Approach	Central Bank*	BIS*
Basic Indicator (BIA)	100.00%	100.00%
Standardized (STA)	95.57%	93.63%
Alternative Standardized (ASA)	49.62%	43.08%

* The differences refer to the adoption of distinct criteria determined by the Central Bank of Brazil and by Basel Committee (Basel II)
(Base: December 2004)

The Bradesco Organization's goal is to obtain qualification for the Advanced Measurement Approach (AMA). The data to prepare the calculations required are obtained by means of book accounts opened for registration of Operational Risk loss events. This structure enables a better understanding of the events, as well as a detailed evaluation of their occurrences by means of inferences about the operational data base.

When determining the regulatory capital for Operational Risk, by the Advanced Methodology, we measure the expected losses (EL), not only in compliance with Basel II rules, but also for the establishment of operational losses provisions necessary with statistical assistance.

Those losses not classified as expected (EL), i.e., the unexpected losses (UL) are calculated by using the LDA (Loss Distribution Approach) methodology, which comprises the estimate of distribution of severity (loss amount), frequency (number of losses events) and the calculation of VaR (Value at Risk), which represents a maximum loss with 99.9% of chance of occurring. Therefore, we consider as unexpected loss (UL), the difference obtained between the expected loss and the VaR measure, which will reflect on future capital allocations.

In addition, a new systemic business platform is under validation process, which will integrate into a single data base, the Operational Risk and Internal Controls information (quantitative and qualitative portion of the risk), and will comprise the requirements set forth by the U.S. Sarbanes-Oxley Act.

Market Risk Management

Market risk is related to the possibility of the loss of income from fluctuating rates caused by mismatched maturities, currencies and indices of the Institution's asset and liability portfolios. This risk has been accompanied by growing strictness by the market, with significant technical evolvement over the past years, with a view to avoiding, or at least, minimizing, eventual losses to institutions, due to higher complexity in operations carried out domestically and internationally.

At Bradesco, 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 Organization adopts a conservative policy regarding market risk exposure; VaR (Value at Risk) limits are defined by Senior Management, and compliance therewith is daily monitored by an independent area to the portfolio management. The methodology used to determine VaR has a reliability level of 97.5%. The volatilities and correlations used by the models are calculated on a statistical basis and used in processes based on future prospects in accordance with economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques.

As from March 2005, VaR started to include positions abroad (previously followed-up on an independent basis), thus, consolidating the market risk. In the chart below, we show Global VaR positions (Treasury, position in Brazil and abroad, and Trade Portfolio). In order to allow comparisons, the calculation for December 2004 was retroactive.

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R\$ thousand

Risk Factors	2004		2005		
	December	March	June	September	December
Pre-fixed	11,697	8,806	18,621	7,172	13,589
IGP-M / IPCA	4,086	3,420	4,432	4,917	24,018
TR	4,168	5,226	3,297	12,481	10,961
Exchange Coupon	17,947	33,051	11,673	44,659	28,767
Foreign Currency	195	9,699	3,100	7,133	10,129
Variable Income	339	839	773	183	149
Brady Bonds / Treasury (USA)	21,983	57,844	30,361	26,456	36,695
Other	699	810	436	775	5,267
Correlated Effect	(20,367)	(41,466)	(24,862)	(39,901)	(59,897)
VaR	40,747	78,229	47,831	63,875	69,678
Average VaR in the Quarter		70,082	58,896	63,357	69,371
Minimum VaR in the Quarter		59,765	36,923	43,873	58,796
Maximum VaR in the Quarter		78,229	78,036	80,911	82,457

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.

Besides the follow-up and control via VaR, a Gap Analysis is made daily, which measures the effect on domestic interest rate curve portfolio and exchange coupon curve (differential of interest paid above the exchange variation), as well as possible impacts on stress scenarios positions are periodically assessed.

Complementing the market risk monitoring, control and management structure and in accordance with Central Bank regulations, a daily verification is made of the values at risk for the pre-fixed and foreign exchange positions of the Organization's entire portfolio and of remaining capital requirements.

Management of Internal Controls and Compliance

The Organization is continually developing policies, systems and internal controls to mitigate possible potential losses generated by its exposure to risk, destined to optimize processes and procedures, among which we point out the following:

Internal Control System based on 25 Basel Internal Control Principles and in the methodology of Committee of Sponsoring Organizations – COSO, in the businesses areas, referring to control environment components, risk assessment, control activities, information, communication and monitoring and Control Objectives for Information and related Technology – COBIT, for the information technology areas. This system reinforces the ongoing improvement in the identification process and assessment of controls used in risks mitigation, also in compliance with the Sarbanes-Oxley Act, Section 404.

Risk Management and Compliance

- Measures preventing and combating Money Laundering observe the best market practices and are based on the policy *Conheça seu Cliente* (Know your Client). 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 Management, Stockholders, Clients and Employees and avoid the use of Organization in transactions or situations, which may be directly or indirectly related to crimes preceding money laundering, characterized in the Law 9,613/98.
- Information Security Management, consolidated in the Security Policy, is designed to protect client and corporate information. Bradesco Organization has a formal structure, with specific objectives and responsibilities, for defining, maintaining and improving information security in the corporate environment, which is based on the Corporate Information Security Policy and Standards approved by the Executive Information Security Committee. The following policies are adopted in relation to client information:
 - Information is collected ethically and legally and under the clients' awareness, for specific purposes and are duly informed;
 - The information received by Bradesco are treated and stored safely and fully, with cryptography methods or digital certification, where applicable;
 - The information will only be accessed by persons legally authorized and qualified personnel;
 - The information may be available to companies contracted for services rendering, however it is required that such organizations comply with our guidelines for security and privacy of data;
 - Clients' information only will be provided to third parties, by means of previous authorization of the client or to comply with a legal or regulatory requirement;
 - The information for the purposes of evaluation of credit, checking and risk management, may only be exchanged with respectable reference sources and clearing services;
 - The information and data included in our records, as well as other requests to ensure legal or contractual rights will only be provided to those interested, by means of formal request, observing the prevailing legal requirements.

Liquidity Risk Management

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.

At Bradesco, liquidity risk management involves a series of controls, mainly with respect to the establishment of technical limits, with constant assessment of the positions assumed and the financial instruments used.

Capital Risk Management

The Organization's capital is managed to optimize the risk to return ratio, in such a way to minimize losses through the implementation of well-defined business strategies and maximizing efficiency in the combination of factors which impact on the Capital Adequacy Ratio (Basel).

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Capital Adequacy Ratio (Basel) December 2005 R\$ million

Calculation

Calculation Basis	Consolidated financial ⁽¹⁾	Total consolidated ⁽²⁾
Stockholders' Equity	19,409,274	19,409,274
Minority Interest/Other	5,568	57,033
Decrease in Tax Credits BACEN Resolution 3,059	(99,436)	(99,436)
Reference Stockholders Equity Level I	19,315,406	19,366,871
Reference Stockholders Equity Level II (Subordinated Debt)	6,289,833	6,290,860
Total Reference Stockholders Equity (Level I + Level II)	25,605,239	25,657,731
Risk-Weighted Assets	148,391,646	168,476,982
Capital Adequacy Ratio (%)		
Tier I	13.02	11.50
Tier II	4.24	3.73
 Ratio Variation %		
 Ratio in December 2004	 18.75	 16.08
Movement in Stockholders Equity:		
Net Income for the Year	4.96	4.24
Interest on Own Capital/Dividends	(1.69)	(1.44)
Mark-to-Market Adjustment Marketable Securities and Derivatives	0.04	0.04
Capital Increase by Subscription, Merger of Stocks and Goodwill	0.66	0.56
Subordinated Debt	0.57	0.48
Other	(0.26)	(0.23)
Variation in Weighted Assets:		
Marketable Securities	0.36	(0.52)
Loan Operations	(3.00)	(2.07)
Tax Credit	0.37	0.31
Risk (Swap, Market, Interest Rate and Foreign Exchange)	(2.24)	(1.72)
Memorandum Accounts	(0.24)	(0.18)
Other Assets	(1.02)	(0.32)
 Ratio in December 2005	 17.26	 15.23

(1) Financial companies only.

(2) Financial and non-financial companies only.

Loan Policy

The Organization's Loan Policy complies with resolutions of the Board of Executive Officers and Brazilian Central Bank, besides guiding their actions by goals of security, quality, liquidity and diversification in the assets utilization.

In a continuous search to offer agile and profitable business, we apply appropriate methodology directed to each Bradesco's business segment, as well as guiding the establishment of operating limits and the granting of loan operations.

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

The Loan Committee located at the Bradesco's Headquarters aim joint decision-making processes within its skills referring to consultations about limits or operations proposed by the Branches (Prime, Private, Varejo (Retail), Corporate and Corporate and Exchange Departments, including External Branches), 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.

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 differentiated 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.

Concerning the internal policy, the risk ratings of Bradesco's clients are given on a corporate basis and periodically followed-up, with a view to preserving the quality of loan portfolio, according to the following levels:

Classification Corporate

Rating	Bradesco	% Provision	Concept
AA	Excellent	0.0	Premium clients, with size, tradition and market leadership, with excellent reputation and economic and financial position.
A	Very good	0.5	Clients with size, sound economic and financial position, operating in markets with good prospects and/or potential for expansion.
B	Good	1.0	Clients which, regardless of size, have a good economic and financial position.
C	Acceptable	3.0	Clients with a satisfactory economic and financial position but with performance sensitive to economic scenario variations.
D	Fair	10.0	Clients with economic and financial position in decline or unsatisfactory accounting information, under risk management.
E	Deficient	30.0	Loan operations with any expectation of not being paid or in default, classified under the possibility of loss.
F	Bad	50.0	
G	Critical	70.0	
H	Uncollectible	100.0	

In the case of individuals, the risk ratings mentioned above are mainly defined based on their registered reference variables which include: income, equity, restrictions and indebtedness, besides standard and past relationship with Bradesco.

Cards

	Million					
	2004			2005		
	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Number of Cards	45.2	46.4	46.4	50.9	47.6	47.6
Credit	7.2	7.6	7.6	9.2	10.2	10.2
Debit	38.0	38.8	38.8	41.7	37.4	37.4
Average Amount Billed R\$	5,194.5	6,186.8	20,909.9	6,519.6	7,847.7	26,272.1
Credit	2,879.4	3,146.8	11,476.9	3,566.5	4,100.2	14,023.4
Debit	2,315.1	3,040.0	9,433.0	2,953.1	3,747.5	12,248.7
Number of Transactions	102.1	119.1	407.6	123.9	141.9	495.0
Credit	46.8	51.4	185.4	55.8	62.4	220.5
Debit	55.3	67.7	222.2	68.1	79.5	274.5

Credit Cards

In 2005, Bradesco increased 34.2% its credit card base, including private label cards and the number of transactions climbed 18.9% in 2005.

Sales for 2005 reached the amount of R\$ 14,023.4 million, a growth of 22.2% as compared to the same period in 2004, with a market share of 12.6% of cards under the Visa and MasterCard flags.

Bradesco developed and launched various products in this segment during 2005, pointing out Cred Mais, directed to employees whose employers maintain their payroll with Bradesco, with more attractive fees for revolving credit; GiftCard, a pre-loaded card given as a gift to individuals; SMS Serviço de Mensagem Bradesco (Bradesco Messaging Service) which allows the bearer to receive a message on their cell phone at the same time the credit card transaction is made; the Cartão de Crédito Nacional MT Fomento Card, addressed to actual civil servants, retirees, pensioners and commissioned individuals by the state government of Mato Grosso, with lower costs to the card bearer; and the CPB Cartão Passagem Bradesco, a product destined to legal entities for the management and control of air tickets expenses.

Bradesco definitely entered into the private label cards market in 2005, when Bradesco entered into partnerships with the supermarket chain, Comper, issuing more than 200 thousand cards; with Grupo Leader Magazine, a retail chain with performance focused on the Rio de Janeiro and Espírito Santo's market, to administer more than 2.6 million private label cards through a finance company with stock control divided by 50% for each party; and with Lojas Esplanada (Deib Otoch Group), one of the largest retail chains from the Northeast region of Brazil, partnership which is expected to manage 2.3 million cards.

Bradesco and Casas Bahia launched a Credit Card with the Casas Bahia brand and the Visa flag. The commercialization occurs through Casas Bahia stores chain and sales started in the third edition of the Superloja (Superstore) organized at Anhembi, in the city of São Paulo, between November 20 and December 30, 2005. The Card offers conditions to pay in up to 24 months for items bought at Casas Bahia and it will be also accepted in all establishments affiliated to Visa System.

Cards Base million

Credit Cards Sales R\$ million

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Debit Cards

Bradesco ended 2005 with a 37.4 million debit card base, lower than September's due to a debugging process in the bases that resulted in the Electron cards exclusion under inactive status.

Evidencing a better quality of the base, the average quantity of transactions per card grew 28.2%, and the total quantity of transactions made by debit card from January to December 2005 was 274.5 million, a 23.5% growth.

In terms of sales results, in 2005, there was a significant increase of 29.8% over 2004. The financial volume reached R\$ 12,248.7 million versus R\$ 9,433.0 million in 2004.

These two indicators clearly demonstrate that Brazilians are changing their payment habits, replacing checks and cash for the use of cards, especially debit cards.

In another innovative initiative, Bradesco was the first bank to make available the shopping payment at virtual stores via Visa Electron and to offer the e-commerce service named as Verified by Visa Electronic Means to Verify Credit and Debit Cards Transactions also in virtual shops, providing the customer with higher protection and security.

Debit Card Base million

Debit Card Sales R\$ million

Meal Cards

In partnership with other issuers and Visa International, Bradesco actively participated in the distribution of Visa Vale cards, which is already the third largest company in this sector, with only 2 years and a half of operation.

The value proposal for this business, besides reducing the operational cost of this mean of payment with 100% of electronic transactions, it offers higher security and agility for companies and workers.

Bradesco actively participated in the distribution of Visa Vale cards, contributing with 52.0% of all sale in 2005 increasing our participation from 45.6% to 46.3% on the card base. Gross revenue in 2005 was R\$ 1,224.2 million, with an 87.8% increase over 2004.

Visanet

Bradesco holds interest of 39.7% in the capital of Visanet, acquirer company of Visa in Brazil, the purpose of which is to capture and authorize transactions within the Brazilian territory and manage the chain of commercial establishments affiliated to Visa System.

In December 2005, Visanet had more than 860 thousand affiliated establishments throughout Brazil, present in more than 4,500 Brazilian cities.

Income from Credit Cards

Income derived from card services totaled R\$ 1,300.6 million in 2005, a 20.8% increase when compared to 2004, mainly in revenues from commissions on purchases made with Credit and Debit cards and various Credit Cards transactions fees. In 4Q05, income from card services was R\$ 371.2 million, accounting for a growth of 10.9% when compared to 3Q05.

In 2005, financial income climbed 40.3%, reaching R\$ 976 million.

Credit Card Assets

In December 2005, Credit Card assets, which include financings to the bearer, advances to establishments and credits for cash purchases and by installments increased 48.3% compared to December 2004, ending the year with R\$ 4,590.2 million.

Credit Card Assets R\$ million

International Area

The International Area operates under the following framework:

7 Units Abroad (Branches and Subsidiaries)

Branches:

New York	Bradesco
Grand Cayman	Bradesco
Nassau	Boavista

Subsidiaries:

Buenos Aires	Banco Bradesco Argentina S.A.
Luxemburgo	Banco Bradesco Luxembourg S.A.
Tóquio	Bradesco Services Co., Ltd.
Grand Cayman	Cidade Capital Markets Ltd.

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Belo Horizonte (with support platform in Brasília), Blumenau, Campinas (with support platforms in Franca, Ribeirão Preto and Sorocaba), Curitiba, Fortaleza, Manaus (with support platform in Belém), Porto Alegre, Recife, Rio de Janeiro, Salvador, São Paulo (with support platforms in Guarulhos and Santos) and Vitória.

Exports exchange closings carried out by Bradesco in 2005 reached the significant amount of US\$ 25.6 billion, which enabled a 27.8% increase against US\$ 20.0 billion in same period of 2004. With such performance, market share this year reached 20.8% ..

It is worth mentioning that in December this year, the International Area showed a new record of export exchange closings, by contracting in a single month, US\$ 2.6 billion, exceeding the previous record of US\$ 2.3 billion obtained in July.

It is also worth recording that from the volume of exports contracted by Bradesco in 2005, US\$ 7.3 billion were realized in the last quarter of the year, against US\$ 5.4 billion contracted in same period of previous year. During 2005, Bradesco granted US\$ 9.1 billion in exports financing and US\$ 608 million in import financing.

It is worth mentioning the record surplus of the Brazilian balance of trades in 2005, US\$ 44.8 billion, as a result of US\$ 118.3 billion exports and US\$ 73.5 billion imports.

Referring to imports market, total exchange contracted by Bradesco during the year shows a performance highly superior to that obtained in 2004. Exchange closings increased from US\$ 7.4 billion to US\$ 10.3 billion, a growth of 39.3% . In such market, the market share stood at 14.5%, representing a 10.7% growth over 13.1% of previous year.

The International Area ends the year recording a balance of US\$ 5.2 billion when taking into account the balances of Export and Import Financing, Foreign Collateral provided and loans to Brazilian companies abroad. With a view to offering increased support to companies operating in the foreign exchange market and foreign trade or those seeking

to operate in such market, Bradesco is expanding its structure, by creating exchange platforms in the main Brazilian exporting regions. These platforms are located jointly with Bradesco Empresas segment and are staffed by professionals specialized in foreign exchange and foreign trade. In 2006, such initiative will reach other cities of Brazil.

These figures show that once more Bradesco, through its International Area, maintains its commitment assumed over the past years for the expansion, reinforcement and consolidation of Brazilian foreign trade.

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Volume of Foreign Currency Trade US\$ billion

Export Market

Import Market

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The performances observed in volumes operated made the quantity of contracts also to increase when added all other types of operations. The quantity jumped from 578.3 thousand exchange contracts in 2004 to 626.5 thousand contracts in 2005, an 8.3% increase.

Bradesco already uses a Digital Certification system for foreign exchange contracts. This new service allows the customer to electronically sign exchange contracts, which, besides making the clients transaction easier, speeds up the flow of contracting, reducing operational risks and costs.

The portfolios of Export and Import Financing, Foreign Collateral provided and Loans to Brazilian companies headquartered abroad ended 2005 recording the following balances:

	December 2004		December 2005	
	US\$ million	R\$ million	US\$ million	R\$ million
Foreign Trade Portfolio				
Export Financing				
Advance on Foreign Exchange Contracts Undelivered Bills	1,156.0	3,067.7	1,772.0	4,146.2
Advance on Foreign Exchange Contracts Delivered Bills	573.5	1,521.7	532.0	1,244.7
Export Prepayments	1,053.6	2,796.7	1,368.0	3,202.1
Onlending of Funds Borrowed from BNDES/EXIM	284.9	756.0	536.5	1,255.3
Exports Credit Note NCE			87.3	204.4
Documentary Drafts and Bills of Exchange in Foreign Currency	3.9	10.4	10.9	25.5
Indirect Exports	6.2	16.5	6.0	14.1
Total Export Financing	3,078.1	8,169.0	4,312.7	10,092.3
Import Financing				
Foreign Currency	290.2	769.9	293.5	686.7
Imports Draft Discounted	185.9	493.4	176.6	413.5
Open Import Credit	49.7	131.8	58.7	137.4
Total Import Financing	525.8	1,395.1	528.8	1,237.6
Collateral				
Foreign Collateral Provided	126.7	336.2	135.5	317.2
Total Foreign Collateral Provided	126.7	336.2	135.5	317.2
Total Foreign Trade Portfolio	3,730.6	9,900.3	4,977.0	11,647.1
Loans via Branches Abroad	138.5	367.5	251.1	587.7
Overall Total	3,869.1	10,267.8	5,228.1	12,234.8

The foreign exchange portfolio is financed by credit lines obtained from correspondent Banks abroad and at the end of December, 93 U.S., European and Asian Banks had extended credit lines to Bradesco.

The cost of obtaining such financing lines has been showing the lower levels over the last years, even with increases in the U.S. basic rates recently promoted by the Federal Reserve. Currently, spreads paid by Bradesco are between 15 and 25 basis points above libor for a period between 180 days and 360 days, respectively.

Compared to the same period of 2004, the decrease totaled approximately 18 basis points on average, evidencing a substantial improvement in the international market perception towards the country risk.

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We present below the book balance of assets and stockholders' equity of the foreign units on respective dates:

Foreign Branches and Subsidiaries	US\$ million			
	12.31.2004		12.31.2005	
	Total Assets	Stockholders' Equity	Total Assets	Stockholders' Equity
Bradesco New York	1,485.9	143.1	1,303.6	148.8
Bradesco Grand Cayman	6,338.5	1,173.3	7,126.9	2,570.8
Boavista Nassau	351.1	90.6	8.4	8.4
Cidade Capital Markets Ltd. Grand Cayman	31.3	31.1	32.3	32.2
Bradesco Services Co. Ltd. Tokyo	0.4	0.4	0.6	0.6
Banco Bradesco Argentina S.A.	18.6	16.7	21.1	16.6
Banco Bradesco Luxembourg S.A.	330.6	131.1	404.9	136.1
Total	8,556.4	1,586.3	8,897.8	2,913.5

The core objective of the Foreign Branches and Subsidiaries is to obtain funds in the international market for onlending to clients, mainly through the financing to the Brazilian foreign trade.

The main activity of the subsidiary Banco Bradesco Luxembourg S.A. is to provide additional services to private banking clients and to increase foreign trade operations.

The Bradesco Organization continued the streamlining process started in 2004 of units headquartered abroad, and in 2005, BCN and Mercantil Cayman were merged by Bradesco Cayman and Boavista Banking Ltd. Nassau and Boavista Grand Cayman were closed.

In 2005, besides the short-term funds obtained from correspondent banks for foreign trade financing, Bradesco Organization obtained nearly US\$ 901 million in the international capital markets by means of public and private, medium and long-term placements, mainly earmarked for foreign trade financing and working capital loans.

In this funding environment, it is worth pointing out the US\$ 300 million operation named as Perpetual Non-cumulative Junior Subordinated Securities. This instrument will pay to investor, annual interest of 8.875%. The operation, led by Merrill Lynch, was the first one carried out by an emerging country financial institution, which evidences the quality of the Institution's image with foreign investors. In addition, when issuing perpetual securities, Bradesco contributed in reinforcing the positive perception towards the Brazilian economy in the foreign market. This also shows Bradesco's confidence in the ongoing expansion of credit in the country.

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Foreign Public Issuances Outstanding Reference Date December/2005 (Amounts Exceeding US\$ 50 million)

	Issues	Currency	Million	Date issued	Maturity
Subordinated Debt		US\$	150.0	12.17.2001	12.15.2011
Subordinated Debt (US\$133.2 million)		Yen	17,500.0	4.25.2002	4.17.2012
Subordinated Debt		US\$	500.0	10.24.2003	10.24.2013
Subordinated Debt (US\$275.9 million)		Euro	225.0	4.15.2004	4.15.2014
FIRN		US\$	125.0	12.11.2004	12.11.2014
FIRN		US\$	100.0	8.8.2005	8.4.2015
FxRN		US\$	100.0	9.2.2004	9.2.2006
FxRN		US\$	100.0	12.26.2003	12.26.2006
FxRN		US\$	100.0	2.3.2004	1.3.2007
FxRN BRL (US\$174.6 million)		Reais	461.7	12.10.2004	12.10.2007
FxRN BRL (US\$100.0 million)		Reais	226.8	10.3.2005	1.4.2010
FxRN		US\$	100.0	2.10.2005	1.2.2008
Securitization MT 100 Series 2003-1 Fixed (*)		US\$	191.5	8.20.2003	8.20.2010
Securitization MT 100 Series 2004-1 Fixed (*)		US\$	100.0	7.28.2004	8.20.2012
Perpetual Securities (**)		US\$	300.0	6.3.2005	Perpetual
Public Issuance		US\$	2,584.9		
Private Issuance		US\$	360.1		
Total (in US\$)		US\$	2,945.0		

(*) International Diversified Payment Rights Company

(**) Perpetual Non-cumulative Junior Subordinated Securities

Capital Markets

Underwriting Transactions

During 2005, Bradesco coordinated important stock, debentures and promissory notes transactions, which amounted to R\$ 26.9 billion. This volume accounts for 46.16% of the total amount of stock, debentures and promissory notes issuance recorded by (CVM) in the same period.

Among the operations in which we participated, we can point out the Debentures Public Offering of Braskem S.A., amounted to R\$ 300.0 million, Camargo Corrêa Cimentos S.A., amounted to R\$ 360.0 million, Companhia de Eletricidade da Bahia Coelba, amounted to R\$ 540.0 million and Ultrapar Participações S.A., amounted to R\$ 300.0 million.

Special Operations Mergers, Acquisitions, Corporate Reorganizations and Privatization Operations

The Special Operations department is responsible for the financial advisory services in mergers, acquisitions, spin-offs, joint ventures, corporate restructuring and privatizations operations.

In March 2005, the Ranking ANBID de Fusões e Aquisições (Mergers and Acquisitions ANBID Ranking) of 2004 was disclosed, in which Bradesco ranked among the first six financial advisory companies in number of operations, having concluded five operations.

In 2005, Bradesco coordinated important operations in the merger and acquisitions market, pointing out, among others, advisory services to Cargill Agrícola S.A. in the stocks public offering referring to the takeover of Seara Alimentos S.A.; and finance advisory services to Equipav and Bertin Groups in the stock control acquisition of Águas Guariroba S.A.. Bradesco established eight new mandates under execution, thus, enlarging its operation as financial advisory service provider for transactions of this nature.

Project Finance Operations

In 2005, Bradesco stood out as Finance Advisor in Granting and Projects structured under the Project Finance mode, by using financing solutions for greenfield and brownfield projects, besides consolidating its leadership in BNDES onlending operations.

Also in 2005, Bradesco was given a mandate as advisor for local funding structuring for the Ceará Steel Project, steelworks sponsored by the companies DongKuk Steel, Danieli and Companhia Vale do Rio Doce. Bradesco advised the Consórcio Luziânia composed of the companies Furnas, Schahin Engenharia, Queiroz Galvão, Cemig and Orteng, in the auction of transmission lines and advised Furnas in the first auction of new ventures of the New Model, in which the state-owned company won the Simplício and Paulistas Projects.

Bradesco proceeded with the advisory mandates related to the Campos Novos de Energia Project, hydroelectric company sponsored by CPFL, Votorantim, CEEE and CELESC and for Itumbiara Project, transmission line sponsored by the Spanish companies Elecnor, Isolux and Cobra, besides reinforcing its presence in Projects in the sugar and ethanol industry and in the co-generation of electricity.

Structured Operations

The Structured Finance Area is responsible for the following:

- development of structures used to segregate credit risks, through Special Purpose Entities (SPEs), Credit Acquisitions, Credit Right Investment Funds (FIDCs) and Certificates of Real Estate Receivables (CRIs);

- structuring 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;

- development of structured solutions with a view to meeting specific needs of companies, such as: decreased use of working capital, increased liquidity, optimization of financial and tax costs, compliance of legal technical limits/financial covenants, sale of permanent assets and structured financings; and

- coordination of syndicated loan processes, including the extension of debts, which can be refinanced, structured by the Bank or by third parties.

Among structured operations developed during 2005, we point out the FIDCs of Furnas Centrais Elétricas, BGN Life Crédito Consignado (1st and 2nd tranches), CESP II and Motorola Industrial.

Tax Payment and Collections

Cash Management

Bradesco's cash management solutions comprise a portfolio of more than 40 products designed to meet public and private sector customer management needs in the areas of receipts, payments, human resources and administration, ensuring that their bank transactions are carried out with speed and convenience, in line with high quality (ISO

9001:2000) and security (electronic certification and sound cryptography) standards.

The innovations have secured the preference of a growing number of clients from all market segments and niches in diverse locations and different activity fields, using latest-generation technology means for connecting the Bank and its clients online.

In particular, we point out the activities of the Government Authority area, whose mission is to provide a specialized service to federal, state and local bodies, identifying business opportunities and structuring customized solutions, through a specific Internet portal (www.bradescopoderpublico.com.br).

Among the key product and service solutions made available by Bradesco, we point out the following:

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Receivables Solutions

Bradesco Online Collection

The high efficiency standards of Bradesco's online collection service generate confidence, minimizing costs and maximizing customer returns, covering all of their accounts receivable management needs. As a result of these features, Bradesco Collection is the market leader, generating other business opportunities for the Organization. Online collection is responsible for processing nearly 98% of all documents registered in the Bradesco collection portfolio.

Tax Payment and Collections

Developed based on high standards of efficiency and quality, Bradesco's tax payment and collections serve a dual purpose. On the one hand, they seek to provide customer satisfaction with appropriate and innovative solutions for the settlement of taxes, duties and contributions. On the other hand, they effectively interact with the different Government Departments in the federal, state and local spheres and with Public Utility concessionaires. These are emphasized for the speed and security in processed information and amounts collected.

Payment Solutions

Net Empresa, Pag-For (Suppliers Payment) and PTRB (Online Tax Payments)

Based on the same efficiency commitment, Bradesco's payment solutions available via the Net Empresa, Pag-For and PTRB products, meet all clients' needs, enabling supplier payments, tax settlements and wire transfers, via online or through the transmission of files with maximum speed and security.

In 2005, payment solutions accounted for R\$ 470.3 billion, corresponding to 128.4 million payment transactions, enabling the management of Accounts Payable of more than 359 thousand companies.

Bradesco Digital Certificate

Attentive to the market trends, Bradesco is accredited as Register Authority to issue the Digital Certificate, which is an electronic identification document ensuring integrity, authenticity and the irreversibility of any transaction or message, assisting to maintain the confidential data protected, allowing documents storage.

Bradesco Digital Certificate is legally valid and is digitally signed by a Certifying Authority, and may be used for documents digital signature.

R\$ billion

2004

2005

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	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Receipt Solutions (1)	209.2	230.3	812.5	234.6	241.5	921.9
Payment Solutions	104.9	114.3	401.5	118.7	124.6	470.3
Total	314.1	344.6	1,214.0	353.3	366.1	1,392.2
Taxes	25.5	25.7	98.7	27.5	30.6	113.2
Water, Electricity, Telephone and Gas	4.9	5.3	19.4	5.6	5.8	22.0
Social Security Payments	5.3	7.2	22.7	6.1	8.0	25.5
Total Public Sector (*)	35.7	38.2	140.8	39.2	44.4	160.7

(1) Total movement (funding, written off, credits etc.).

(*) Includes public and privatized utility service concessionaires.

Number of transactions millions

2004

2005

	3 rd Qtr.	4 th Qtr.	Year	3 rd Qtr.	4 th Qtr.	Year
Receipt Solutions (1)	215.6	230.6	854.1	234.7	228.6	919.2
Payment Solutions	29.2	31.0	111.1	33.0	34.1	128.4
Total	244.8	261.6	965.2	267.7	262.7	1,047.6
Taxes	18.4	16.7	72.0	18.8	17.4	75.1
Water, Electricity, Telephone and Gas	33.4	35.0	131.7	36.8	37.7	144.7
Social Security Payments (2)	10.7	11.4	44.4	13.0	13.2	52.0
Total Public Sector (*)	62.5	63.1	248.1	68.6	68.3	271.8

(1) Total movement (funding, written-off, credits etc.).

(2) Total of beneficiaries: more than 4.424 million of retirees and pensioners (corresponds to 18.26% of the population subject to INSS).

(*) Includes public and privatized utility service concessionaires

N.B.: Payments by means of automatic debit

50.683 million 2004

50.115 million 2005

Growth Receipt and Payment Solutions

Public Sector Growth

Assets Bookkeeping Services and Qualified Custody Services

Bradesco is one of main suppliers of Qualified Services for the Capital Markets. By means of modern infrastructure and specialized team, Bradesco proposes innovative solutions, expanding services options and generating operating flexibility to its clients.

Our services:

Assets Bookkeeping

In this segment, Bradesco offers Bookkeeping Services for Stocks, Debentures, Investment Fund Quotas and Brazilian Depository Receipt – BDR.

Main Indicators of 2005:

Book-Entry Stocks	164 companies, with market value of R\$ 273.5 billion, combining 2.4 million stockholders.
Book-Entry Debentures	42 companies, with restated amount of R\$ 35.6 billion.
Book-Entry Quotas	26 funds, with restated amount of R\$ 1.5 billion.
Brazilian Depository Receipt – BDR2 Programs,	with market value of R\$ 127.6 million.

The investors have access to Bradesco's branch network, besides the online access, via the Internet Banking, related to their positions under custody at Bradesco and CBLC (Brazilian Clearing and Depository Corporation).

Custody, Controllership and Asset Management

The rendering of services destined to the Companies, Assets, Foundations, Insurance Companies and Private Pension Entities showed a solid growth, pointing out the custody and controllership for Credit Rights Investment Funds – FIDC, which reached in 2005 equity of approximately R\$ 4 billion.

Another highlight was the portal www.bradescocustodia.com.br, communication and operation vehicle with our clients. Bradesco received the certification Goodpriv@cy. This certification reaffirms Bradesco's commitment to the Security of Information, protection and privacy of its clients and users' data.

Main Indicators of 2005

Custody	R\$ 179.3 billion in assets under custody (Funds, Portfolios, DR and Receivable Funds).
Controllership	R\$ 236.1 billion distributed in 658 Assets under Management.

Depository Receipt DR R\$ 42.1 billion in 8 Programs.

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Assets under Custody Growth R\$ billion

Business Processes

Ombudsman Area

Bradesco Organization always had the philosophy of giving voice to its clients and users of banking products and services, innovatively creating in April 1985, the service Alô Bradesco (Hello Bradesco), which was the first financial market communication channel for suggestions and complaints, five years prior to the launching of Consumer Defense Code. This channel contributed to enhance these relations and has been an important strategic tool for relations transparency.

We implemented the Ombudsman area, dealing with all manifestations, whether these stem from Alô Bradesco service, which answers by phone and e-mail, or those deriving from Brazilian Central Bank, Procon (Consumer Protection Agency) and Press. It is incumbent upon the Ombudsman to manage these manifestations, follow-up term and quality of answers offered, provide the managers of products, services and processes with updated information so that they can learn from these warnings received and anticipate compatible solutions with needs and demands of our clients.

Quality Management NBR ISO 9001:2000 Certifications

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The Bradesco Organization has 106 Products and Services certified by NBR ISO 9001:2000, confirming the Bank's commitment to assuring ongoing ease and convenience for its clients and users.

These achievements motivated the Organization to advance in the quality management practices, thus adopting the Excellence Criteria Worldwide Class, which, undoubtedly represent a great differential in business management, as well as they highly contribute to issues of sustainability and corporate governance.

Protection Seal and Data Privacy GoodPriv@cy

Reaffirming its commitment to the Information Security, clients and users data protection and privacy, Bradesco conquered the Data Protection and Privacy Seal, GoodPriv@cy, an important symbol on its Information Security Policy. In December 2005, eight (8) certificates were obtained.

GoodPriv@cy Data Protection and Privacy Seal is a standard established internationally, comprising requirements for the management of data protection and privacy at the organizations.

GoodPriv@cy was launched in Switzerland in 2002, under the scope of IQNet in 2003 and it is a voluntary certification scheme.

GoodPriv@cy seal attests that the certified organization:

operates a management system for data protection (DMS Data Management System).

complies with statutory requirements for data protection and privacy.

continuously improves data protection and privacy processes.

GoodPriv@cy is granted by independent bodies. In Brazil, FCAV Fundação Carlos Alberto Vanzolini, member of IQNET The International Certification Network is the single authorized body to grant said data privacy and protection seal after the compliance audit with GoodPriv@cy Data Protection 2002 Edition.

List of Certificates obtained:

- Fax Fácil
- Fone Fácil
- Home Broker
- Internet Banking
- Private
- Custody Dockets

Liabilities docket data privacy management

Assets docket data privacy management

Report data privacy management

ISE Corporate Sustainability Index BOVESPA

As from December 2005, Bradesco's stocks were selected to compose the Corporate Sustainability Index (ISE), created by Bovespa - São Paulo Stock Exchange, which measures the corporate sustainability. This index is composed of a select group of companies with best performances under the economic-financial, social, environmental and corporate governance dimensions.

The selection of Bradesco's common and preferred shares to compose the ISE reinforces the Organization's commitment to the good corporate governance practices in the relationship with stockholders, clients, investors, employees and the public in general.

Such positioning prioritizes the ethics and stands out for the quality and distinctness of information disclosed so that to enable a better follow-up of the Organization's performance.

The selection of Bradesco to join ISE reiterates its concern with liquidity, transparency, solidity and social and environmental responsibility.

Methodology for Mapping Processes

This methodology is designed to codify and standardize processes mapping works carried out by the Organization's different departments on a stage-by-stage basis which, in conjunction with the information on related products, services and activities, ensures that these processes are effectively analyzed in the pursuit for ongoing improvement, as well as providing the documentation required by the Internal Controls and Compliance System, the Bradesco Quality Management System based on the NBR ISO 9001:2000, the Activity-Based Costing System ABC and Section 404 of the Sarbanes-Oxley Act.

Activity-Based Costing ABC

Designed to support the Bank in its actions to improve processes and optimize production resources, such as practices recommended for decreasing costs, Bradesco adopts the Activity-Based Costing System ABC, which measures the cost and performance of its activities, resources and cost centers.

The knowledge of the Bank's activities, as well as the correct measurement of the resources consumed by these activities, allows a more accurate analysis of the cost/benefit ratio of each of the Organization's productive processes and results centers.

We stress that as a result of the application of Activity-Based Costing, the Bank is now meeting the following targets: improved allocation of costs to products, channels and customers; support to qualification studies and negotiation of bank fees; subsidy to product, unit and client profitability systems; support to studies concerning outsourcing, incorporation and equipment sharing, as well as support to cost rationalization studies.

Activity-Based Management Program

Bradesco has commenced development of Activity-Based Management, seeking to exploit the potential benefits of this cost management model, which will rapidly lead to the prevention of costs and a proactive approach regarding the identification of opportunities.

Accordingly, as processes are improved, operating performance can be seamlessly integrated with Bradesco's strategic goals, designed to create and/or sustain Bradesco's competitive advantages and add value both for clients and stockholders.

The future mission of Activity-Based Management is to provide permanent support to the planning and control of the Bank's business processes, ensuring that tactical and operational issues are continually improved, as well as supporting their strategic gearing.

Integrated Management System ERP

For purposes of providing permanent and appropriate support for its operations and in the pursuit of improved results, as well as extending its capacity to manage the Organization's resources, Bradesco adopts one of the most modern concepts for integrating organizational processes, using SAP's Integrated Management System, mySAP Business Suite solution.

This system's development represents an innovation in the treatment of the value chain supporting Bradesco's financial industry, through the adoption of an approach, which is focused on processes, people, organizational structure and technology.

Initially, the system will integrate processes in the Human Resources, Training, Purchases, Accounts Payable, Fixed Assets and Accounting, processes on which they are based. The areas integrated through this technology will be able to renew processes and review organizational structures and nearly 73 thousand system users will be qualified via in-class and e-learning training.

As a result of the implementation of the Integrated Management System, Bradesco will benefit most from the organization and standardization of the processes carried out in different areas, secure data processing, increased productivity and agile decision-making, as well as decreased operating costs. These factors are crucial for the Organization's growth, especially in view of current financial area competition, prompting us to pursue increasingly effective management methods designed to ensure that all of Bradesco's business potential is properly leveraged.

Expenses Assessment Committee

In the pursuit of enhanced cost control and the adoption of strategies, policies and measures designed to restrain expenses, in March 2004, Bradesco created the Expenses Assessment Committee, responsible for monitoring administrative and personnel expenses, as well as expenditures with capitalization, analyzing their origin with the related areas, seeking to obtain a maximum cost/benefit ratio.

In line with good Corporate Governance practices, the Committee is an important tool, as a result of its permanent activity and capacity to anticipate events, for improving and enhancing processes, capable of carrying out an in-depth analysis of Bradesco's costs, from all standpoints and producing savings which reflect positively on the Organization's results.

Corporate Governance

The adoption of best Corporate Governance practices has enabled a greater emphasis on the improvement of internal controls and a rigid establishment of professional conduct standards, whose effort to maintain the image of safety, confidence and dynamism has been evident throughout all the segments of performance, improving the relationship and the transparency with Investors, at same time, this is an incentive to the Managers so that their decisions aim the best interest of the Company and its stockholders, consolidating Bradesco's positive perception in the market.

The results have been evidenced by the figures recorded up to date, ensuring that such purpose has been achieved, both in terms of operating efficiency and in the increase of Bradesco's deposit capacity in Brazil and abroad.

Bradesco always sought to be present in the acts aiming at reinforcing the capital markets. Bradesco's stocks were listed at the Stock Exchange in Brazil in 1946, three years after its foundation, when Bradesco's operations were restricted to the São Paulo state.

As from June 1997, the Company started to be listed at the New York Stock Exchange (NYSE) to trade ADRs Level I and, in November 2001, ADRs Level II.

In Spain, Bradesco started to trade preferred stocks at Madrid Stock Exchange (LATIBEX) as from February 2001.

Bradesco's stocks, since June 2001, started to integrate Level I of São Paulo Stock Exchange Corporate Governance, reiterating its commitment to achieve the appreciation of its stockholders' equity, always using instruments generating conditions of higher stock liquidity.

With stocks traded at foreign stock exchanges, Bradesco started to prepare its Financial Statements also in US-GAAP, the U.S. accounting practices.

Bradesco Organization in 2005 did neither contract nor had services rendered by KPMG Auditores Independentes not related to the external audit in levels higher than 5% of total external audit costs. The policy adopted meets the principles preserving the auditor's independence, pursuant to the accepted international criteria.

The Annual Stockholders' Meeting held on March 10, 2005, resolved to maintain the Fiscal Council, composed of 3 sitting members and 3 deputy members, with term of office until 2006, 1 sitting member and respective deputy selected among preferred stockholders.

Among the initiatives adopted until now, which reassert Bradesco Organization's commitment to the best Corporate Governance Practices, we point out:

- the Tag Along is incorporated into the Company's Bylaws, which, in an eventual sale of the Company's control, this shall ensure the minority common stockholders to receive 100% of the price paid per stock composing the control block, and 80% of such reference value to the preferred stocks;

- the attendance of 2 independent Board members at the Board of Directors;

- the advance in the transparency of information to the market, released in 3 languages (Portuguese, English and Spanish);

- under the influence of Sarbanes-Oxley Act, the internal controls and the procedures to disclose information to the market were improved and the Corporate and Sector Codes of Ethics were set up, specific for the Accounting and Finance Administration Departments, applicable to all employees involved in the activities of respective areas, through which all of them declare to be personally responsible for the effectiveness of controls and disclosure procedures;

- Committee of Ethical Conduct, which aims at following-up the application of provisions in the Corporate and Sector Codes of Ethics, determining the actions concerned with disclosures, disseminating and fomenting the compliance with their content, examining and setting forth the sanctions to be imposed for the infringement events, so that to ensure their effectiveness;

- Audit Committee, which has the attribute to advising the Board of Directors concerning the performance of their duties related to the follow-up of accounting practices adopted in the preparation of the financial statements of the Company and its subsidiaries, in the appointment and the assessment of independent auditors' efficiency;

- Internal Control and Compliance Committee to advise the Board of Directors in the performance of their duties related to the adoption of strategies, policies and measures concerned with the dissemination of a culture of internal controls, mitigation of risks and compliance with the rules applicable to the Bradesco Organization;

Compensation Committee to propose to the Board of Directors the policies and guidelines for Statutory Management compensation, based on the performance targets set forth by the Board;

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Disclosure Executive Committee, which established the Disclosure Policy for Material Act or Fact, with a view to ensuring the control, consistency, quality and transparency in the disclosure of information;

Expenses Assessment Executive Committee to advise the Board of Executive Officers in the follow-up and control of costs and the adoption of strategies, policies and measures concerned with the expenses cutback of Bradesco Organization's companies;

Social Environmental Executive Committee, with a view to analyzing the issues related to the social and environmental responsibility and fomenting corporate sustainability strategies, by harmonizing economic development issues and social-environmental responsibility;

the adherence to the Equator Principles, the rules in which are based on environmental and social responsibility criteria developed by the International Finance Corporation (IFC), World Bank's arm, which shall be observed in the loan granting for projects exceeding the amount of US\$ 50 million, benefiting all the Company, since Bradesco will be consolidating the management of exposure to risks associated with such projects, as well as the proactive involvement in environmental and social issues;

Calendar of Corporate Events, available at Bradesco's Website, containing dates of main corporate events;

Instrument of Disclosure Policies for Material Act or Fact and Trading of Securities to be observed by all the managers;

the adherence to the Global Compact, which is a result of invitation made by the Secretary-General of UN, Kofi Annan, at the World Economic Forum in Davos, in January 1999 to the companies, nongovernmental agencies (ONGs) and other governmental and civil entities to observe and disclose the ten principles guiding the Global Compact, concerning the Human Rights and Labor, Environmental Protection and Anticorruption, assuming the commitment to driving their actions in terms of contributing to the development of a more inclusive and sustainable economy, enhancing their performance under the social-environmental scope;

the selection of actions to compose the Corporate Sustainability Index (ISE) of Bovespa, which reflects the return of a portfolio composed of companies' stocks with the best performances in all the dimensions measuring the corporate sustainability, and acting as conductor of good practices in the Brazilian corporate environment, evidencing the Organization's commitment to the relationship with stockholders, clients, investors, employees and public in general;

the reformulation of Corporate Governance page on the Investor Relations Website, containing new information, such as Corporate Responsibility information, focusing social and environmental aspects, Risk and Compliance Management, Charter of the Board of Directors and Fiscal Council, Minutes of the Audit Committee and Fiscal Council meetings, other Management documents and other Corporate Governance Practices adopted by Bradesco, which are clearly available in the new version released in September 2005, which may be easily consulted;

the first Corporate Governance rating released by a Brazilian company, with AA rating - Optimum Corporate Governance Practices, granted by Austin Rating, mainly based on the ethical values of the Organization, transparency, solid corporate culture and control mechanisms, contributing to increase the stockholders' confidence as to the protection of investment and sustainability of operations.

Dividends Distribution Policy

Pursuant to Bradesco's Bylaws, the minimum amount of Dividends and/or Interest on Own Capital to be distributed every year is 30% of the respective adjusted net income.

The capital compensation policy adopted by Bradesco, by means of distribution of Interest on Own Capital, at the maximum amount calculated in compliance with the prevailing laws, aims at adding value to the stockholders by enhancing the return on its investment.

Over the past years, R\$ 849 million was distributed in 2001 (41.17% of the adjusted net income), R\$ 947 million in 2002 (49.28% of the adjusted net income), R\$ 1.347 billion in 2003 (61.48% of the adjusted net income), R\$ 1.325 billion in 2004 (45.58% of the adjusted net income) and R\$1.881 billion in 2005 (35.91% of the adjusted net income).

Bradesco was the first company in the financial sector to distribute dividends every month, and maintains an automatic monthly payment system for Interest on Own Capital to its stockholders.

Acknowledgments

Bradesco was acknowledged as the highest market value Bank in the Latin America, reaching R\$ 56.9 billion recorded in the trading session as of November 4, according to calculations of consulting firm Economática. According to the yearbook *Grandes Grupos* (Large Groups), edited by the newspaper Valor Econômico, Bradesco is also seen as the largest private capital corporate group in Brazil, with gross revenues of R\$ 46.7 billion.

Other renowned publications also attributed titles to Bradesco. The U.S. magazine Latin Finance, specialized in finance, elected Bradesco as the Best Bank in Brazil and the magazine The Banker, important British publication listing the best banks of 138 countries, selected Bradesco as the best Bank of the Year in Brazil.

Bradesco was granted an AA grade, the highest for a domestic company in the first corporate governance rating already disclosed in Brazil. Such evaluation acknowledges that Bradesco adopts optimum corporate governance practices. The rating was granted by the risk rating agency Austin Rating.

Concerning IT, in the last quarter of the year, Bradesco led the ranking of the survey 100+ Innovative Companies in the Use of Information Technology (IT) under finance, conducted by the technology specialized magazine InformationWeek Brasil, and stood out in the Quality Standard Award in B2B 2005, promoted by the B2B Magazine.

Bradesco's Internet won seven categories of award promoted by the magazine Global Finance, a renowned international publication specialized in finance, which shows the best banks in the world over the Internet.

The Top of Mind survey, carried out by Datafolha Institute, of newspaper Folha de S. Paulo, indicated Bradesco as the private bank most reminded in the country and the Jornal do Comércio granted Bradesco with the 2005 Remarkable Companies Award, destined to ten companies and personalities standing out in their activities during the year.

People management was also acknowledged in 2005. Bradesco was ranked in the second position according to the survey Best Companies in People Management of magazine Valor Carreira, edited by the newspaper Valor Econômico.

6 - Social-environmental Responsibility

Human Resources

Since the inception of Bradesco's activities, the Company acknowledges in the value of its team's performance and achievement potential the foundation to sustain Bradesco Organization's businesses.

The Company offers to its employees ongoing professional development opportunities, in a healthy, safe and ethical environment, with transparent Bradesco's commitments and goals.

Bradesco believes in its ability to promote a sustained growth for people and through these people.

The Company seeks to maintain an excellence model in Human Resources Management, guided by respect and transparency in its relations, continuous development investment, sharing of information and human being value, without discrimination.

Bradesco maintains a closed-career policy, whereby the admission occurs at apprentice levels. All the growth opportunities are destined to employees, allowing access to all hierarchical levels. The Company solidly invests in training, whether in classroom or via Intranet, opening to the employee a great possibility of career improvement, by means of quick, extensive and continuous qualification.

Bradesco's performance is disseminated and is continuously expanded throughout the country, enabling job opportunities in various business segments, both under the performance and territory aspects.

Bradesco is a Bank which takes into account, by means of its clients and partners, the diversity which is the own expression of the Brazilian social structure, with a fundamental commitment to respecting cultural and ethnical diversity. The respect to the Brazilian diversity is part of the Company's strategic vision towards good performance, since Bradesco is inserted throughout the Brazilian territory.

Great Place to Work

Bradesco's employees contributed to the Company achieve an outstanding position held in the financial market, maintaining the excellence in all group's activities.

The Company seeks to promote the transparency, so that to ensure a motivating and challenging organizational environment. Evidence is that Bradesco was listed for the sixth time in the prestigious Guia Exame-Você S/A guide As Melhores Empresas para Você Trabalhar (The Best Companies to Work for), based on a study carried out by the Exame and Você S/A magazines in partnership with the consulting firm Great Place to Work Institute.

In addition to being ranked among the 150 best companies to work in Brazil, Bradesco was also rated among the 50 best companies for women to work for, for the third consecutive year.

Guia Exame is considered the best and most comprehensive study on the workplace environment in Brazil. Based on employees' opinion, the study assessed the working environment, benefits, remuneration, professional development opportunities, ethics, citizenship values and social responsibility of companies.

For the second consecutive year, Bradesco also stood out in the survey As Melhores na Gestão de Pessoas (The Best Companies in People Management) of magazine Valor Carreira, edited by the newspaper Valor Econômico, with the technical support of Hay Group. The selection was made by means of evaluation of companies' internal environment, as from questionnaires and interviews with employees who gave their opinion about issues such as training, benefits, safety and work conditions, credibility, motivation, performance and development planning.

Bradesco Organization Human Resources Management Policy

In 2005, Bradesco reaffirmed its commitment to its employees, formalizing guidelines for the management and development of its human resources, by means of the Bradesco Organization Human Resources Management Policy. Basic premises:

- Compliance with the legal requirements inherent to the work environment and relations;
- Protection to the Human Rights, Labor Basic Rights and Children Rights;
- Respect to diversity and human being's self-respect, without any type of discrimination;
- Safe and healthy work environment;
- Better employees' life quality;
- Incentive to overcome limits and fomenting the creativity in pursuit of solutions viewing the self-achievement, clients' satisfaction and business expansion;
- Development and ongoing improvement of employees' technical and conduct potentiality, as from mechanisms allowing to manage his/her own personal and professional growth plan; and
- Priority for employees' professional growth opportunities.

In-house Communication

In order to maintain Bradesco's outstanding position, it is indispensable that its employees are aligned to the Organization's strategies. Thus, the Company solidly invests in its in-house communication.

Simultaneously and from any location in the country, Bradesco's employees receive relevant information via the Intranet and e-mail. The Company also makes available the newsletter *Sempre em Dia* (Always Updated), brochures, magazines addressed to each employee and periodical editions containing institutional messages and technical guidance.

The annual goals and strategies are disclosed at meetings with the Presidency, where Directors, Regional Managers and Managers from Bradesco's branches and Organization's departments take part. All the issues are referred to respective teams.

People Management

Bradesco maps the Organization's human capital and currently records 11,000 employees' profiles.

Based on this knowledge, leaders and employees are gained conditions and are able to share actions focused on improving their performance and relationships, as well as establishing goals designed to improve their key skills.

The maintenance of such work is the management of the Organization's corporate competencies and the incentive and guidance to leaders practice the feedback.

Respect to Diversity - Social Inclusion

Bradesco respects the diversity and self-respect of human being, by preserving the individuality and privacy, not accepting the practice of discriminatory acts of any nature: at the work environment and in all the Company's relations with internal and external public.

In 2005, Bradesco created the Diversity Appreciation Work Group, composed of professionals of different areas, with a view to effectively contributing to an improved relationship of the Company with different people, as well as to maintaining a balanced internal demography, both in the admission and retention of talents.

The issue is broadly supported on the Code of Ethics, Human Resources Management Policy and Social-Environmental Policy recently defined and disclosed by the Organization.

Inclusion Policy for Disabled People

Bradesco defines strategies for the contracting and retention of disabled people at the Organization, by creating job opportunities to such professionals and setting forth partnerships with specialized entities and focused on inclusion.

Bradesco has a staff of 769 disabled people.

At Bradesco's Website, at Career Opportunities, the Company emphasizes the collection of disabled people's curriculums.

Ethnical Groups

In 2005, Bradesco entered into a partnership with the Faculdade Cidadania Zumbi dos Palmares - Unipalmares, viewing to contracting trainees, to work in important business areas of Bradesco.

Unipalmares' mission, by means of ONG Afrobrás, is to promote the inclusion of black people and afro-descendants into higher education of the country.

The internship program is divided into various modules, with 2-year duration and also relies on a partnership with renowned institutions, such as FGV, USP, FIPE, FIPECAFI and FIA.

Opportunities for Women

Bradesco ended 2005 with a quota of 34,260 women employees, corresponding to 46.4% of the functional staff.

In the Prime segment, 71.5% of staff is women.

In leading positions, Bradesco has 14,775 women, of which 1,257 are executive women, including in the Board of Executive Officers and the Board of Directors.

Internship Program

With a view to offering real professional development opportunities, Bradesco Organization offers internship program to all operation and business areas, allowing the student to relate the academic learning with the practical activity. The program currently benefits 476 undergraduate students and 152 high school students.

Traineeship Programs

Students of Information Technology course of Fundação Bradesco have the opportunity to start their professional career in the systems development area of the Organization. Since 2002, the students approved in the selection process have been contracted.

A traineeship program was developed in 2005 to the Bradesco Prime business area with the recruitment and selection of external and internal candidates to the team. The program will start in January 2006 with 25 participants, estimated to have a eight-month duration and focus on the qualification for future Relationship Managers.

Youth Apprentice Program

This program was implemented by Bradesco Organization in 2004, executed in partnership with Fundação Bradesco and other qualified entities. This encompasses the administrative centers throughout the country. The main goals are:

- To promote the youth social inclusion, qualifying them to services and products inherent to the Organization;
- To offer real opportunities of inclusion in the labor market;
- To contribute to the qualification of citizens within the innovative principles of education, based on four pillars of education, according to UNESCO's report:
 1. To learn and know;
 2. To learn how to do;
 3. To learn how to live together; and
 4. To learn how to be.

Young Citizen Program

With a view to reinforcing Bradesco's actions in the Social Responsibility Area, as from October 2005, the Company entered into a partnership with the São Paulo State Government by means of the Young Citizen Program - My First Job.

The purpose is to provide students with their first professional experience opportunity, those students originated from families with higher social vulnerability, between age of 18 and 21 years, regularly enrolled and effectively attending high school classes of the state public school system, preparing them to exercise the citizenship, by means of paid internship.

Occupational Health and Safety Policies

Bradesco is a company that develops actions in health, disease prevention, safety and work conditions.

We offer our employees an appropriate work environment and conditions for a complete physical, mental and emotional well-being.

Bradesco invests in programs and methodologies allowing to map and identify the causes of symptoms and diseases occurred in the work environment and relations, viewing to promoting health and disease prevention, on a broadly basis.

The issues addressed include Repetitive Stress Injury, Stress, Drug-Addict, (Alcoholism/Drugs/Tobacco), Obesity, Cardiovascular Diseases, Sexually Transmitted Diseases, AIDS and others. Those campaigns are carried out through the Interação magazine and in the SIPAT (Internal Week of Occupational Accident Prevention).

Since contracting, Bradesco's employees receive information and guidance on behavior and conduct adequate to the maintenance of health and improvement of life quality.

Bradesco has been an active member of the National Business Council for HIV-AIDS Prevention - CEN, which is destined to promote and strengthen the combat against such epidemic in the work environment and has been providing

information to a considerable portion of workers, family members and the community as a whole about the safe ways to prevent the infection by HIV virus.

Another outstanding issue is Bradesco's attention to life quality, the balance between the employee's personal and professional life. We are permanently concerned with the number of regular and overtime hours worked by our staff, guaranteeing that employees have time for their personal commitments and leisure.

The Bank offers its Call Center staff at the Santa Cecília building, in the city of São Paulo, a room for winding down, which is designed to offer a comfortable environment and extra emotional support. The room is completely different to the other Organization environments and is equipped with furniture and apparatus to assist relaxation and soften the impact of the operators' day-to-day activities in and out of the call center. The room is open to all the employees of that section in the event of conflicting situations or psychological and emotional needs.

Benefits

Besides the legal aspects, Bradesco's employees and dependents enjoy a combination of benefits viewing to ensure the best life quality:

Health and Dental Care Insurance

Our employees and their dependents have access to health and dental care plans paid for in full by the Bank.

The healthcare insurance includes non-traditional treatments, such as dialysis, organ transplants, acupuncture, homeopathy, myopia correction, GPR (Global Postural Re-education), heart valve, physiotherapy and also treatment for AIDS (with reimbursement of expenses for medicine prescriptions).

The Dental Care Insurance includes preventive and surgical treatment, oral rehabilitation, child dentistry, endodontics, periodontology and prosthodontics. Implants are offered at costs lower than the market, by means of agreements.

In 2005, there were 3,594,318 medical/hospital consultations and 669,751 dental consultations.

Medicine

For the states of São Paulo and Rio de Janeiro, Bradesco offers agreements with the drugstores Drogasil and Drogasmil, for the acquisition of medicine at a cost lower than that practiced in the market.

Influenza Vaccination Campaign

Bradesco offers the vaccine free of charge to all its employees and at subsidized rates to their dependents. In 2005, 42,737 doses of the vaccine were applied at a cost of more than R\$ 1.0 million.

Supplementary Private Pension Plan

Bradesco makes available for all its employees a Supplementary Private Pension Plan, which Bradesco contributes with 50% of the monthly installments (including the 13th salary).

The plan guarantees coverage to the retiree, the retiree or participant's widow or widower and their children under the age of 21 (or up to the age of 24 if they are undergraduate).

Social Service and Psychological Assistance

Bradesco's employees and dependents are provided with follow-up of Social and Psychological Service under situations of need and emergencies.

Such initiative shows Bradesco's concern with its employees' well-being when facing personal problems. Services are offered in most varied situations: medical treatment, accidents, decease in the family and release of special loans.

Group Life Insurance

All Bradesco's employees have access to Group Life and Personal Accidents Insurance, with subsidized costs. The employees retired by INSS, who left the company without cause, are offered the option to maintain Group Life and Personal Accidents Insurance, with subsidized costs.

Snack Supply

Everyday, Bradesco's employees receive snacks on a free basis. At the end of 2005, Bradesco invested R\$ 30 million, involving the distribution of 23,630,103 snacks.

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Special Credit Facility, Acquisition of Computers, Vehicles and Real Properties

Bradesco offers loans to its employees with subsidized fees for personal expenses, acquisition of vehicles and computers and lower interest rates in the real estate financing operations.

Fee Exemption / Financial Benefits

Bradesco exempts its employees to pay various fees, such as: check account maintenance, fee to open credit, issuance and annuity of credit and debit cards, financial transactions on teller machines, access to Fone Fácil, issuance of bank statements in electronic terminals and utilization of single check sheets.

Online Shopping Channel

The ShopFácil Funcionário is a differentiated online shopping channel, where Bradesco negotiates special discounts directly with various products suppliers.

Social Loan

By means of Caixa Beneficente dos Funcionários do Bradesco (Bradesco Employees Benefits Fund), the Company offers financial assistance to its employees, granting loans with subsidized fees, destined to expenses under emergency conditions, education expenditures, acquisition of orthopedic instruments, glasses, funerals, psychologists, psychiatrists, phonoaudiologists etc.

Leisure Activities

Bradesco maintains in Cidade de Deus, in the city of Osasco, an area with swimming pools, racetrack, soccer, basketball, volleyball, tennis and squash courts and soccer field, destined to leisure and recreation activities to employees and dependents.

Human Resources December 2005

On December 31, 2005, Bradesco's employees, including staff at the subsidiaries, totaled 73,881. The following table presents the variation of Bradesco's headcount:

	December				
	2001	2002	2003	2004	2005
Banco Bradesco	51,633	53,732	59,430	62,013	61,347
Subsidiaries	6,943	8,729	9,407	11,631	12,534
Subtotal Bradesco	58,576	62,461	68,837	73,644	73,881
Banco BCN	5,857	6,105	5,203		
Subsidiaries	1,280	1,504	1,741		
Subtotal BCN	7,137	7,609	6,944		
Banco Mercantil		3,970			
Subsidiaries		353			
Subtotal Mercantil		4,323			
Total	65,713	74,393	75,781	73,644	73,881

December 2005

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By Age	By Gender		By Educational Background		By Years of Service with Bradesco		By Managerial Position	
Younger than 30			High School		Less than 5 years			
34%			University		From 6 to 10 years			
From 31 to 40	Men	54%	Other	1%	From 11 to 20 years	34%	Commissioned	48%
34%					More than 20 years	12%		
From 41 to 50	Women	46%						
17%								
Older than 50								
3%								

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Personnel Expenses

In the year of 2005, Bradesco's personnel expenses reached R\$ 5,312 million, including in such total expenses related to salaries, social charges, benefits, training, employees' profit sharing and others.

The following pie graph shows the percentage share of each item in relation to total Bradesco personnel expenditure in 2004 and 2005.

Breakdown of Personnel Expenses

Personnel Expenses by Business Segment

Training

The Staff Training Department is responsible for the training actions of Bradesco Organization, aligned to the Organization's strategies and appropriate to the quickness of changes required by the market.

The *Gestão de Treinamento da Organização Bradesco* (Bradesco Organization Training Management) process was granted the NBR ISO 9001:2000 certification in December 2002 and the Company was certified again in December 2005, which ensures an ongoing improvement of processes and the quality of training, reinforcing its commitment to contributing to the development and appreciation of the staff and the employees.

During 2005, training involved 618,983 participations, in 1,505 different courses available. During such period, 90% of the employees were trained, at least, one course and on average, 8 courses per employee, resulting in 67 hours of training per capita. The investments in various medias available amounted to R\$ 52.3 million.

With training aligned to the needs of various segments and market trends, we point out actions for Retail, especially the 4,643 participations in the *Clients Management Program*, focusing, among other issues, the relationship and the analysis of clients potential to increase assets and branches results, and the *Retail Credit program*, in a partnership with Sebrae, focused on the granting of loan to micro and small-sized companies.

The *Managers qualification process of the Prime and Empresas (Middle Market) segments* continued with the *Management Development Program*, which focuses, among other aspects, the improvement of the business management process, the resources optimization and results leverage for the segments, with the participation of 375 managers.

In compliance with the Resolution 3,158/03 of the Brazilian Monetary Council, the preparatory programs for the Certification exam in Investment Products were intensified and enabled the certification, until the end of 2005, of 7,306 professionals directly involved in providing services to clients at the Branches Network and to the qualified investors.

The *TreiNet (Internet Training)* recorded more than 715 thousand participations in the 53 courses since its implementation in 2000 until the end of 2005 disseminating new information to the Organization's employees, indistinctly. In partnership with *Fundação Bradesco*, there are *TreiNet's* courses available for clients holding *Conta Universitária Bradesco* (a special account for students).

In conformity with other media used in the improvement of learning and sharing of information, in 2005, Bradesco launched 14 titles among video-training and brochures.

During such period, the *UNIVERSEG (Insurance Learning Universe)* project proceeded, aiming at providing technical and professional qualification for employees, brokers and dealerships from Bradesco Seguros e Previdência, from all over Brazil, by means of virtual training programs, via *TreiNetSeg*, *TreiNetPrev* and *TreiNetCapi* with specific courses for the Insurance, Private Pension Plans and Savings Bonds areas besides training, also comprising behavior.

Since 1996, in partnership with educational institutions, such as FIA, FIPE, FIPECAFI, FGV and IBMEC, 1,197 Bradesco's employees obtained MBAs, Post-Graduate, Specialization courses and Masters Degree certificates. In 2005, a class of *MBA Controller (FIPECAFI)* concluded the course, as well as two classes of *MBA Negócios Bancários (FGV)*, a class of *MBA Gestão de Processos da Organização (FIA)* and two classes of *MBA Negócios Bancários (FGV)* and one class of *MBA Negócios Bancários on-line (FGV-RJ)* are still under progress, amounting to 233 professionals of different areas of the Organization.

Aligned to the Corporate and Social Responsibility policy, projects privileging the human value were developed, such as: Youth Apprentice Program, Young Citizen Program and Internship Programs,

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among them, the Unipalmares Project (Universidade Zumbi dos Palmares). These programs benefit youngsters in the beginning of their careers, with qualification, social inclusion, as well as personal and professional development. Also under this context,

Bradesco developed preparatory training in Libras (the sign language for deaf-mute people), for employees providing direct services to disabled clients.

Increase in Employee Training Participation thousands

Total Amount Invested in Training R\$ million

Social-cultural Events

Bradesco has always supported events that enrich the Brazilian culture, besides maintaining strong relationships with institutes, foundations and cultural centers. Only in 2005, Bradesco supported 697 events.

Bradesco is still sponsoring Brazil's most traditional and popular events, among them, the 4th edition of Parintins Festival, in the state of Amazonas, and the São João de Caruaru's Party, in the state of Pernambuco, one of the biggest São João's parties in Brazil.

The Henry Moore - Uma Retrospectiva/Brasil 2005 exhibition, which inaugurated the festivities calendar of the 10th anniversary of the Pinacoteca

do Estado de São Paulo (State of São Paulo's Art Gallery) and the Festival Internacional de Inverno de Campos do Jordão (Campos do Jordão's International Winter Festival), in São Paulo, are other events sponsored by Bradesco. In this last event, Bradesco also promoted the refurbishment of Concha Acústica, a traditional outdoor space destined to art and cultural presentations offered to the population on a free of charge basis.

Bradesco also sponsored the Música no Museu (Music in the Museum) project, aiming at offering free of charge Brazilian classic music concerts in Rio de Janeiro's museums and the Panorama da Arte Brasileira 2005 (2005 Brazilian Art Scenario) project, that exhibited works of 50 Brazilian artists from different parts of the country. Besides other actions, Bradesco contributed to the restoration of the dome and high altar of the most important monastery of São Sebastião Cathedral of São Bento da Bahia Monastery, in the city of Salvador.

Bradesco also participated in Teleton, a TV marathon with a 27-hour duration, receiving donations to the Association of Assistance to the Disabled Children (AACD).

A support given to two important events involving disabled people also stood out. Bradesco sponsored the fourth edition of the Jogos Pan-Americanos da Federação Internacional de Esportes para Cegos [Pan American Games of the International Federation of Sports for Blind People] (IBSA), held in São Paulo and the Noite da Sorte (Lucky Night), which raise funds through donations to benefit more than 1,300 families having persons mentally disabled, assisted by the Associação de Pais e Amigos dos Excepcionais [Association of Parents and Friends of Disabled People] (Apae), in São Paulo.

Finasa Sports Program

The Bradesco Organization channels demonstrate its support of sports activities through the FINASA ESPORTES (Finasa sports) program, successor of the BCN Sports Program. This initiative, with 18 years of activity, gained momentum in 1997, following its integration with Bradesco's other social projects. Along its history, the program has become a benchmark for assistance in the education of young people, using sports through the formation of women basketball and volleyball teams as an instrument for social inclusion. At present, 3,093 girls from 10 to 16 years of age, enrolled at school and attending classes on a regular basis are included in the program. Approximately 70% of these girls derive from deprived backgrounds and are considered to be at social risk.

FINASA ESPORTES maintains 73 training centers, 47 for volleyball and 26 for basketball, installed on the premises of state schools, at Osasco's city hall sports centers, at Fundação Bradesco school, at a SESI unit and at three private schools, all located in the municipality of Osasco, in the Greater São Paulo. Acting in partnership with the local government, the Bradesco Organization offers a full support structure which includes the supply of sports and learning materials, as well as a team of 70 professional instructors, including local and state coordinators and teachers.

The community integration has been the outstanding feature of this important work. The PROGRAM is designed to transform sports practice into a powerful tool for strengthening the ties with citizenship values. At the FINASA ESPORTES training centers, 2 classes every week are dedicated to counseling on various topics, such as notions of hygiene, teen pregnancy, stress, drug abuse and other teen-related issues, always emphasizing the importance of team spirit. The training centers are also used to disseminate values that favor healthy living in society, including respect for others, union, dedication, persistence and excellence. Classes also stress the importance of having a positive and participative attitude, emphasizing the need to foster activities related to the recycling of materials, the rational use of water and electricity and the promotion of campaigns related to social issues, such as collecting donations in food and clothing.

The FINASA ESPORTES program shows that sports practice is much more than a way to discover vocations or create athletes, it lays the basis for the formation of citizens, who are the essence of a better country for everyone.

Fundação Bradesco The Bradesco Organization's Social Action

Background

Fundação Bradesco, a non-profit entity, headquartered at Cidade de Deus, Osasco, SP, was founded in 1956 and declared to be of Federal Public Utility by Decree 86,238, on July 30, 1981.

Aware that education lies on the roots of equal opportunities and personal and collective fulfillment, Fundação Bradesco currently holds 40 schools installed as priority in the country's most underprivileged regions, in all Brazilian states and in the Federal District.

Objectives and Goals

Through the pioneer action of private social investment, the main mission of Fundação Bradesco is to provide formal quality education to children, young people and adults, so that they achieve personal fulfillment through their work and citizenship.

Accordingly, the reach of Fundação Bradesco has been expanded yearly, increasing the number of enrolled students from 13,080 to more than 107,944 over the last twenty-five years. The schools of Fundação Bradesco run free education for Kindergarten, Primary School and High School, Continued Preliminary Education of Workers as well as Technical Professional Education in IT, electronics, industry, management and agribusiness. Distance learning is also offered as part of the Youth and Adult Basic Education Equivalency programs via Tele-education and the Virtual Classroom site.

Areas and Methods of Action

Basic Education

Basic Education comprises the Kindergarten, Primary School (first to eight grades) and High School comprise more than 43% of all students on courses provided by Fundação Bradesco each year. In addition, the students receive free school materials, uniforms, meals and health and dental care.

Fundação Bradesco is always evaluating contemporary learning trends and, therefore, is always bringing new challenges for learning practices so that the conclusions are spread throughout all school units, ongoing interactions among them.

The schools are understood as a privileged environment for appraising citizenship values and for regarding students as original and creative human beings, who learn through experiences in both school and society. Hence, their potential and needs to interact and reflect on the diversity of knowledge are essential.

The multi-disciplinary learning seeks to provide students with access to practical and theoretical cognitive content, based on the principle that the development process is both dialectic and constructive and that their role in learning is faced as a producer of knowledge.

On this intent, Fundação Bradesco offers various continuing education opportunities, including e-learning.

These resources have resulted in the compilation of diverse learning materials, including text books used up to the fourth grade of primary school, Philosophy for High School and Cultural Diversity as well as other important

supporting materials.

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Technical Professional Education

Based on the commitment of offering technical professional education capable of guaranteeing to the student the continuous right to develop their skills for a fruitful and social life, Fundação Bradesco is in consonance to a new model of technical education in force in Brazil. Bradesco structured the subjects of the course, prioritizing the demands from the market and the society from a brand new perspective, offering work preparation.

High School Technical Education

Based on the professional areas of Agribusiness, Management Industry (Electronics) and information Technology, a number of courses were developed and offered according to the specific needs of the communities in which the School units are located.

The content of these courses aims to ensure a strict relation among work, knowledge and citizenship. The final target is to bring out creative, productive and business-minded citizens, as well as showing students the importance of permanent education.

When offering to students, who arise from underprivileged backgrounds, courses whose content will facilitate their entry and re-entry into the labor market, Fundação Bradesco provides access to the emerging and fast-changing business world.

Preliminary and Continued Qualification of Workers

Fundação Bradesco offers on a free of charge basis this mode of education, designed for the update, qualification and re-qualification of workers with different school levels. There are more than 105 options for free courses, presenting flexible programs, in the same track of the labor market conditions in the following professional areas: Management, Personal Image, (Fashion and Personal Beauty Care), Industry (Electrical, Electronics and Printing Technology), IT, Leisure and Social Development, Tourism and Hospitality (Tourism, Hospitality and Catering). In the Agribusiness Area, Fundação Bradesco offers courses which include Artificial Insemination techniques.

Youth and Adult Education

These students come from different regions but often have similar life histories and comprise in their majority, workers and housewives who were unable to attend or remain at school when they were supposed to. At Fundação Bradesco, they are given adult literacy courses and graduate at both Elementary and High School levels, apply for university entry, in order to improve their employment prospects and most importantly to increase their skills.

Youth and Adult Education courses are given in two segments: Youth and Adult Literacy and Tele-education for Elementary and High School Equivalency.

The Tele-education courses are offered in the own schools of the Fundação or on the premises of the companies that have entered into operating agreements with it, with flexible timetables to suit the different work shifts, avoiding the need for students to travel to the school units. Another reason for the good performance is related to the investments made by Fundação Bradesco in learning technology resources.

Developed for the parents of students who attend the schools of Fundação Bradesco, the Adult Literacy Course is structured around a socio-constructive concept, whereby the student becomes an active subject in the learning process. The topics addressed during classes awake the interests and motivate learners, guaranteeing the success of the course.

The main purpose of the Fundação Bradesco is to prepare students to improve their lives, based on the acquisition of organized knowledge, since according to Bradesco's philosophy education alone is capable of forming citizens who are

participative and aware of their role in society.

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Material Facts

Aiming at providing basic education in computers and free access to public services via Internet, besides of appraising citizenship with actions development pronounced with the communities, Fundação Bradesco already has 40 CIDs Digital Inclusion Centers, two of them in indigenous communities. The project jointly with large IT companies aims to avoid digital exclusion and to boost the compliance to people that live next to the Fundação Bradesco's schools, in places managed by the community's volunteers. High School students offer monitoring for the activities, acting as main players of local development.

On March 6, 2005 all the school units of Fundação Bradesco promoted the National Day of Voluntary Action. More than 700 thousand services were rendered in the leisure and entertainment, education, culture, sports, preventive health, communitarian and citizenship development area. Such action gathered approximately 11 thousand volunteers in more than 100 service centers which include the public schools, Digital Inclusion Centers CIDs and Fundação's schools.

Fundação Bradesco represented Brazil in the IDEAS Institute Seminar, an annual meeting promoted by MIT Media Lab, in Boston, United States. The event relied on the participation of eight countries and its purpose is to share the experiences of applying technology in social projects.

Also in Boston, the results of Projeto Educação para o Futuro (Educational Project for the Future) were presented, during the Worldwide Intel Roundtable Meeting. Such project developed in Brazil since 2003 by Fundação Bradesco is destined to qualify professionals for the use of technology in the education methodologies.

The relationship with Fundação Roberto Marinho was renewed to maintain the Canal Futura project. Fundação Bradesco is partner of such initiative since 1997, which is typified by educational programming and community action. Also jointly with Canal Futura, the Cuidando do Futuro Project (Taking care of the Future), which enables to qualify the educators of each Fundação's school unit to implement projects in the environment, labor, consumption and health (sexuality and drugs) areas. Such qualification was also extended to public schools educators.

The support to Alfabetização Solidária was renewed with investments of R\$ 1 million. In 2005, nearly six thousand students and 240 teachers were benefited with funds from Fundação Bradesco in 16 cities of the northeast region with high illiteracy levels.

Relationship was entered into among Fundação Bradesco, Sesi and Fundação Roberto Marinho to offer and certify courses in Education for Youngsters and Adults of Cia. Vale do Rio Doce's employees. The purpose of the relationship is to assist, only in the first phase, approximately 600 employees of the company in the Espírito Santo state.

Fundação Bradesco was appointed as main player of the largest private and non-profit project of EAD Distance Learning, officially accredited in the country. The 1st Yearbook of Distance Learning, published by the Brazilian Association of Distance Learning Entities - ABED classified the Fundação among the ten institutions which educate the greatest number of students per EAD under the type of Education of Youngsters and Adults.

The X-Force laboratory of information security at Bradesco Instituto de Tecnologia BIT was implemented in Campinas. This initiative, in partnership with the U.S. company ISS aims the research and experiment of technologies and applications in information security in the areas of education and financial services, besides the qualification of experts.

Three nurseries for the production of remaining seedlings of the Atlantic forest were inaugurated, at schools of Campinas, (São Paulo), Marília, (São Paulo) and Vila Velha, (Espírito Santo), which were added to those already

maintained in Osasco, São Paulo and Registro, (São Paulo) . The teachers and students of Fundação Bradesco receive technical qualification from SOS Mata Atlântica Foundation for the handling of species and promotion of environment and reforestation educational actions in partnership with various segments of the community.

The South America and Antarctica Ecosystems Atlas was launched with Fundação Bradesco's support, an educational material destined to primary school and high school students to teach geography and sciences, by using data and research results in the remote sensor area. The Atlas was developed in the CD-ROM format in a project coordinated by the National Institute for

Space Research-INPE in Portuguese and Spanish languages and will be distributed on a free of charge basis to the student community, in various South America countries.

A relationship was entered into between Fundação Bradesco and Grupo Virgolino de Oliveira S.A. Açúcar e Álcool to offer agricultural technical course emphasizing the sugar cane productive chain in two cities of the inner state of São Paulo. This is the first technical course of such type in Brazil and will benefit workers connected with production and logistics areas of the sugar and ethanol industry.

Main Acknowledgments

2^a Olimpíada Brasileira de Saúde e Meio Ambiente nd(Brazilian Olympiad of Health and Environment)

The Postes Inteligentes (Intelligent Posts) project of Rio Branco school, state of Acre, was ranked on the top in the National Phase of award granted by: Fundação Oswaldo Cruz FIOCRUZ, Brazilian Association of Collective Health ABRASCO and Brazilian Institute of Environment and Renewable Resources IBAMA in partnership with a domestic network of institutions in the education, health, environment, science and technology areas.

VIII Olimpíada Brasileira de Astronomia e de Astronáutica th(Brazilian Olympiad of Astronomy and Astronautics)

Brazilian Astronomy Society and Brazilian Space Agency

Bronze Medals

School Unit of Paragominas, state of Pará and School Unit of Bagé, state of Rio Grande do Sul.

Silver Medal

School Unit of Macapá, Amapá.

Olimpíada Científica da Sociedade Brasileira de Química (Scientific Olympiad of the Brazilian Society of Chemistry)

CNPq National Council for Scientific and Technological Development

High school student was classified as first in the ranking with the text: Biodiesel Rumo ao Futuro (Biodiesel Path to the Future).

Marília school unit, São Paulo state.

~~3rd~~Concurso Internacional de Redação de Cartas para Jovens (~~3rd~~ International Competition of Letter Composition for Youngsters)

The competition, annually promoted by União Postal Universal UPU, awarded on the top of the ranking a work of Maceió school unit, state of Alagoas, in the state phase of the competition.

~~5th~~Prêmio e-Learning Brasil (~~5th~~ e-Learning Brazil Award)

The Escola Virtual (Virtual School) project was considered the best portal of education under the Star Educacional category in award granted by the Brazilian Association of Human Resources ABRH and by Micropower.

Troféu Empresa Amiga da Pessoa Portadora de Deficiência (Friendly Company of the Disabled People Trophy)

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This award is granted by the State Coordinating Department for the Integration of Disabled Person CEID, to the school unit of Teresina for relevant actions viewing to promoting the disabled person.

The Techno House project of João Pessoa school unit, state of Paraíba was ranked in the 3rd position under the Innovation category during the Brazilian Fair of Sciences, Engineering, Creativity and Innovation of São Paulo University FEBRACE USP.

The projects Biodiesel: uma alternativa energética viável (Biodiesel: a viable energy alternative) of Paragominas, Pará school and Fitoterapia na Cura de Doenças (Phytotherapy in the Cure of Diseases) of Teresina, Piauí school received honors as finalists of the competition Cientistas de Amanhã (Tomorrow Scientists) performed at the State University of Fortaleza, Ceará by the Brazilian Society for the Science Progress SBPC.

Students of the School Unit of Osasco, São Paulo were awarded with the 2nd position in the Brazilian Robotics Championship, ensuring them a place to represent Brazil in the Worldwide Championship to be performed in the United States in 2006. The project pointed out the use of robotics tools in the access to disabled people, as a way to promote their inclusion and social integration.

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The project *Redescobrimos e Valorizamos a História de Pinheiro: um compromisso com a cidadania* (Rediscovering the valuing Pinheiro's history: a commitment to citizenship) of Pinheiro Maranhão school, won in the category *Educação Patrimonial do Prêmio Rodrigo de Melo Franco de Andrade* (Heritage Education of Rodrigo de Melo Franco de Andrade Award), which was awarded by the Historical and Artistic Heritage Institute of Brazil IPHAN. Such award aims at acknowledging actions to preserve the Brazilian cultural heritage. Besides being the winner, Fundação Bradesco was classified into another six works among 155 those enrolled.

34 Fundação's schools were acknowledged with the seal *Selo Escola Solidária*, by Instituto Faça Parte, as they are committed to an education based on solidarity, participation and citizenship ideals, encouraging volunteer and youth action projects.

A student in the 2nd grade of the primary school of Itajubá school unit, state of Minas Gerais, was awarded in the local, state and federal levels with the 1st position in the ranking of the *V Prêmio Denatran de Educação para o Trânsito* (5 Traffic Education Denatran Award) with her drawing *Brincadeiras de Rua e Segurança* (Street Plays and Safety).

Mrs. Denise Aguiar Alvarez Valente, Assistant Director of Fundação Bradesco and member of Banco Bradesco's Board of Directors, was highly distinguished by the members of the Brazilian Academy of Education with the title *Educadora do Ano 2005* (Educator the Year 2005), in acknowledgment to her work at Fundação Bradesco.

School's Location

The majority of the Fundação Bradesco's educational units are located in the outskirts of major cities or in rural areas where there is a significant lack of educational and welfare assistance. Thousands of students in all over Brazil are given the opportunity to study at these schools.

Schools	Students	Schools	Students
Aparecida de Goiânia GO	2,186	Paragominas PA	2,289
Bagé RS	2,091	Paranavaí PR	1,876
Boa Vista RR	2,351	Pinheiro MA	2,215
Bodoquena MS	1,163	Propriá SE	2,022
Cacoal RO	2,427	Registro SP	2,365
Campinas SP	4,829	Rio Branco AC	2,417
Canuanã TO	1,493	Rio de Janeiro RJ	4,023
Caucaia CE	2,253	Rosário do Sul RS	1,274
Ceilândia DF	3,181	Salvador BA	2,192
Cidade de Deus Osasco SP		São João Del Rei MG	2,231
Unit I	4,000	São Luis MA	2,433
Unit II	2,808	Teresina PI	2,276
Education Offices for Youngsters and Adults	5,657	Vila Velha ES	2,109
Preliminary and Continued Qualification of Workers	5,878		
Conceição do Araguaia PA	2,441		
Cuiabá MT	2,251		
Feira de Santana BA	788		
		Preliminary and Continued Qualification of	
Garanhuns PE	787		
Gravataí RS	3,428		

**Workers Rural Area Artificial
Insemination**

Irecê BA	2,436		
Itajubá MG	2,729		
Jaboatão PE	2,501	Cáceres MT	
Jardim Conceição SP	2,812	Campo Grande MS	
João Pessoa PB	2,193	Goiânia GO	
Laguna SC	2,005	Igarapé MG	
Macapá AP	2,016	Ilhéus BA	
Maceió AL	2,205	Uberaba MG	
Manaus AM	2,643		
Marília SP	3,646	Subtotal	844
Natal RN	2,180	Total (*)	107,944

(*) Services rendered in 2005.

Fundação Bradesco An Educational Project as large as Brazil

Financing

Funds for the financing the activities of Fundação Bradesco derive from income, exclusive of its own Stockholders Equity.

Investments in the last 10 years	R\$ 1,164,498 million
Investments in 2005	R\$ 167.061 million

Courses Grades

	Service in 2005	
	Students	% of total
Kindergarten	3,510	3.25
Elementary School	30,451	28.21
High School and Professional and Technical Education	16,005	14.83
Youth and Adult Education	20,965	19.42
Preliminary and Continued Qualification of Workers	37,013	34.29
Total	107,944	100

Student Profile in percentage

Increase in the Number of Students

Environmental Responsibility

Bradesco's Contribution to Preserve the Environment

Bradesco aware of the dimension of sustained responsibility and the need of balancing our mission in maintaining adequate facilities, without disregarding the social and environmental aspects, we have adopted practical measures contributing to preserve the environment.

In this regard, we permanently seek to apply new technologies minimizing the impact on ecosystems.

In addition, the contracted companies' commitment to our social and environmental goal and a continued awareness of our staff in pursuit of eco-efficiency, reinforces our commitment to foment sustainability. Below, we present some measures already adopted or under implementation.

1) Solid Residues derived from Civil Works

Concerned with the impact on environment, we made an addendum to our agreements with segment companies, holding the building contractors responsible for complying with the Resolution 307 of the Environment National Council concerning the correct destination of residues produced in site office (debris, wood, plastic, metal etc.), upon refurbishments and alterations in layouts of our premises. Referring to the maintenance of buildings at the headquarters, the agreements were added with a specific clause on the correct destination of painting residues (inks, glue, paint brush used etc.)

This responsibility includes the submission of a document recording that residues were deposited in licensed landfills, in the cities served thereby, under the selection of works remains as indicated by the above-mentioned Resolution.

2) Paper and Cardboard

Currently, approximately 100 tons of paper and cardboard are collected monthly in some of our administrative centers, which are submitted to a selective process. It has been examined the possibility of its implementation in other regions.

Methods to assess the quantity of paper consumed by the Organization is under study, both office paper and forms, with a view to knowing, besides the amount, which are the possible measures, that may be adopted aiming at reducing such consumption.

3) Recycled Paper Usage Program

Now we hold a special initiative, whether due to its dimension and comprehensiveness, or due to a positive standing towards the environment preservation: Recycled Paper Usage Program at Bradesco Organization.

This Program, a result of Bradesco's belief that it is able to highly contributing to disseminate theory and practice of environmental responsibility, it has been implemented gradually in our Organization. The option to use Recycled Paper was made after long negotiations with suppliers, and even if it does not mean costs optimization, we are aware that the result will be beneficial for the country development. We already started to use recycled paper to produce internal prints and also in the routine information to our Investors, Market Analysts and Clients.

4) Metal, Glass and Plastics

In September, we started at the headquarters and in two other administrative centers the selective collection of metal, glass and plastics, which has been encouraged by means of in-house campaigns. In order to improve our concern in this regard, we have been using at the headquarters on an experimental basis, biodegradable plastic bags with colors corresponding to waste collected. We estimate to optimize the use of this type of material on a short-term basis in other administrative centers and subsequently throughout all our network. A measure adopted nearly 4 years ago is the utilization of remanufactured cartridges as consumption items for our Premises, aiming besides cost savings, the benefits of reducing pollution and environmental tear and wear. Out of the 51 types of toner cartridges composing our consumption list, 34 are remanufactured products, which participate in the reutilization cycle, as much as this is technically feasible, aiming at maintaining a good quality when printing documents.

5) Biodegradable Products for Cleaning

At Bradesco's headquarters, the Company started the cleaning and maintenance services by using biodegradable products and one of the service companies started to employ 13 less aggressive items to the environment, out of a total of 21 cleaning necessary products. Other companies are being encouraged to use products of such type, which then will be one of the requirements to be considered in a further agreement renewal. Such measure integrates an improvement program seeking to standardize the biodegradable products, the appropriate dilution, in conformity with the manufacturer's guidance and the obligation to present information about chemical products applied in our Premises.

6) Lamps

We have more than 36 thousand lamps at our headquarters buildings and monthly more than 600 lamps are replaced. Concerned with the appropriate destination of this material, the maintenance agreements contain specific clause about the service company's obligation to conduct the ecologically correct discard.

The replacement of 50% of 255 mercury lamps by other sodium steam lamps, in 178 posts installed on the streets of Cidade de Deus (headquarters), and the exchange over the past 3 years of approximately 30,000 40 Watts lamps with 32 Watts has substantially reduced the energy consumption, without losing the lighting efficiency.

7) Electricity and Water

With a view to rationing electricity and water consumption, we destined an area to manage the consumption of these strategic resources. Its attributions consist of managing agreements of demand for electricity with the concessionaires and permanent research of efficient and intelligent new technologies for our equipment, observing the environment preservation policy.

The Branches Network awareness about this issue has been deserved continual attention by indicating consumption targets for our units, based on size, quantity of equipment installed and headcount, as well as release of articles about the rational use of electricity and water.

For instance, we installed and guided the use of timing machines for the automatic turning-off of lamps and lights, allowing an easy utilization at scheduled hours. The turning-off of illuminations, non-used areas, and the employment of natural light have been encouraged.

Similar care is adopted in the acquisition and installation of air-conditioning systems, such as thermo-accumulation devices, which reduce the energy consumption in peak hours, and water treatment in its towers, without using chemical products.

We recommend the optimization in the use of lifts and air conditioning. We also recommend that equipment, energy consumers, is only turned on when under use.

Same concern is expressed as to the rational use of water. Thus, our Premises are periodically guided concerning the monthly follow-up of consumption and maintenance aiming at correcting possible leakage in valves, flushings and faucets. In addition, technical measures contributing to the water consumption reduction have been adopted, for instance, the replacement of mechanical faucets with automatic ones for use at headquarters Premises, amounting to 736 units.

The adequate garden watering, observing the best hour and periodicity, also has been deserved attention. There is a feasibility study related to the reuse of water that comes from the partial sewage treatment generated at head offices, with the purpose of watering and usage in the air conditioning towers. Also concerning the gardening areas, our headquarters maintain approximately 115,000m² of green area, with more than 3 thousand trees cataloged under the replacement and planting program. Grass pruning, the collection of leaves and branches, add approximately 12 tons monthly. We have been using on an experimental basis, a crushing machine of such natural residues, preventing the discard in embankments and optimizing its utilization as organic fertilizer, the measure of which we intend to adopt, depending on its results.

8) ISOs 14001 e 18001 Certifications Building

Bradesco is under a pre-analysis phase to obtain the ISOs 14001 and 18001 certificates for the building Avenida Paulista, in the city of São Paulo. This is a 12-storey building with three basements totally refurbished and adapted, aiming at complying with all the specifications and rules required for the referred certificates.

Equator Principles

Equator Principles rules are based on environmental criteria and social responsibility developed by the International Finance Corporation (IFC), World Bank's arm, which shall be observed in the granting of loans for projects exceeding the amount of US\$ 50 million.

When Bradesco adopted these principles, it believed that all the society will be benefited, as the Bank consolidates the management of exposure to risks associated with these projects, as well as a pro-active involvement in environmental and social issues.

Taking into account Bradesco's adhesion to the Equator Principles, our Real Estate Valuation department is attentive in requesting the submission of reports attesting the non-existence of environmental liabilities, upon eventual proposals for undertakings exceeding US\$ 50 million, or lower amount, when deemed convenient, due to real estate peculiarities.

Social Report Years Ended in 2005 and 2004

1) Calculation basis

	2005	R\$ thousand	2004	R\$ thousand
Net revenue (RL) ⁽¹⁾		14,774,823		11,189,231
Operating income (RO)		7,853,504		4,118,111
Gross payroll (FPB)		5,311,560		4,969,007

2) Internal social indicators

	R\$			R\$		
	thousand	% on FPB	% on RL	thousand	% on FPB	% on RL
Meals	455,151	8.5	3.1	436,355	8.8	3.9
Compulsory social charges	954,061	17.9	6.4	924,264	18.6	8.3
Private pension plans	279,687	5.3	1.9	217,755	4.4	1.9
Healthcare insurance	259,502	4.9	1.8	218,838	4.4	2.0
Occupational health and safety						
Education						
Culture						
Professional qualification and training	52,306	1.0	0.3	52,681	1.1	0.5
On-site child care and child-care benefit	44,701	0.8	0.3	43,798	0.9	0.4
Employee profit sharing	286,632	5.4	1.9	182,386	3.6	1.6
Other	96,878	1.8	0.7	89,935	1.8	0.8
Total Internal social indicators	2,428,918	45.6	16.4	2,166,012	43.6	19.4

3) External social indicators

	R\$	% over	% over	R\$	% over	% over
	thousand	RO	RL	thousand	RO	RL
Education	4,253	0.1		72,378	1.8	0.7
Culture	13,448	0.2	0.1	10,188	0.2	0.1
Health and basic sanitation	591			3,211	0.1	
Sports	5			431		
Prevention of hunger and food security	100			311		
Other	9,226	0.1	0.1	12,595	0.3	0.1
Total contribution to society	27,623	0.4	0.2	99,114	2.4	0.9
Taxes (excluding social charges)	4,102,704	52.2	27.8	2,018,791	49.0	18.0

Total External social indicators	4,130,327	52.6	28.0	2,117,905	51.4	18.9
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4) Environmental indicators

	R\$ thousand	% over RO	% over RL	R\$ thousand	% over RO	% over RL
Investments related to company production/operation						
Investments in external programs/projects						
Total investments in environmental protection						
As regards the establishment of "annual goals" for minimizing waste, general production/operation consumption and the efficient use of natural resources, the company:		() has no established goals complies 51 to 75%	()	() has no established goals complies 51 to 75%	()	()
		() complies 0 to 50%	()	() complies 0 to 50%	()	()
		complies 76 to 100%		complies 76 to 100%		

5) Employees indicators

	2005	2004
Employees at the end of the period	73,881	73,644
Admissions during the period	7,290	5,976
Outsourced employees	7,670	6,477
Trainees/interns	628	391
Employees older than 45	5,945	5,567
Women employees	34,260	33,918
% of management positions held by women	41.3	40.4
Black employees	6,108	5,571
% of management positions held by blacks	7.2	7.1
Disabled employees or employees with special needs	769	706

6) Significant information regarding the level of business citizenship

	2005			Targets - 2006		
Ratio between maximum and minimum salary	20.8			N/A		
Total number of occupational accidents	567			Staff awareness for avoiding accidents in the work place		
The company's social and environmental projects were established by:	() directors	(x) directors and managers	() all employees	() directors	(x) directors and managers	() all employees

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Occupational safety and health standards were defined by:	<input type="checkbox"/> directors	<input type="checkbox"/> all employees	<input checked="" type="checkbox"/> all + Cipa	<input type="checkbox"/> directors	<input type="checkbox"/> all employees	<input checked="" type="checkbox"/> all + Cipa
As regards freedom of trade union activities, collective bargaining rights and internal employee representation, the company:	<input checked="" type="checkbox"/> does not interfere	<input type="checkbox"/> complies with OITrules	<input type="checkbox"/> encourages activities and complies with OIT rules	<input checked="" type="checkbox"/> does not interfere	<input type="checkbox"/> complies with OITrules	<input type="checkbox"/> encourages activities and complies with OIT rules
Private pension plans are offered to:	<input type="checkbox"/> directors	<input type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> directors	<input type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees
The company's profit sharing plan is distributed to:	<input type="checkbox"/> directors	<input type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> directors	<input type="checkbox"/> directors and managers	<input checked="" type="checkbox"/> all employees
When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the company:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required
As regards the participation of employees in voluntary work programs, the company:	<input type="checkbox"/> does not interfere	<input checked="" type="checkbox"/> gives support	<input type="checkbox"/> organizes and encourages participation	<input type="checkbox"/> does not interfere	<input checked="" type="checkbox"/> gives support	<input type="checkbox"/> organizes and encourages participation
Total number of consumer, complaints and critics:	In company: N/D	At Procon: N/D	At court: N/D	In company: N/D	At Procon: N/D	At court: N/D
% of complaints solved:	In company: N/D	At Procon: N/D	At court: N/D	In company: N/D	At Procon: N/D	At court: N/D
Total added value to be distributed (R\$ thousand)	2005 : R\$ 14,928,337			2004: R\$ 10,047,949		
Distribution of added value (DVA):	33.9% government 12.6% stockholders	29.2% taxpayers 24.3% withheld	29.3% government 13.2% stockholders	40.2% taxpayers 17.3% withheld		

7) Other information

The information contained in the Social Report was reviewed by KPMG Auditores Independentes.

(1) Net Income is considered Gross Income from Financial Intermediation.

N/D Not available
N/A Non-applicable

7 - Independent Auditors Report

Independent auditors report on a special review of supplementary accounting information presented in the Report on Economic and Financial Analysis and Social Report

To
The Board of Directors and Stockholders
Banco Bradesco S.A.
Osasco SP

We have examined, in accordance with auditing standards applied in Brazil, the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries as of and for the year ended December 31, 2005 and 2004 and have issued our unqualified opinion, dated February 21, 2006.

Our examinations were made for the purpose of forming an opinion on the consolidated financial statements of Banco Bradesco S.A. and its subsidiaries taken as a whole. In connection with our examinations, we have performed a review of the supplementary accounting information included in the Report on Economic and Financial Analysis and in the Social Report that is presented, exclusively for the purpose of additional analysis and is not a required part of the financial statements.

Based on our examinations, we are not aware of any significant modifications that should be made to the supplementary accounting information for it to be presented adequately, in all material respects, in relation to the financial statements taken as a whole.

February 21, 2006

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by:

Cláudio Rogélio Sertório
Accountant
CRC 1SP212059/O-0

8 - Financial Statements, Independent Auditors' Report, Summary of the Audit Committee Report and Report of the Fiscal Council

Message to Stockholders

Dear Stockholders,

2005 was a fruitful year for Bradesco in terms of advances and achievements. The Company reached the highest net income of its history, its market value was the highest among Latin America's private banks, and its stocks, with a 100% bonus, became even more attractive in view of their higher liquidity on Stock Exchanges.

These records, allied to the leadership position held by Bradesco Organization, reflect and acknowledge its permanent expansion strategy, always guided towards assistance and loan democratization, technical evolution, market segmentation and the ceaseless pursuit of identification of new business opportunities.

During its 62 years of existence, Bradesco has been known by setting clear goals, such as the maintenance of an ample Customer Service Network and a wide range of products and services, combined with an harmonious coexistence of two issues: on one hand, the preservation of culture and values materialized during its history and, on the other hand, a continuous effort to renew and change, so that it may continue growing and safely meeting present times requirements.

The good performance in 2005 is summarized in the results achieved: the net income reached the significant amount of R\$ 5.514 billion, and the stockholders received interest on own capital in the amount of R\$ 1.537 billion and dividends of R\$ 344 million, corresponding to 35.91% of the adjusted result. In these results of the Organization, there was a significant influence from Grupo Bradesco de Seguros e Previdência's performance. Total assets added up to R\$ 208.683 billion, with an increase of 12.85% over the previous year, and Stockholders' Equity amounted to R\$ 19.409 billion.

As a whole, these new steps reinforce the capacity to meet the clients' growing demands and, also, investors' real expectations, evidencing the Organization's important role as an active agent for the Brazilian economic development.

The consistent appreciation of Bradesco's stocks on the Stock Exchange resulted in an increase of 126.57% of the Company's market value when compared to the last two years, which rose to R\$ 64.744 billion on 12.31.2005. The distribution of 2/3 of its stocks among non-controlling stockholders is a healthy measure of the capital stock democratization and an important factor for the trading of its securities. The adherence to the Bovespa's Corporate Sustainability Index (ISE) reassures the Organization's commitment in terms of social responsibility and corporate sustainability, besides evidencing the high liquidity level of the stocks on the Stock Exchange.

Bradesco's Customer Service Network, operating throughout the Brazilian territory, plays an important role in the Organization's strategy, linked by the higher technology standard and the search for excellence in the relationship with the client. The 2,920 Bradesco's Branches, plus the 5,461 Banco Postal's Branches, 85 of them inaugurated in 2005, consolidate the goals of banking inclusion, increasingly enabling access to financial products and services of a large number of people and companies, even in most remote locations.

Bradesco, determined to stimulate the different segments of the economic activity, rose its share in retail loans, emphasizing consigned credit in the payroll, consumer sales financing - CDC, and transactions for micro, small and medium-sized companies, businesses in which, for the third consecutive year, the Company maintained its leadership in the release of BNDES onlendings. In addition, the Company showed greater dynamism to loan mainly destined to production and trade, what favorably reflected on job and income generation. By taking another step towards consumer financing, Bradesco acquired, by means of its subsidiary Finasa Promotora de Vendas, the Consumer Financing Network of Banco Morada, comprising Personal Loan and Consumer Sales Financing.

Bradesco Organization's solid reputation of security, reliability, and dynamism may be translated into the clear language of its figures: R\$ 309.048 billion of funds raised and managed assets, US\$ 2.945 billion in foreign funds, including the issuance of the first Brazilian Perpetual Bond, 16.485 million checking accounts, 16.393 million savings account holders and 47.572 million credit and debit cards and 17.193 million insured, clients and participants, pointing out one of the most significant ones.

Bradesco's organizational structure improvement took place especially within the scope of the best Corporate Governance practices, by means of a strict discipline, focused on results, efficiency of internal controls and establishment, for managers and employees, of very strict professional conduct standards.

Among the events which stood out in 2005, under such outlook, the Rating AA deserves attention (excellent practices) in Corporate Governance attributed to Bradesco by Austin Rating, mainly based on the Organization's values: transparency, strong corporate culture and solid environment of controls, supporting stockholders' confidence as to investment protection and operations sustainability. In addition, Bradesco's support to Global Compact, a project of the United Nations (UN), also deserves attention comprised of ten principles related to Human and Labor Rights, Environmental Protection and Antibribery; the creation of the social and environmental responsibility area, with the attributions of coordinating and disseminating Bradesco's practices in such field; the acquisition of stock control of Banco do Estado do Ceará S.A. - BEC; and recently, in the beginning of 2006, the announcement of the creation of Banco Bradesco de Investimento S.A. - BBI.

Under the Social Responsibility viewpoint, Bradesco's performance has focused on initiatives aligned with the communities' interests, starting by education - certainly the one with the highest priority and relevance in the sustained development process. By means of Fundação Bradesco, about to celebrate 50 years of existence, it maintains 40 schools, mostly located in social and economically deprived Brazilian regions, and it will assist free of charge more than 108 thousand students in 2006.

The engagement and effort of our valuable team, with dedicated and motivated employees, in all levels, were essential to achieve our goals, ensuring that the activities developed could follow a safe path of efficiency and quality, fully complying with the market's requirements.

We are convinced that the democracy development and the consolidation of responsible economic policies will continue to increase the country's reputation in the international scenario and provide a proper condition for organizations with solid strategies and a positive history of achievements, to persist in the generation and distribution of even more satisfactory results, in the view of investors and the community in general. We do not hesitate in including Bradesco Organization under such context.

With a renewed optimism towards future challenges, we would like to thank clients and stockholders for their confidence, support and preference; our directors, employees and all collaborators, our acknowledgement for their effort, dedication and commitment, which are defining factors for the Organization's strategies, to be successful.

Cidade de Deus, February 21, 2006

Lázaro de Mello Brandão
Chairman of the Board of Directors

Management Report

We are pleased to present the Financial Statements of Banco Bradesco S.A. for the year ended on December 31, 2005, as well as the consolidated financial statements, prepared in accordance with the requirements of Brazilian Corporate Law.

The Brazilian economy in 2005 was noticeable by a continuous growth of the Gross Domestic Product in the first half-year period and by an economic downtrend in the second half-year period, deeply connected to the previous basic interest rate increase to hold back inflationary pressures. The maintenance of a favorable foreign scenario made the country risk to be adjusted, along with the foreign exchange rate, which had a strong appreciation in 2005. The exchange rate appreciation also resulted from an excellent performance of the Brazilian foreign accounts, the trade balance of which reached nearly R\$ 45 billion. Despite the economic growth slower pace, the year was noticeable by an important reduction in the unemployment level, increase in real income mass and a robust expansion of domestic loans, both for individuals and legal entities. Great advances were also observed in the public debt management plan.

The 2006 outlook is favorable for inflation control. With a possible less volatile exchange rate and higher investments in the economy, inflation should stand close to the target practically during the entire year, which may enable a systematic reduction of the basic interest rate. A likely maintenance of good results in the labor market, associated with consumer's confidence upturn and the drop in the interest rates, will turn the domestic absorption into the growth propeller next year. The growth and the global liquidity slowdown, already incorporated into our scenario, should not hinder a stronger growth of the Brazilian economy, exactly because the domestic variables should be the GDP's determining factors. The loan, after a significant growth in 2005, should continue increasing, however at lower rates. With the interest rate going down, confidence and income mass going up, there is still a good outlook for loans next year.

Among the material events in 2005 and in the beginning of 2006 at the Bradesco Organization, we point out the following:

- **On March 10, a General Meeting for the stock merger of Bradesco Seguros S.A.'s minority stockholders**, converting it into a wholly-owned subsidiary of Banco Bradesco. 165.12329750137 Bradesco's stocks were attributed for each Bradesco Seguros' stock, 82.95659669277 of which are common stocks and 82.16670080860 are preferred stocks.
- **On April 15, the Consumer Financing Network of Banco Morada was acquired by means of Bradesco's subsidiary Finasa Promotora de Vendas, comprising Personal Loan and Consumer Sales Financing.** The business represents a new strategic advance of Bradesco in consumer financing, with the addition of 1.1 million clients and more than 3.6 thousand affiliated establishments.
- **On May 25, Bradesco issued the first Brazilian perpetual bond**, a US\$ 300 million transaction, with 8.875% interest p.a. and fully accepted by the main foreign markets.
- **On June 3, Austin Rating granted the rating AA to Bradesco in Corporate Governance (excellent practices)**, mainly based on the Organization's ethical values, transparency, solid corporate culture and control mechanisms, contributing to increasing stockholders' confidence as to investment protection and sustainability of transactions.
- **In July, a partnership was entered into with União de Lojas Leader S.A. (Leader Magazine)**, a retail chain operating in the markets of the States of Rio de Janeiro and Espírito Santo, for the management of Leadercard, one of Brazil's five largest private label credit card companies. The agreement also provides for the establishment of a Financial Corporation, subject to the approval of the Central Bank of Brazil, based on Leadercard's portfolio of clients. A partnership was also established with Lojas Esplanada (Deib Otoch

Group), one of the largest retail chains from the Northeast region of Brazil, for its Private Label Cards management, and with Comper supermarket chain for the launching of such cards, which will be used exclusively in their stores. Such agreements will have the possibility to use the products and services offered by Bradesco.

- **In August, Heads of Agreement were entered into with Lojas Colombo**, one of the country's largest retail chains of home appliances, electronics and furniture, with 365 stores, for the establishment of a Financial Corporation, subject to the approval of the Central Bank of Brazil, based on Colombo's client portfolio. The partnership also comprises the distribution of products and services offered by Bradesco.
- **In September, Bradesco won a bidding process to centralize the checking accounts of 67.7 thousand suppliers of the São Paulo local government.** Out of such number, 15.9 thousand suppliers effectively rendered services for the local government in 2004, generating a monthly average payment of R\$ 600 million. This important achievement consolidates Bradesco's performance in such competitive segment.
- **In November, Bradesco forwarded to the United Nations (UN) its confirmation to support the Global Compact, comprised of ten principles related to the Human and Labor Rights, Environmental Protection and Antibribery**, since these fully correspond to the corporate responsibility guidelines defended by the Company.
- **On December 1, Bradesco's stocks were selected to join the ISE Corporate Sustainability Index of Bovespa**, which reflects the return of a portfolio comprised of stocks from a selected group of 28 companies with the best performances in the economic, financial, social, environmental and corporate governance fields.
- **On December 21, the stock control of Banco do Estado do Ceará S.A. BEC was acquired**, in an auction held at the São Paulo Stock Exchange BOVESPA, under the scope of the Brazilian Privatization Program. Such Institution had assets at the amount of R\$ 1.879 billion and a network comprised of 70 Branches, 14 mini Branches and 118 Electronic Service Branches. With such acquisition, Bradesco Organization expands its presence in the state of Ceará and reaffirms its confidence and partnership in the country's economic and social development.
- **On December 22, a strategic partnership was entered into with Banco Espírito Santo (BES), the second largest Portuguese Bank, to provide remittance services from Portugal to Brazil to over 100 thousand Brazilians** living and working in that country, enabling them to open a checking account, which will allow them to have access to various financial products, such as debit card, savings account and life insurance.
- **On February 16, 2006, Banco Bradesco announced the creation of Banco Bradesco de Investimento S.A. BBI**, which aims at consolidating, focusing, creating and developing niches in activities related to the domestic and international capital markets, regarding business structuring, origination, asset distribution and management, and flows of receivables from clients. Such initiative will aggregate five areas which up to now were under Bradesco's structure: Capital Markets Department DEMEC and Private Banking, Bradesco S.A. Corretora de Títulos e Valores Mobiliários (Brokerage House), Bradesco Securities Inc. (Broker Dealer in New York), and BRAM Bradesco Asset Management S.A. DTVM. Besides generating value to the stockholder, this initiative will broaden Bradesco's organic growth expectations.

1. Net Income for the Year

In terms of return to stockholders and contributions to the public funds, figures in 2005 were highly meaningful:

R\$ 5.514 billion Net Income in 2005, corresponding to R\$ 5.63 per stock, a profitability of 28.41% on final Stockholders' Equity and 32.07% on the average Stockholders' Equity. The annualized return on Total Assets was 2.64%, against 1.65% in the previous year.

R\$ 3.941 billion, paid or provisioned taxes and contributions added up to including pension plan contributions, arising from main activities developed by Bradesco Organization in the year.

R\$ 1.881 billion destined to stockholders, as Interest on Own Capital and Dividends, on a monthly basis, interim and supplementary ones, recorded in the calculation of mandatory dividends. They corresponded to R\$ 2.012526 per stock (R\$ 1.765845 net of Withholding Income Tax), which include an additional amount of 10%, for preferred stocks and R\$ 1.829569 (R\$ 1.605313 net of Withholding Income Tax) for common stocks. Interest and distributed dividends represent 35.91% (net of Withholding Income Tax 31.51%) of the adjusted net income for the year.

2. Capital and Reserves

R\$ 13.000 billion was the Capital Stock at end of the year.

R\$ 6.409 billion added up to Equity Reserves.

R\$ 19.409 billion Stockholders Equity, with a rise of 27.57% in the year. Stockholders Equity is equivalent to 10.72% of Assets, totaling R\$ 180.985 billion. In relation to Consolidated Assets, which added up to R\$ 208.683 billion, the Managed Stockholders Equity corresponds to 9.33%. The book value per stock rose to R\$ 19.82.

The capital adequacy ratio in the consolidated financial result recorded 17.26%, and in the consolidated economic-financial result 15.23%, both higher than the minimum of 11% regulated by the Resolution 2,099, as of 8.17.1994, of the Brazilian Monetary Council, in compliance with the Basel Committee. In relation to Consolidated Reference Stockholders Equity, the permanent assets to stockholders' equity ratio (maximum of 50%, according to the Central Bank of Brazil) was 16.72% in the total consolidated result and 45.33% in the financial consolidated result.

Bradesco Organization's Subordinated Debt, at the end of the year, added up to R\$ 6.719 billion (R\$ 3.183 billion abroad and R\$ 3.536 billion in Brazil), already considered in the Stockholders Equity for the purposes of determining the indexes recorded in the previous paragraph. In compliance with the provisions in the Article 8 of the Circular Letter 3,068, as of 11.8.2001, of the Central Bank of Brazil, Bradesco declares it has the financial ability and its intent to hold until maturity the securities classified under the category securities held to maturity.

3. Operating Efficiency Ratio IEO

IEO reflects the success of the effort to increase net revenues and reduce costs.

With the use of the ABC (Activity-Based Costing) methodology, Bradesco Organization has been improving the fee determination and negotiation criteria, the supply of costs for GDAD Management of Performance and Support to Decision and for the determination of the Client Profitability, also setting up a safe basis for permanent streamlining analyses.

The methodology adopted in costs control is the ABM (Activity-Based Management), a proactive position, which enables to rapidly grow, including in identifying opportunities. Thus, it is possible to integrate operational performances with strategic goals, concurrently with improved processes.

It is worth mentioning that the severity in controlling expenses, improved with the establishment of Expenses Assessment Committee, bound by the synergy process of Institutions acquired and a permanent effort to increase revenues, have been positively reflecting on IEO behavior.

With optimistic results, the Integration Project is under progress, which utilizes the SAP platform and aims at easing the inter-relationship of flow of information among various departments and companies of the Organization. A

databank, interacting in an integrated set of applications consolidated in a single information technology environment, enabling a better control of processes and efficiency gains.

44.80% was the ratio reached on 12.31.2005, against 55.47% in 2004 and 56.59% in 2003.

4. Bradesco's stocks

Bradesco's stocks, with high liquidity, were present in all the trading floors of São Paulo Stock Exchange BOVESPA, and the preferred stocks participated with 3.77% in the Ibovespa. The appreciation in 2005 was 133.48% for the common stocks and 117.52% for the preferred stocks, against 27.71% of Ibovespa. Abroad, Bradesco's stocks are traded at the Madrid Stock Exchange, Spain, composing the Latibex index, and in the form of ADR - American Depositary Receipt - Level 2, at the New York Stock Exchange.

The Special Stockholders' Meeting as of November 11, 2005, resolved to increase by R\$ 3 billion Bradesco's capital stock, by utilizing part of the balance in the account Profit Reserve - Statutory Reserve, attributing to the stockholders, on a free-of-charge basis, as bonus stocks, 100% (one new stock, of same type, for each stock held). The bonus stock had an unit cost of R\$ 6.123366597, in compliance with the provisions in Paragraph 1 of Article 25 of the Regulatory Instruction Nº 25, as of 3.6.2001 of the Brazilian Internal Revenue Service.

R\$ 14.529 billion was the amount traded with Bradesco's stocks during 2005, at BOVESPA, represented by 18,049,300 common stocks and 296,168,500 preferred stocks.

R\$ 5.517 billion was traded as ADR, in the U.S. market, backed by 271,200,900 billion of Bradesco's preferred stocks.

5. Business Strategy

The expansion of the Brazilian economy should encourage a significant portion of the population to seek for financial services, and within such context, Bradesco Organization, will maintain in the domestic market, the focus of its operations, causing to prevail its competitive advantages and preserving as its highest proposition, the safety and quality of operations.

Bradesco intends to reach such goals not only through a continuous expansion of its customer base, but also through the segmentation of its services, expansion of loan operations, creation of new products and services, focusing on retail, implementation of technological innovations, increased use of the Internet, rigor, such as the cost control policy guideline, synergy enabled by recent acquisitions and the challenge of being a Banco Completo (all-inclusive bank) for the Brazilian market. The Company also intends to maintain an outstanding presence in every line of financial service and to be acknowledged as leader of performance and efficiency, supported by its staff and a wide customer services network. The conductor of Bradesco Organization's global strategy is the market segmentation, clarified in details in this Report.

Referring to the insurance area, the Company seeks to consolidate Bradesco Seguros leadership and also take advantage of a continuous evolution of the supplementary private pension segment in the offer of related products.

Bradesco Organization considers that the next phase of expansion of the financial institutions in Brazil will mainly occur through the organic growth. However, as a way to develop and continuously reinforce its positioning in the market, Bradesco is permanently attentive to the opportunities, including strategic alliances, privatizations and acquisitions, always guided by positive impacts that these may have on the Company's results.

Bradesco does not measure efforts to identify and assess risks inherent to the activities it develops, by maintaining adequate controls, ensuring the conformity of processes and capital efficient allocation, endeavoring its efforts to conquer and expand competitive advantages.

Finally, Bradesco deems as basic element of its work philosophy to conduct business with transparency and within the highest ethical standards, maintaining a strategy always guided and oriented by the best Corporate Governance

practices. Thus, Bradesco, besides being a source of profits to its stockholders, seeks to be a building element in the heart of society, incorporating social and environmental responsibility actions, tuned to the goals of progress and well-being of the Brazilian nation.

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6. Operational Performance

6.1. Funding and Asset Management

At year-end, the total volume of funding and assets managed by Bradesco Organization reached R\$ 309.048 billion. Bradesco manages approximately 16.485 million checking accounts and holds 19.27% of SBPE – Savings and Loan Brazilian System. When compared to 2004, the volume funded increased by 16.45%:

R\$ 100.045	billion in Demand Deposits, Time Deposits, Interbank Deposits, Other Deposits, Open Market and Savings Account;
R\$ 121.182	billion in assets under management, comprising Investment Funds, Managed Portfolios and Quotas of Third-Party Funds;
R\$ 41.043	billion registered at the Exchange Portfolio, Borrowings and Onlendings, Own Working Capital, Tax Payment and Collection and related taxes, Funds From Issuance of Securities and Subordinated Debt in the Country;
R\$ 40.863	billion in Technical Provisions for Insurance, Supplementary Private Pension and Savings bonds, with an increase of 21.50% when compared to the previous year;
R\$ 5.915	billion in Foreign Funding, by means of public and private Issuances, Subordinated Debt and Securitization of Future Financial Flows.

6.2. Loan Operations

The loan democratization is one of the pillars of Bradesco's strategy and it is materialized by a continuous expansion and diversification of the financing supply, by means of direct transactions and partnerships with market agents, ensuring evident leadership position among private institutions. This new step ahead was motivated by an increase in credit facilities for individuals, pointing out the consigned credit in payroll at Bradesco's branches network and also at Banco Postal. This enabled a higher positive impact of operations in the economy.

R\$ 81.130	billion was the balance at year-end, of the consolidated loan operations, including Advances on Exchange Contracts and Leasing, with an increase of 29.21% in the period.
R\$ 4.959	billion was the consolidated balance of allowance for doubtful accounts, equivalent to 6.11% of the total volume of loan operations.

Real Estate Loan

Real Estate Loan holds an outstanding position at Bradesco due to its connection with job creation and income. A significant volume of operations carried out in 2005 reassures Bradesco's determination to respond to demands of end borrowers and to the expansion of home building industry, which are essential factors for the country development.

R\$ 1.316	billion was the total funds directed to the sector, enabling the construction and purchase of 14,388 real properties.
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Onlending Operations

Bradesco, maintaining its leadership in the ranking of BNDES onlendings, it contributed, in 2005, with 17.82% of the system operations. As a whole, these account for R\$ 4.437 billion and 18,322 contracts, which correspond to 33.70% increase, when compared to the previous year. In addition, Bradesco maintained its leadership for the third consecutive year in the onlending disbursement for the micro, small and medium-size companies, with funds of R\$ 2.382 billion, corresponding to 21.28% of the entire system.

R\$ 8.240 billion was the balance of onlending portfolios, with internal and external funds, at year-end, mainly destined to small and medium-size companies, with 91,286 registered contracts.

Rural Loan

Bradesco's performance in the agribusiness industry has been standing out for a long time due to the emphasis given to financing of production means, processing and trading of crops. In addition to identifying opportunities and supporting new business start-up operations, this contributes to increase productivity and the quality of Brazilian products, providing support for higher exports and domestic market supply.

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R\$ 6.402 billion was the balance of investment at year-end, represented by 77,084 transactions.

Consumer Financing

Over the years, Bradesco has stimulated the growth of the productive chain, comprising its different phases, by injecting a substantial portion of funds in the economy, with significant participation in operations destined to the acquisition of second-hand and new vehicles, encompassing car makers, car dealers and consumers. Thus, the Company contributes to employment and income generation, as part of the production process and wealth circulation.

R\$ 27.792 billion was the balance of operations destined to consumer financing.

Loan Policy

The Loan Policy adopted is oriented to safety, quality and liquidity in asset investment and minimizes risks, by offering agility and profitability of the businesses, as well as it guides the setting of operational limits and the granting of loan operations.

The Branches provide loan limits with variable levels, according to the size and type of guarantee, while the Credit Scoring specialist systems enable to expedite and support the decision-making process with security specific standards. The Loan Committees located at the headquarters also play a major role, which centralize, analyze and discuss about the loans going beyond the competence of the branches.

The businesses are diversified, distributed, supported by suitable guarantees and destined to individuals and companies evidencing ability to pay and credibility.

6.3. Capital Markets

Bradesco's building relations with the Capital Markets gain a new dimension every day. This partnership for a long time, based on specialized work of structuring the best alternatives for capitalization of the companies and expansion of their businesses is complemented with high quality services to investors. In 2005, Bradesco coordinated 44.13% of the volume of issuances recorded at CVM - Securities and Exchange Commission of Brazil. It also actively participated in advising companies in special operations, including mergers and acquisitions, project finance and corporate and financial restructurings.

R\$ 26.914 billion was the amount coordinated by Bradesco in 2005 in stock, debentures and promissory notes primary and secondary transactions and R\$ 2.488 billion the amount of Credit Rights Investment Fund operations.

7. International Area

At Bradesco Organization, the Foreign Trade and Exchange Department operates in multiple markets, with a diversified line of products and services. Its sound structure comprises 12 specialized units, plus 7 supporting offices in the country. Overseas, the Company operates branches in New York, Grand Cayman and Nassau and the subsidiaries in Buenos Aires and Luxembourg, besides an extensive Network of International Bank Correspondents.

R\$ 5.018 billion was the balance at the end of 2005 on Advances on Exchange Contracts, for a Portfolio of US\$ 4.313 billion of export financing, a growth of 40.11% when compared to the previous year.

US\$
528.801 million in Import Financing in Foreign Currency.

US\$
25.604 billion traded in Export Deals, a performance, 27.83% higher than 2004 and a market share of 20.81%.

US\$
10.314 billion of import contracted, a 39.30% performance higher than the previous year, with a 14.50% market share.

US\$
901.401 million in mid and long-term public and private placements in the international market.

8. Organizational Structure

8.1. Bradesco's Customer Service Network

Bradesco Organization's Customer Service Network, designed to provide suitable standards of efficiency and quality, and is present in all regions of the country.

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Bradesco's branches stand out for the functionality and comfort of their environment and they offer modern and large self-service offices, with extended working hours and diversified equipment, which save the client's time and its operations become more agile and simple. Bradesco Prime Branches offer differentiated treatment to clients, in exclusive environments with customized service and financial advisory service. Bradesco Empresas (middle market) offer similar assistance, provided with quality and specialization.

Bradesco Dia e Noite self-service network, distributed in strategic locations throughout the country, which in 2005 adopted the new brand Bradesco Dia & Noite is composed of 23,036 machines, 21,445 of them operating on weekends and holidays, thus, providing fast and practical access to a broad range of products and services. In addition, Bradesco's clients, holding debit cards in checking accounts or savings account also began in 2005 to use the 2,748 machines of Banco24Horas (24-hour bank) for withdrawal operations and consultation of bank statements.

Bradesco Internet Banking was innovatively launched in 1996, which in 2005 started to rely on the Bradesco Security Keys System Electronic and Card uses state-of-the-art technology, with more than 6.943 million registered users, who may access the Website directly from their office, home or wherever they are located. This enables the access to 351 types of operations, generating 347.866 million transactions/year.

Bradesco Net Empresa, exclusive services rendered to the Companies, provides high security for banking transactions by means of digital certification and electronic signature. It optimizes the financial management of the companies businesses connected thereto, and clients may transact checking and savings accounts, provide for payments, collections, file transfer, among other transactions out of 261 operations provided. The number of registered companies on December 31, 2005 was 361,569, which generated 246.256 million transactions/year.

In permanent expansion, Bradesco ShopInvest, among other operations, enables investment on the Stock Exchanges with online quotations as well as investments and redemptions, calculation simulations, acquisition of savings bonds, supplementary private pension plans and it also provides information to follow-up the financial market.

The ShopCredit Website, on Loan and Financing, client may access the complete portfolio of credit facilities offered by Bradesco. With detailed information, the products are subdivided into individuals and legal entity. In addition, this enables the use of calculation simulators for individual loan, overdraft-secured check, CDC, leasing, real estate loan, rural loan, Finame, auto insurance and others.

Bradesco Poder Público Website is a portal focused on meeting the expectations of the Executive, Legislative and Judiciary Branches at the Federal, State and Local Levels. In addition to encompassing Bradesco's products and services, with payment and receipt solutions and in the Human Resources area, it offers access to Bradesco Net Empresa.

Bradesco Nikkei Website, besides offering product and services solutions to assist those Brazilian citizens who intend to go to Japan or those who are living there or plan to return to Brazil, are also provided with economic information and specialized analyses, which facilitate the assets management.

The clients of Bradesco Prime, Private, Empresas and Corporate segments are assisted by means of specific Websites.

Fone Fácil Bradesco offers banking information, products and services by phone, with convenience, agility and security. In 2005, it reached the record of 273.932 million phone calls and 2.813 million of sold items, seeking to transform each contact into business opportunity.

The operational capacity evaluation of such huge structure may be performed by daily average of 11.826 million transactions made by the customers and users. These are 2.507 million transactions on the counters and 9.319 million (78.80%) through convenience channels, pointing out Bradesco Dia and Noite (self-service), Internet and Fone Fácil.

Bradesco Organization's network, on December 31, 2005 was composed of 13,315 services branches, as follows:

2,921	Branches in the Country (2,920 Bradesco and 1 Banco Finasa);
3	Branches Overseas, 1 in New York (Bradesco), 1 in Grand Cayman (Bradesco), and 1 in Nassau, in Bahamas (Boavista);
5	Subsidiaries Overseas (Banco Bradesco Argentina S.A., in Buenos Aires; Banco Bradesco Luxembourg S.A., in Luxembourg; Bradesco Securities, Inc., in New York; Bradesco Services Co., Ltd., in Tokyo; and Cidade Capital Markets Ltd., in Grand Cayman);
5,461	Banco Postal Bank branches;
2,451	Corporate site branches;
2,235	Outplaced terminals of Bradesco Dia e Noite (self-service network);
239	Finasa Promotora de Vendas' branches, a company present in 17,949 car dealers and 22,490 stores trading furniture and home décor, tourism, autoparts and information technology equipment, home building material, clothing and footwear, among others.

8.2. Information Technology

The Information Technology is one of the main pillars of Bradesco Organization's strategy to maintain and leverage its businesses. It is typified by innovation, it enables clients the access to innovative services of quality and easy use, with mobility, high availability and security.

With high technological standard and processes, which observe the best practices of the segment, it relies on redundant infrastructure and fully under contingency, with processing capacity at central computers higher than 70,000 Mips (millions of instructions per second, besides 5,000 servers of software processed in other platforms and also 800 terabytes (trillions of characters) for data storage, which recorded more than 30 trillions of systemic operations in 2005.

The investments destined to IT maintenance and expansion amounted to R\$ 1.460 billion in 2005.

8.3. Bradesco Ombudsman

An open and straight-forward dialogue with clients has always been integrating Bradesco's positioning, a mission, which led the Company to innovatively create in April 1985, 'Alô Bradesco', the first communication channel of the financial market with the public in order to register and provide suitable treatment to the suggestions and complaints, five years prior to the publication of the Consumer's Defense Code. As an improvement of such service, which has been proving to be an instrument of great strategic reach due to the transparency and willingness to harmonize interests, Bradesco created in 2005 the Ombudsman Area, in order to centralize and manage the clients' and users' claims. Going beyond solutions, the Ombudsman seeks to capture trends, which enable the Organization to anticipate procedures, which are compatible with market transformations.

124,010 contacts registered in 2005.

9. Products and Services

9.1. Bradesco s Cards

Traditional member of Visa International, Bradesco has been expanding its share in this segment with the development of the most complete line of services of this kind in the country. The Company also offers the MasterCard credit cards, which stand out due to the extension of benefits and convenience to its members.

The customer services network accredited by Visa System in Brazil combines over 860 thousand commercial establishments and it is managed by the Companhia Brasileira de Meios de Pagamento Visanet (Brazilian Company of Payment Processing), of which Bradesco holds 39.71% of the capital stock and it processed in 2005 R\$ 92.426 billion transactions, taking into account credit and debit cards bills, with a 27.69% growth compared to the previous year.

Bradesco developed and launched in this segment several products during 2005, pointing out **Cred Mais**, for employees whose employers maintain, with more attractive fees for revolving credit; **GiftCard**, pre-loaded card aimed at giving gifts to

individuals; **SMS Serviço de Mensagem Bradesco**, which enables its bearer to receive messages on the mobile phone at the same time the card transaction was made; **Cartão de Crédito Nacional MT Fomento Card**, addressed to actual civil servants, retirees, pensioners and commissioned individuals from the state government of Mato Grosso, with lower costs to the card bearer; and the **CPB Cartão Passagem Bradesco**, a product destined to legal entities for the management and control of air tickets expenses.

In another pioneering initiative, Bradesco was the first bank to offer the payment of goods in virtual shops with the Visa Electron card and to offer the e-commerce service named as **Verified by Visa** Electronic Means to Verify Credit and Debit Cards Transactions also in virtual shops, providing the customer with higher protection and security.

In partnership with other issuers and Visa International, Bradesco has actively participated in the distribution of the Visa Vale Cards, in the segment of benefits (meal and food vouchers) contributing with 51.98% of all sales in 2005.

Bradesco's entry into the Private Label Cards market was consolidated with partnerships with Comper supermarket chain, with the issuance of more than 200 thousand cards, with Leader Magazine Group, a retail chain operating in Rio de Janeiro and Espírito Santo markets to manage more than 2.6 million of those cards by means of a financial institution to be established; and with Lojas Esplanada (Deib Otoch Group), one of the largest retail chains from the Northeast region of Brazil. Such partnership is expected to manage 2.3 million cards.

Bradesco also launched with Casas Bahia, a credit card with Casas Bahia and Visa flags, which enables to pay within 24 months for purchases made at Casas Bahia, being also accepted in all the stores adopting the Visa flag.

R\$ 26.272 billion was the total sales of the Organization's Cards, of which R\$ 14.023 billion of Credit Cards and R\$ 12.249 billion of Bradesco Visa Electron Debit Card, accounting for, respectively, an increase of 22.19% and 29.85% over the previous year.

47.572 million is the number of Credit and Debit Cards being transacted, with an increase of 2.59% as compared to 2004, of which 10.204 million of credit cards 37.368 million of debit cards, representing, respectively, 13.07% and 39.20 % of the market.

R\$ 4.590 billion were the Assets generated by the card business, encompassing financing to the bearer, advances to commercial establishments and loans for cash or credit purchase, surpassing the balance of December/2004 by 48.29%.

R\$ 1.301 billion in fee income, mainly commission income on purchases made with Debit and Credit Cards and various fees.

1.002 million Visa Vale Meals and Food cards represented Bradesco's contribution to the total portfolio of Visa Vale, with an increase of 35.59% over December 2004 and sales in 2005 at the amount of R\$ 1.224 billion, an increase of 87.82%, when compared to the previous year.

9.2. Receipt, Payments and Collections Solutions

Bradesco, combining advanced technology with the resources of its ample customer services network, the Company provides its clients with electronic solutions for receipts, payments and financial transfers transactions, on a simplified and safely manner.

The collection, bills and payments receipt by means of innovative processes optimize and speed up the work of companies in the management of accounts receivable and payable. Those resources, which are also offered to pay taxes, charges and contributions, bring benefits to the governmental agencies, under the Federal, State and Local

scopes, besides the Public Utilities Concessionaires, providing more efficiency in fund collection. INSS retirees and pensioners also have access to the easiness of an advanced structure to receive their benefits.

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R\$ 921.868	billion was transacted by Bradesco online collection, check custody, identified deposit and OCT credit order by teleprocessing, in 2005, which corresponds to 919.163 million of processed transactions.
R\$ 470.319	billion, which correspond to 128.403 million of payment operations made during the year by Pag-For Bradesco - Book Payment to Suppliers, Bradesco Net Empresa and PTRB Electronic Tax Collection, enabling the management of Accounts Payable to over 359 thousand companies.
R\$ 113.167	billion collected during the year relative to federal, state and local taxes and other contributions, processed by means of 75.090 million slips.
R\$ 5,854	billion was the consolidated volume of collected CPMF, representing 20.03% of the contribution, thus, demonstrating the significant volume of funds transacted under the scope of Bradesco Organization.
R\$ 21.980	billion received from utility bills, such as electricity, water, gas and telephone, amounting to 144.683 million processed documents, 50.115 million of which were paid by the Automatic Debit in Checking and Savings Account, a system which offers broad convenience to the client.
R\$ 25.514	billion paid to over 4.424 million retirees and pensioners of the Social Security System, 18.26% of the population registered at the INSS, 51.998 million operations, by means of the Instant Benefit Card and credit into the account.

9.3. Stock, Custody and Controllership Services

In order to provide high standard services at the Custody of Securities, Controllership, Receivable Funds, DR-Depository Receipt, BDR-Brazilian Depository Receipt, Stock Bookkeeping, Debentures and Investment Fund Quotas, Bradesco maintains an adequate infra-structure and specialized team.

Assets Bookkeeping

164	companies integrate Bradesco's Bookkeeping Stocks System, comprising 2.430 million stockholders.
42	companies comprise Bradesco's Bookkeeping Debentures System, with restated value of R\$ 35.606 billion.
26	Investment Funds comprise Bradesco's Bookkeeping Quota System, with restated value of R\$ 1.521 billion.
2	Registered BDR programs, with market value of R\$ 127.597 million.

Custody and Controllership

R\$ 179.255	billion in assets under custody, of clients who use the Custody Services (Funds, Portfolios, DR and Receivable Funds).
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R\$ 236.067 billion is the total Managed Portfolio and Investment Funds which use the Controllership Services.

8 Registered DR Programs, with market value, at the amount of R\$ 42.054 billion.

10. Bradesco's Companies

10.1. Insurance, Private Pension Plans and Savings Bonds

In the insurance, supplementary private pension plans and savings bonds areas, Grupo Bradesco de Seguros e Previdência (Bradesco's Insurance and Private Pension Plans Group) holds the leadership position among the conglomerates operating in such sector in Latin America. The Group is managed by Bradesco Seguros S.A., and consolidates its performance with the launching and improvement of several products.

R\$ 1.597 billion was the Net Income of Insurance, Supplementary Private Pension Plans and Savings Bonds segment in 2005, with a 27.59% profitability and stockholders' equity of R\$ 5.791 billion.

R\$ 49.754 billion amounted the total assets.

R\$ 46.234 billion amounted the free investments and for coverage of Technical Provisions.

R\$ 15.405 billion were the Net Revenues from the Insurance and Private Pension Plans activities.

R\$ 1.420 billion was the sales from the Savings Bonds activity, distributing premiums at the total amount of R\$ 39.920 million, related to 2,031 bonds drawn in a portfolio which, at the end the year, recorded 12,771 million active bonds.

10.2. BRAM Bradesco Asset Management S.A.DTVM

BRAM, a company specialized in the management of third-party assets, services various segments of the market, such as Bradesco Prime, Bradesco Empresas, Corporate, Private, Retail and Institutional Investors.

R\$ 111.737 billion, as of December 31, were distributed into 435 Investment Funds and 107 Managed Portfolios, amounting to 3.391 million investors.

10.3. BEM Distribuidora de Títulos e Valores Mobiliários Ltda.

With a high level of specialization, BEM is devoted to the asset management in the institutional segment.

R\$ 9.445 billion as of December 31, were, distributed into 81 Investment Funds and 3 Managed Portfolios, amounting to 956 investors.

10.4. Banco Finasa S.A.

On a supplementary basis, Banco Finasa performs Bradesco Organization's Consumer Direct Lending and Personal Loan operations. By means of Finasa Promotora de Vendas Ltda., its wholly-owned subsidiary, promotes the relationship with car dealers and stores commercializing durable and semi-durable goods and services.

R\$ 283.373 million was the Net Income for 2005.

R\$ 17.619 billion were the Consolidated Assets, 70.45% increase over December of the previous year.

R\$ 14.837 billion was the balance of loan operations, up 82.85% over December, 2004.

10.5. Bradesco Leasing

Bradesco Leasing focuses on vehicles, machinery and equipment, in addition to its experience in structuring of operational agreements with manufacturers and dealers.

R\$ 2.518 billion was the balance invested on 12.31.2005, from 46,517 operations contracted in 2005.

54,607 leasing agreements were in force, at the end of 2005, characterizing a high level of distribution of the businesses.

10.6. Bradesco S.A. Corretora de Títulos e Valores Mobiliários

With significant performance at the Bovespa trading floors, Bradesco Corretora has been recorded outstanding growth also in its Internet operations (Home Broker). Bradesco Corretora also stands out for its position at the BM&F - Brazilian Mercantile & Futures Exchange, as one of the brokers with highest business volume.

Among its competitive differentials, one should mention the investment analysis services and market scenario. It also acts as a representative of investors not resident in the country in operations carried out at the financial and capital markets, in the management of investment clubs and in the custody for individuals and non-institutional legal entities.

Its unique Stocks Trading Automatic System SANA is structured to facilitate the participation of the small investor in the stock market, ensuring an ample facility to buying and selling stocks on the Stock Exchange, in small lots, through computer terminals at Bradesco's Branch Network. The system also supports the intermediation of public offerings.

In 2005, Bradesco began to render Market Maker services, ensuring minimum liquidity and price reference for the client stocks traded at BOVESPA, and it also launched the Direct Treasury Program, which enables the individuals to invest in federal government bonds through the Internet, by simply registering at Bradesco Corretora via the Website www.bradesco.com.br.

- R\$ 18.056 billion was the amount traded by Bradesco Corretora at the BOVESPA trading floors, which corresponds to 539,552 stock call and put orders, rendering services to 49,841 investors in 2005.
- 3.877 million contracts were traded at the BM&F, accounting for a financial volume of R\$ 402.874 billion.
- R\$ 1.832 billion was the volume traded at the Home Broker, corresponding to 286,208 stock call and put orders. 37,973 was the number of clients registered on December 31.
- 15,736 clients were registered on 12.31.2005 at the Fungible Custody Portfolio.

10.7. Bradesco Consórcios Ltda.

Since the start-up of the company's activities in 2003, the credibility of Bradesco brand has been a major competitive differential, combining security and the achievement of dreams of millions of consortium members, who have opted for this type of financing aiming the acquisition of light and heavy vehicles, as well as real properties, among other goods.

- 220,483 quotas were traded until December 31, ensuring Bradesco's leadership in the real estate and automobile segments.
- R\$ 6.396 billion was the sales amount in 2005.

11. Market Segmentation

The segmentation process of Bradesco's activities revealed a promising path towards a new dimension to the Organization's operations, in terms of quality and specialization, in specific demands of most varied levels of clients, whether individuals or legal entities. With a differentiated service and growing productivity gains and agility, such process provides Bradesco with higher flexibility and competitiveness in the execution of its business strategy.

11.1. Bradesco Corporate

Bradesco Corporate develops, by means of its Platforms, present in major Brazilian cities, a specialized relationship model, incorporating in its management the best service practices to corporate groups, with annual sales exceeding R\$ 180 million.

Its partnerships represent solid attribute, which is evidenced in the integration of Corporate itself with its Asian Desk and Euro Desk areas, generating better results.

- R\$ 64.498 billion is the amount of assets managed by this area, comprising 1,248 economic groups.

11.2. Bradesco Empresas (Middle Market)

Bradesco Empresas renders services to companies with annual sales between R\$ 15 million and R\$ 180 million, and aims at offering the best management of business, such as loans, investments, foreign trade, derivatives, cash management and structured operations, focused on clients' satisfaction and higher Organization's results.

11.3. Bradesco Private Banking

This is a structure proper to a specialized service rendered to wealthy individuals, with minimum availability of R\$ 1 million for investments, Bradesco Private Banking seeks to advise them as to the best investment alternatives, providing tailor-made advisory services and fully directed to equity appreciation.

11.4. Bradesco Prime

The target public is individuals with a monthly income as from R\$ 4 thousand or investment availability exceeding R\$ 50 thousand. Bradesco Prime offers a tailor-made service, complete financial advisory services, as well as differentiated Products and Services. At the end of 2005, we had 195 Bradesco Prime branches throughout the country, especially designed to offer clients comfort and privacy.

11.5. Bradesco Varejo (Retail)

The Retail activity, the connection point between the Brazilian society and Bradesco, is a mission cultivated since Bradesco's inception. In this segment, with strategic priority and most traditional operation field, Bradesco serves with quality all the levels of the population. Thus, the Company reaches the largest number as possible of companies and individuals, throughout the regions of the country, including those with lower development levels, reflecting the efforts endeavored in the democratization of banking products and services.

11.6. Banco Postal

The Banco Postal, besides contributing to the progress of local populations, has been increasingly consolidated, due to its relevant support to Bradesco's clients in carrying out transactions in several regions of the country. This is a result of a successful partnership between Bradesco and the Brazilian Postal Company, which became a dynamic conductor of market expansion in view of its capacity of including financial services to new consumers, mainly from places deprived of banking branches.

11.7. Bradesco Expresso (Correspondent Banks)

Bradesco also maintains partnership with various commercial establishments, such as supermarkets, bakeries, drug stores, etc., with a view to more and more make available banking products and services to the population.

12. Intangible Assets – Intellectual Capital

There is a significant distance between Bradesco's book value at the end of 2005, R\$ 19.409 billion, and its market value, R\$ 64.744 billion, calculated based on the price of Bradesco's stocks at the São Paulo Stock Exchange BOVESPA.

Boosted by the performance in the period, with improvement of results and distribution of dividends/interest on own capital, it represents 3.34 times the stockholders' equity, and may also be interpreted as an indicator of investors' perception as to the intangible assets of the Organization.

In fact, all the strategic planning developed in pursuit of higher results takes into account, for the establishment of viable targets, the penetration of Bradesco's brand; its image of solidity, tradition and reliability; the level of preparation, commitment and motivation of its employees, with a strict Human Resources policy; a solid corporate culture; scale reached in its businesses; range of relationship channels existing among different public and the Organization; a broad diversification of products and services offered and the channel of its extensive service network, which covers the entire Brazilian territory and goes beyond frontiers.

13. Marketing

The marketing strategy adopted by Bradesco was marked by solid advances during 2005. One of the main highlights, whether from the results viewpoint, or acknowledgments due to market benchmarks, was the inception of a new communication positioning and the adoption of the concept Bradesco Completo (all-inclusive bank).

More than a slogan, the signature granted greater visibility to Bradesco's brand in the competitive scenario of the banking segment and managed to communicate Bradesco's mission to the great public: to be an all-inclusive bank, capable of helping the life of its clients to be more complete. Such modern, human and multifunctional positioning reflected all the innovations, products and services the Organization created and made available to its clients up to date.

In July, the advertisement "All you need is love" – one of the milestones of Bradesco Completo campaign – was nominated as one of the ten preferred ads of the month, according to a survey of Datafolha Institute, from newspaper Folha de S. Paulo. As a result of the communication strategy adopted, in August, Bradesco was also the Top of Mind brand of the banking segment, according to ABA/ Top Brands study.

Since Bradesco Completo concept was launched, it was rapidly disseminated through all the advertising campaigns of products, services and segments of Bradesco, besides events and sponsorships. In July, Bradesco Prime became the official sponsor of Festival Internacional de Inverno de Campos do Jordão (International Winter Festival of Campos do Jordão), in São Paulo.

The sponsorship, besides effectively communicating with a select public, within the planned target, contributed to make feasible one of the main cultural events of the country, which at the same time brought together Bradesco, the community of Campos do Jordão and those visiting such city, with the refurbishment and donation of Concha Acústica (a traditional outdoor space of the city destined to art and cultural presentations offered to the population on a free of charge basis).

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In December 2005, for the tenth consecutive year, Bradesco Seguros e Previdência gave a present to the city of Rio de Janeiro at Lago Rodrigo de Freitas with its traditional Christmas Tree.

Likewise, by means of actions and contributions during 2005, Bradesco is still a synonymous of partnership, supporting various initiatives, for instance, Teleton, a TV marathon destined to raise funds to the Association of Assistance to the Disabled Children (AACD), and Dorina Nowill Foundation, which promotes the social inclusion of blind and visual impaired people. Thus, Bradesco has been expanding the comprehensiveness of its actions in the social field, emphasizing the citizenship values.

697 regional, sector and/or professional events throughout the country, including business fairs, seminars, congress and cultural and communitarian events, which relied on Bradesco's participation in 2005.

14. Acknowledgements

Ratings In 2005, Bradesco was awarded with the highest rating indexes attributed to Brazilian banks by domestic and international rating agencies: Austin Rating, Fitch Ratings, Moody's Investors Service, SR Rating and Standard & Poor's.

Rankings Bradesco's leadership obtained the following highlights, emphasized by renowned domestic and international publications:

- The Best Bank of the Year in Brazil, according to the British magazine The Banker;
- The Best Investment Fund Manager, according to the magazine ValorInveste, edited by newspaper Valor Econômico;
- The Largest private capital Corporate Group in Brazil, according to the Grandes Grupos (Large Groups) yearbook, edited by newspaper Valor Econômico;
- The most recalled bank in Brazil, according to the Top of Mind survey, conducted by the Datafolha Institute from newspaper Folha de S. Paulo;
- Leader in the ranking of 100 Largest Corporate Groups in Brazil, according to 2005 edition of Melhores e Maiores (Biggest and Largest) yearbook of Exame magazine;
- Leader in the Brazilian financial market, the top one among private institutions in the ranking of 100 Largest Banks of Valor 1000 yearbook from newspaper Valor Econômico;
- The single Brazilian private company to be mentioned in the Ranking Fortune 500 for the second time;
- Bradesco brand, the most recalled brand of the Brazilian financial sector in 2005, according to a survey of the Brazilian Association of Advertisers ABA, in partnership with Top Brands Consultoria e Gestão de Marcas.

Awards 16 awards were conquered by Bradesco in 2005, emphasizing the quality of its products and services, as from independent opinions, as follows:

- E-finance award, granted by the magazine Executivos Financeiros under the categories: Digital Certification, Means of Payment Conditions, Data and Image Transfer, Consortium Purchase Plan, Individuals and Loan Websites;
- 2005 Noteworthy Companies Award, granted by Jornal do Comercio, acknowledging Bradesco leadership in the ranking of highest profits of the financial system and its outstanding performance in the private pension,

insurance, leasing, consortium purchase plan and savings bond markets;

- ANSP 2005 Award, in its 13th edition, granted by the Brazilian Academy of Private Pension and Insurance, with the case of Bradesco Vida e Previdência: Vida Segura Empresarial A democratização do acesso ao seguro de vida chega às micro e pequenas empresas (Safe Corporate Life the democratization of access to life insurance reaches micro and small-sized companies);
- Marketing Best 2005 Award, granted by Editora Referência for the cases: Bradescompleto Institucional; Bradesco Vida e Previdência (Safe Corporate Life the democratization of access to life insurance reaches micro and small-sized companies); and Bradesco Capitalização Bradesco Capitalização consolida sua posição no mercado nacional de capitalização (Bradesco Capitalização consolidates its position in the Brazilian savings bonds market);

- Top de Vendas 2005 Award (2005 Top Sales Award), granted by ADBV – Association of Sales and Marketing Managers of Brazil, with the case Bradesco Vida e Previdência (Safe Corporate Life – the democratization of access to life insurance reaches micro and small-sized companies);
- APIMEC Attendance Seal, due to six consecutive years of Bradesco’s presentations to the analysts;
- Citizenship Company Seal, granted by the Local Chamber of São Paulo, pointing out Bradesco’s performance in the city in the social responsibility area.
- Global Finance Award, granted by the magazine Global Finance, as the Best Integrated Corporate Website, under the World Category and Best Internet Banking for Individuals and Legal Entities in Brazil, among other highlights.

ISO 9001/2000 Certification – At the end of 2005, Bradesco Organization held 106 qualified Products and Services with such high distinction, pointing out the objective of ensuring in all its initiatives a growing easiness and convenience to clients and users.

GoodPriv@cy Certificate – Data Protection and Privacy Seal – In December 2005, 8 products and services of the Company were granted such certificate by FCAV – Fundação Carlos Alberto Vanzolini, attesting that the Bradesco Organization maintains a management system in accordance to the international standards, which encompasses the requirements for data protection and privacy. This achievement reaffirms Bradesco’s commitment to a continuous improvement of information security, reinforcing its image on the market.

15. Corporate Governance

At the Bradesco Organization, modern Corporate Governance practices have enabled to improve the relationship with stockholders and other stakeholders and also enhance the performance in all operation segments. Several initiatives were adopted up to date, amongst them: monthly dividend payment; 100% Tag Along for common stocks and 80% for preferred stocks; Corporate and Sector Ethics Code for Accounting and Finance Administrative Areas; Instrument of Policies for Disclosure of Material Act or Fact and Trading of Securities; attendance of two independent members at the Board of Directors; adhesion to the Equator Principles and the Global Compact; advance in the transparency of information to the market and its disclosure in three languages – Portuguese, English and Spanish; the Disclosure, Audit, Internal Controls and Compliance, Compensation, Expenses Assessment and Social-Environmental Responsibility Committees, each Management body with precise role definitions.

In acknowledgement to such initiatives, in September, Bradesco received from Austin Rating the rating AA – Optimum Corporate Governance Practices. Bradesco is the first Brazilian company to disclose its rating together with the full Report, available on the new Corporate Governance Web page: www.bradesco.com.br. Bradesco pleurably participated in the celebrations of the 10th foundation anniversary of the Corporate Governance Brazilian Institute (IBGC), entity to which is associate and co-sponsor.

Since June 2001, Bradesco’s stocks integrate BOVESPA’s Level 1 of Corporate Governance. As Bradesco has stocks traded at foreign stock exchanges, the Company prepares its financial statements also in US GAAP, the U.S. accounting practices.

On December 1, Bradesco’s stocks were included in the BOVESPA Corporate Sustainability Index (ISE), reiterating the Organization’s commitment to stockholders, clients, investors, employees and public in general, stressing its differential aspects of solidity, transparency, liquidity and social-environmental responsibility.

Pursuant to CVM Instruction 381, it is worth pointing out that Bradesco Organization in 2005 did neither contract nor had services rendered by KPMG Auditores Independentes not related to the external audit in levels exceeding 5% of

total costs related thereto. The policy adopted observes the principles preserving the Auditor's independence, according to internationally accepted criteria, i.e.: the auditor should neither audit his/her own work nor carry out management duties with his/her client or promote its interest.

On March 10, the Annual Stockholders Meeting resolved to maintain the Fiscal Council, composed of 3 sitting members and 3 deputy members, with term of office until 2006, being 1 sitting member and his/her deputy elected among preferred stockholders. The Fiscal Council's opinion on the 2005 accounts is included in this Report.

15.1. Internal Controls and Compliance

The Internal Controls and Compliance System, subordinated to the guidance and supervision of the Board of Directors, is an important instrument in managing businesses and activities, with a view to ensuring the compliance with legal and regulatory rules, guidelines, plans, procedures and internal rules, and minimizing the risks of equity losses and detriment of image. It is incumbent upon the Internal Controls and Compliance Committee to evaluate and submit the Internal Controls Compliance Reports to the approval of the Board of Directors.

It is worth mentioning that, in addition, all the measures required to comply with Section 404 of the U.S. Sarbanes-Oxley Act have been taken, which deals with the annual assessment of internal controls and procedures in the preparation of financial reports.

15.2. Transparency and Disclosure of Information Policies

Referring to the investors and market relations, Bradesco promoted in 2005 113 in-house and external meetings with analysts, 8 conference calls and 9 events abroad, besides the quarterly disclosure of the Report on Economic and Financial Analysis, a detailed compilation of information most requested by selective readers.

The Investor Relations section on the Website www.bradesco.com.br, makes available information related to Bradesco Organization, for instance, its profile, history, ownership structure, management reports, earnings results, last acquisitions, meetings at Market Analysts Associations (Apimec and Abamec), besides other information about the financial market, in the Portuguese, English and Spanish versions.

Bradesco distributes the newsletter *Cliente Sempre em Dia* (Updated Client), with a circulation of 700 thousand monthly copies; the *Acionista Sempre em Dia* (Updated Stockholder), with 28 thousand fortnightly copies, the magazine *Revista Bradesco*, 50 thousand monthly copies and the magazine *Revista Bradesco Rural*, 10 thousand copies, all of them targeted at the external monthly public. Bradesco annually publishes its Annual and Social Reports.

15.3. Social-environmental responsibility

The creation of Bradesco's Social-Environmental Responsibility Area reaffirms the Company's commitment to such values, which are cultivated since its inception. The Social-Environmental Responsibility Corporate Policy, which defines the guidelines on the theme, is available on the Corporate Governance web page in the Investor Relations Website www.bradesco.com.br/jr, including the English and Spanish versions. With such initiative, the Organization enhances the visibility of its stocks related to sustainable development.

16. Risk Management

The risk management, directly subordinated to Bradesco's Executive Director and Presidency, is carried out on an independent basis, involving an integrated combination of controls and processes, encompassing credit risk, market risk and operational risk. In principle, the Organization adopts a conservative policy in terms of exposure to risks, and the guidelines and limits are defined by the Top Management.

16.1. Credit Risk

The Credit Risk management observes the best practices existing in the market, and also aims at complying with the requirements proposed in the New Basel Capital Accord, requiring a high level of discipline and control in the analysis of operations held, preserving the integrity and independence of processes. Such management is carried out by means of a continuous and developmental mapping process, evaluation and diagnosis of models, instruments, policies and procedures in force, backed by studies and analysis integrated to the Organization's reality.

16.2. Market Risk

The market risk is followed-up, examined and managed by means of methodologies and models aligned to the best domestic and international markets practices, as well as recommendations and rules of regulatory agencies. The market risk management policy is conservative, and Value at Risk limits are defined by the Top Management and daily monitored, on an independent basis.

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16.3. Operational Risk Management

The effective success for the excellence in the operational risk management is based on the dissemination of culture, disclosure of policies and implementation of corporate methodologies. In this regard, Bradesco Organization applies such premises and deems the risk management as fundamental to create added value, by means of improved internal processes and systems, as well as support to the business areas, with a view to the upgrading of the operating efficiency and the reduction of capital to be allocated.

Bradesco continuously acts to be aligned to the best operational risk management market practices and is under conditions to observe the guidelines of New Basel Capital Accord, according to the schedule set forth by the Brazilian Central Bank, by means of Notice 12,746 as of December 2004, and the Organization's objective is to obtain qualification for the Capital Allocation Model by Advanced Internal Measurement Approach (AMA), since the adoption of such method will enable lower losses and reduced capital allocation.

It is worth pointing out that a new corporate systemic platform is under process of development, which will integrate Operational Risk and Internal Controls information into a single database, also including the requirements set forth by the Sarbanes Oxley Act. The result attained presupposes to assist Bradesco in the increment of quality of its risk and control management, contributing to the improvement of operating efficiency, besides meeting the legal requirements.

16.4. Information Security

The Security of Information Corporate Rules and Policy considers the effective protection of information assets, formed by database, information technology, documents, files, systems backup, systems and information controlled accesses, and protection in the generation and data traffic, among other security management tools. The restricted information and exclusive interest of clients, as well as strategic information of the Organization are internally dealt with absolute secrecy and receive total protection by means of internal controls and computerized systems. With a view to preserving full compliance with such procedures, continuous training, awareness and policies reviews programs are maintained.

16.5. Money Laundering Prevention

The Bradesco Organization maintains a policy to prevent and combat money laundering and strictly observes the prevailing laws and regulations. Its Compliance structure relies on a specific area, responsible for the management and monitoring of operations and financial transactions carried out in its business environment.

Client information, supported by continued improved systems for the monitoring and identification of unusual operations, has the clear purpose of preventing the use of the Organization in the practice of money laundering.

Combined with specific analyses, such actions contribute to the full observance to the policy defined by the Top Management and allow to protecting the Institution, managers, stockholders, clients and employees.

16.6. SPB (Brazilian Payment System) Management

With a view to maintaining the SPB solution of the Organization in compliance with rules and standards of the Brazilian Central Bank, the monitoring of transactions sent and received between Bradesco and other system participants occurs so that to follow up the operations until their conclusion. It has contingency instruments, including a second distinct operational environment.

The Organization also maintains a Transaction Legitimation System by means of TED online money transfer, with a view to reducing the operational risk represented by the undue outflow, attributing a higher level of security and reliability to its transactions.

17. Bradesco Organization Social Action

Fundação Bradesco, main social action instrument of the Company, which will complete 50 years of existence in 2006, is present in all the Brazilian states and the federal district, with its 40 schools mainly installed in socioeconomically deprived regions, enabling free of charge and quality education to children, youngsters and adults.

In 2005, more than 107 thousand students have learnt at Fundação Bradesco, including youngsters and adult education courses and professional education. Food, uniform, school material, dental and health assistance were free of charge provided to students of nursery School, primary school, high school and technical professional education, exceeding 49 thousand.

Over the past seven years the approval index of Fundação Schools was maintained on average, at the 96% level, which even corresponds to the best international parameters.

Basic and Continued Professional Education for workers expand solid relationship of Fundação Bradesco with the regional labor market and with specific interests of communities, adjusted with a view to qualifying the participants to undertake their own business or conquer best positions in the labor market. We point out Graphics Technology, agribusiness, companies management, information technology, fashion, leisure and development, amongst others.

Over years, Fundação Bradesco has expanded a set of achievements with partnerships destined to give a new boost to special programs with a view to democratizing and upgrading education. We point out the alliance with Aban Informatics Limited, which has been contributing with illustrations and animations of primary school and high school, in the physics, chemistry, biology and mathematics areas. In addition, the Digital Inclusion Project with Microsoft, which in 2005 trained 20,000 people free of charge at the Digital Inclusion Centers - CIDs, which at the end of 2005, amounted to 40 units.

At the Virtual School, E-Learning architecture of Fundação Bradesco, jointly with the companies NIIT and ABAN, India, offers nearly 180 information technology courses to 8,000 students. The Cisco Networking Academy project, developed in alliance with Cisco Systems, provided qualification to more than 6,800 students, in installation, projects, and computers network management.

With MediaLab, Research Center of MIT - Massachusetts Institute of Technology, Fundação Bradesco develops projects in 28 school units, in 24 states and federal district. The purpose is to integrate technology and social issues, such as "A Cidade que a Gente Quer" (The City People Desire), gathering professors and students at debates about urban issues in classrooms and workshops, sharing ideas with schools and communities of various countries through the Internet. A novelty is the integration with institutions researchers of developing countries.

Also in partnership with Microsoft, Intel, Cisco, ISS and others, Fundação Bradesco is developing in Campinas, state of São Paulo, the Bradesco Instituto de Tecnologia BIT, devoted to the research and development of technology applications for education and financial services.

For the past eight years, Fundação Bradesco has been also providing the information technology course for visual disabled people, which already taught 6,412 students, in 32 of its units and 37 partner institutions. Such course, a symbol of Bradesco's pursuit of social integration, pioneer in such kind of course is internationally recognized for the quality of its content, based on Windows and Internet.

The Intel Educação para o Futuro (Intel Education for the Future) Program and Intel Aprender (Intel Learning) Program also compose the information technology courses. The former aims at eliminating barriers in the utilization of technology as a pedagogic tool and already assisted more than 35,000 educators. The latter, implemented in 2005, which offered qualification to more than 3,000 youngsters, ensures training in the basic information technology area. The Digital Inclusion Centers-CIDs offer such courses, which enable the employability improvement of the community and monitors for public schools. Both of them rely on the partnership with Intel.

The partnerships are broken down in programs viewing the community as a whole, always emphasizing the education. Together with Fundação Roberto Marinho, from Organizações Globo, Fundação Bradesco maintains, since 1997, as partner-founder, the Canal Futura - O Canal do Conhecimento (The Knowledge Channel). This is the first educational channel of the Brazilian TV, fully financed and managed by private initiative. Currently, this channel reaches nearly 20 million viewers, showing the effectiveness of TV as a tool for services rendering and to foment the social action.

Likewise, Bradesco maintained associated to the Programa Alfabetização Solidária, (Solidary Literacy Program), contributing to the literacy of approximately 6 thousand Brazilians every year, since 1998, in the northern and northeast regions of Brazil, thanks to a larger public offering of education to youngsters and adults.

The magnitude and thoroughness of Fundação Bradesco's social actions deserved the acknowledgement in various awards, amongst them, the top position in the award ^a Olimpíada Brasileira de Saúde e Meio Ambiente (The Brazilian Olympiad of Health and Environment), conquered by students in the 1st year of high school of Rio Branco school unit, state of Acre, with the case Os postes inteligentes (The intelligent posts), granted by Fundação Oswaldo Cruz FIOCRUZ, the Brazilian Association of Collective Health ABRASCO and the Brazilian Institute of Environment and Renewable Resources IBAMA, in partnership with a domestic network of education, health, environment, science and technology institutions; Prêmio E-Learning Brasil 2005, Educação Star category, promoted by the Brazilian Association of Human Resources-ABRH and Micropower, pointing out 16 Brazilian benchmarks in distance learning, projects developed in the educational area, by means of Escola Virtual and Digital Inclusion Centers-CIDs.

We also point out that Finasa Esportes Project, developed by the Organization, maintains volleyball and basketball training groups at Fundação Bradesco in Osasco, SP, and in local Schools and Sports Centers, teaching in 2005 nearly 3,093 10-to-16 year old girls.

The work developed by Fundação Bradesco has proved influence in increasing the level of life quality of the communities where it operates, having the characteristic of a socially responsible investment, in the best definition of such expression.

R\$ 167.061 million summed up the budget of Fundação Bradesco used in 2005, and in 2006, the amount of R\$ 184.011 million is estimated to assist more than 108 thousand students.

R\$ 53.150 million was the other investments made in 2005 by Bradesco Organization, in social projects destined to the communities, concerned with education, arts, culture, sports, health, sanitation, action against hunger and food safety.

18. Human Resources

The improvement of staff is essential part of Bradesco Organization's strategy, a structure, which combines 73,881 employees, 61,347 at Bradesco and 12,534 in the subsidiaries.

Focused on quality, diversification and excellence in the rendering of services, the Human Resources Management Policy adopted has been enlarging the training and qualification programs, so that to open new spaces, sharing learning and promoting the appreciation of the team. Learning is fundamental in the productivity evolution, quality of services and maintenance of market leadership. The courses are given to everyone with the same excellence standard and mainly concentrate in the operational, technical and behavioral areas.

The training involves issues such as market demands, economic scenarios and requirements of technological advances, always broadly and deeply dealt with by a team of specialized instructors and proper infrastructure support. The TreiNet Training via the Internet, which in 2005 recorded more than 315 thousand participations, has been enabling to employees the possibility of acquiring new information, at distance, on an indistinctly and comprehensive basis, valuing its dissemination.

The upgrade and advances of education are provided by means of the Managerial Development Programs carried out in partnership with consulting firms, universities and business schools, for specialization courses in the areas of economy, administration and law, including post-graduate level.

Bradesco's internal communication always deserved special attention due to its dissemination nature for information, concepts, strategies in different markets, values and evolution of organizational environment. We point out the publications *Interação* (Interaction), sent on a personalized manner to each employee and *Sempre em Dia* (Always Updated) daily newspaper. In this regard, TV Bradesco contributes a lot in all levels to prepare, integrate and motivate its staff.

The benefits dedicated to the improvement of life quality, well-being and safety of Bradesco's employees and dependants, at the end of 2005, comprised 173,895 lives. Amongst them, we point out:

- Health-Hospital Care insurance;
- Dental Health insurance;
- Supplementary Private Pension Plan;
- Group Life and Collective Insurance Policies for Personal Accidents; and
- Collective Insurance Policy for Vehicles.

It is also worth mentioning that Bradesco integrated for the sixth time the list of *Guia Exame Você S/A 2005 - As Melhores Empresas para Você Trabalhar* (The Best Companies to Work for) and for the third consecutive time, the ranking of *As Melhores Empresas para a Mulher Trabalhar* (The Best Companies for Women to Work for), both of them promoted by the magazines *Exame* and *Você S/A*, in partnership with the consulting firm *Great Place to Work*. For the second year, Bradesco also deserved distinction in the survey *As Melhores na Gestão de Pessoas* (The Best Companies in Managing People) of *Valor Carreira* magazine, edited by the newspaper

Valor Econômico, with technical support of Hay Group, directly listening to employees. Once more, such awards reassure everyone's motivation with work environment, the effectiveness of management model, the benefits offered and opportunities to grow professionally.

R\$ 52.282 million invested in 2005 in Training Programs, with 618,983 participations.

R\$ 454.893 million invested in the Food Program, with a daily supply of 94,473 snacks and 70,834 meal tickets.

3.594 million medical and hospital services and

669,751 dental services during 2005.

The results achieved are tuned to the strategies adopted by Bradesco Organization in order to meet clients expectations, with efficiency and quality of its products and services. They inspire a renewed trust in the future and created a favorable environment for even greater achievements in 2006. These reflect a permanent effort to expand Bradesco's presence in people and companies' daily lives, contributing to build a country increasingly more developed, fair and prosperous.

Cidade de Deus, February 21, 2006

Board of Directors and Board of Executive Officers

(A free translation from the original in Portuguese)

Consolidated Balance Sheet R\$ thousand

	2005		2004
	December	September	December
Assets			
Current assets	157,441,469	155,449,912	140,075,440
Funds available (Note 8a)	3,363,041	2,599,967	2,639,260
Interbank investments (Notes 3b and 9)	24,531,483	23,581,473	21,587,093
Open market investments	19,615,744	16,865,804	15,667,078
Interbank deposits	4,916,051	6,716,686	5,921,998
Allowance for losses	(312)	(1,017)	(1,983)
Marketable securities and derivative financial instruments (Notes 3c,3d,10, 34b and 34c)	49,687,290	52,007,983	48,743,562
Own portfolio	47,808,982	44,085,556	39,728,754
Subject to repurchase agreements	75,692	386,997	3,409,541
Derivative financial instruments	426,658	1,229,233	314,834
Restricted deposits Brazilian Central Bank	667,735	4,261,564	4,279,088
Privatization currencies	1	1	13,881
Subject to collateral provided	708,222	2,037,544	997,464
Securities purpose of unrestricted purchase and sale commitments		7,088	
Interbank accounts	16,536,263	16,127,954	15,792,017
Unsettled receipts and payments	39,093	644,561	22,075
Restricted credits (Note 11)			
Restricted deposits Brazilian Central Bank	16,444,866	15,429,744	15,696,154
National Treasury rural funding	578	578	578
SFH	10,187	12,485	40,235
Correspondent banks	41,539	40,586	32,975
Interdepartmental accounts	172,831	78,641	147,537
Internal transfer of funds	172,831	78,641	147,537
Loan operations (Notes 3e, 12 and 34b)	45,702,437	43,613,317	35,406,880
Loan operations:			
Public sector	283,602	345,390	335,765
Private sector	48,748,456	46,302,111	37,765,766
Allowance for doubtful accounts (Notes 3e, 12e, 12f and 12g)	(3,329,621)	(3,034,184)	(2,694,651)
Leasing operations (Notes 2, 3e, 12 and 34b)	1,247,560	1,211,876	996,535
Leasing receivables:			
Public sector	13,217	1,553	
Private sector	2,498,772	2,352,976	1,912,150
Leasing receivables	(1,212,355)	(1,093,495)	(864,094)
Provision for leasing losses (Notes 3e, 12e, 12f and 12g)	(52,074)	(49,158)	(51,521)
Other receivables	15,122,737	15,158,776	13,874,197
Receivables on guarantees honored (Note 12a-2)		10	811
Foreign exchange portfolio (Note 13a)	6,937,144	8,140,427	7,336,806
Receivables	181,369	204,982	190,968
Negotiation and intermediation of securities	1,082,467	675,125	357,324
Insurance premiums receivable	1,073,002	1,040,347	988,029

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Sundry (Note 13b)	5,990,720	5,245,330	5,143,296
Allowance for other doubtful accounts (Notes 3e, 12e, 12f and 12g)	(141,965)	(147,445)	(143,037)
Other assets (Note 14)	1,077,827	1,069,925	888,359
Other assets	359,082	416,842	460,864
Provision for mark-to-market adjustments	(179,394)	(207,801)	(224,144)
Prepaid expenses	898,139	860,884	651,639
Long-term receivables	46,883,596	41,932,996	39,963,058
Interbank investments (Notes 3b and 9)	474,675	568,004	759,628
Interbank deposits	474,675	568,233	760,610
Allowance for losses		(229)	(982)

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Assets	2005		2004
	December	September	December
Securities and derivative financial instruments (Notes 3c,3d, 10, 34b and 34c)	14,763,518	12,239,517	13,678,096
Own portfolio	11,515,876	9,947,348	11,526,991
Subject to repurchase agreements	975,973	1,584,235	1,398,228
Derivative financial instruments	47,830	53,344	83,122
Restricted deposits Brazilian Central Bank	1,838,437	239,874	233,475
Privatization currencies	98,141	94,366	68,606
Subject to collateral provided	287,261	320,350	367,674
Interbank accounts	385,902	251,743	295,085
Restricted credits: (Note 11)			
SFH	385,902	251,743	295,085
Loan Operations (Notes 3e,12 and 34b)	22,626,365	19,770,118	16,484,007
Loan operations:			
Public sector	618,853	440,063	201,210
Private sector	23,376,449	20,688,674	17,476,582
Allowance for doubtful accounts (Notes 3e, 12e, 12f and 12g)	(1,368,937)	(1,358,619)	(1,193,785)
Leasing operations (Notes 2, 3e,12 and 34b)	1,163,739	897,182	559,786
Leasing receivables:			
Public sector	53,020	5,078	
Private sector	2,397,945	2,015,284	1,325,076
Unearned income from leasing	(1,232,241)	(1,072,941)	(712,596)
Allowance for leasing losses (Notes 3e, 12e, 12f and 12g)	(54,985)	(50,239)	(52,694)
Other receivables	6,983,276	7,764,680	7,790,395
Receivables			
Negotiation and intermediation of securities	1,646	222	6,152
Insurance premiums receivable	41,730		
Sundry (Note 13b)	6,950,967	7,771,926	7,794,112
Allowance for other doubtful accounts (Notes 3e, 12e, 12f and 12g)	(11,067)	(7,468)	(9,869)
Other assets (Note 14)	486,121	441,752	396,061
Other assets	8,606	11,349	16,410
Provision for mark-to-market adjustments	(1,547)	(1,891)	(6,190)
Prepaid expenses	479,062	432,294	385,841
Permanent assets	4,357,865	4,530,314	4,887,970
Investments (Notes 3g, 15 and 34b)	984,970	1,038,040	1,101,174
Ownership in affiliated and subsidiary companies:			
Local	438,819	440,713	496,054
Other investments	895,836	937,918	971,311
Allowance for losses	(349,685)	(340,591)	(366,191)
Property, plant and equipment in use (Notes 3h and 16)	1,985,571	2,043,277	2,270,497
Buildings in use	1,115,987	1,296,720	1,357,063
Other fixed assets	3,644,874	3,562,387	3,604,741
Accumulated depreciation	(2,775,290)	(2,815,830)	(2,691,307)
Leased assets (Note 16)	9,323	10,760	18,951
Leased assets	23,161	23,159	58,463
Accumulated depreciation	(13,838)	(12,399)	(39,512)
Deferred charges (Notes 2, 3i and 17)	1,378,001	1,438,237	1,497,348

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Organization and expansion costs	1,315,881	1,267,542	1,170,866
Accumulated amortization	(785,364)	(732,828)	(699,710)
Goodwill on acquisition of subsidiaries, net of amortization (Note 17a)	847,484	903,523	1,026,192
Total	208,682,930	201,913,222	184,926,468

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Liabilities	2005		2004
	December	September	December
Current liabilities	124,738,113	125,858,252	121,457,684
Deposits (Notes 3j and 18a)	54,566,799	51,144,521	53,120,608
Demand deposits	15,955,512	14,773,886	15,297,825
Savings deposits	26,201,463	24,791,357	24,782,646
Interbank deposits	145,690	88,791	19,499
Time deposits (Note 34b)	11,997,813	11,311,381	12,936,403
Other deposits	266,321	179,106	84,235
Funds obtained in the open market (Notes 3j and 18b)	14,708,546	19,479,959	20,876,980
Own portfolio	2,760,614	3,654,131	6,238,699
Third-party portfolio	11,947,932	15,818,740	14,430,876
Unrestricted portfolio		7,088	207,405
Issuance of securities (Notes 18c and 34b)	1,406,972	1,461,518	2,012,706
Mortgage notes	847,223	829,104	670,290
Debentures	72,799	206,185	
Securities issued abroad	486,950	426,229	1,342,416
Interbank accounts	139,193	201,705	174,066
Correspondent banks	139,193	201,705	174,066
Interdepartmental accounts	1,900,913	1,680,925	1,745,721
Third-party funds in transit	1,900,913	1,680,925	1,745,721
Borrowings (Notes 19a and 34b)	6,560,882	5,990,676	6,873,310
Local borrowings official institutions	319	317	1,376
Local borrowings other institutions	9	13,031	11,756
Borrowings abroad	6,560,554	5,977,328	6,860,178
Local onlendings official institutions (Notes 19b and 34b)	3,412,767	3,354,846	2,650,732
National Treasury	52,318	50,824	72,165
BNDES	1,369,947	1,459,129	987,294
CEF	8,627	7,566	35,164
FINAME	1,981,394	1,836,549	1,555,148
Other institutions	481	778	961
Foreign onlendings (Notes 19b and 34b)	183	4,380	42,579
Foreign onlendings	183	4,380	42,579
Derivative financial instruments (Notes 3d and 34)	232,714	1,040,374	165,430
Derivative financial instruments	232,714	1,040,374	165,430
Technical provisions for insurance, private pension plans and savings bonds (Notes 3k and 23)	29,751,941	27,094,663	22,815,849
Other liabilities	12,057,203	14,404,685	10,979,703
Collection of taxes and other contributions	156,039	1,238,627	204,403
Foreign exchange portfolio (Note 13a)	2,206,952	4,042,150	3,011,421
Social and statutory payables	1,254,651	1,118,908	900,266
Fiscal and pension plans (Note 22a)	1,386,430	1,705,039	1,078,038
Negotiation and intermediation of securities	893,957	575,753	312,267
Subordinated debts (Notes 21 and 34b)	69,472	122,158	69,387
Sundry (Note 22b)	6,089,702	5,602,050	5,403,921
Long-term liabilities	64,425,352	57,684,116	48,138,948
Deposits (Notes 3j and 18a)	20,838,843	19,950,976	15,522,719
Time deposits (Note 34b)	20,838,843	19,950,976	15,522,719

Liabilities	2005		2004
	December	September	December
Funds obtained in the open market (Notes 3j and 18b)	9,930,338	5,058,124	2,009,423
Own portfolio	9,930,338	5,058,124	2,009,423
Funds from issuance of securities (Notes 18c and 34b)	4,796,914	4,699,497	3,044,786
Mortgage loans	285	273	10,832
Debentures	2,552,100	2,552,100	
Liabilities of marketable securities abroad	2,244,529	2,147,124	3,033,954
Borrowings (Notes 19a and 34b)	574,445	479,437	688,085
Local borrowings official institutions	769	845	
Local borrowings other institutions	9	9	
Borrowings abroad	573,667	478,583	688,085
Local onlendings official institutions (Notes 19b and 34b)	6,014,804	5,412,002	5,704,666
BNDES	2,868,026	2,364,615	2,684,713
CEF	50,961	42,906	360,656
FINAME	3,093,838	3,002,391	2,656,614
Other institutions	1,979	2,090	2,683
Derivative financial instruments (Notes 3d and 34)	5,759	2,723	8,217
Derivative financial instruments	5,759	2,723	8,217
Technical provisions for insurance, private pension plans and savings bonds (Notes 3k and 23)	11,110,614	11,140,118	10,852,805
Other liabilities	11,153,635	10,941,239	10,308,247
Fiscal and pension plans (Note 22a)	3,654,882	3,823,078	3,417,349
Subordinated debts (Notes 21 and 34b)	6,649,833	6,376,829	5,903,358
Sundry (Note 22b)	848,920	741,332	987,540
Deferred income	52,132	55,272	44,600
Deferred income	52,132	55,272	44,600
Minority interest in subsidiary companies (Note 24)	58,059	53,989	70,590
Stockholders' equity (Note 25)	19,409,274	18,261,593	15,214,646
Capital:			
Local residents	11,914,375	9,031,476	6,959,015
Foreign residents	1,085,625	968,524	740,985
Unrealized capital			(700,000)
Capital reserves	36,032	35,884	10,853
Income reserves	5,895,214	7,972,090	7,745,713
Mark-to-market adjustment- marketable securities and derivatives	507,959	416,638	458,080
Treasury stock (Notes 25e and 34b)	(29,931)	(163,019)	
Stockholders' equity managed by parent company	19,467,333	18,315,582	15,285,236
Total	208,682,930	201,913,222	184,926,468

	2005		2004	
	4 th Quarter	3 rd Quarter	Year	Year
Revenues from financial intermediation	9,940,353	8,532,515	33,701,225	26,203,227
Loan operations (Note 12h)	5,220,326	4,296,030	16,704,318	12,731,435
Leasing operations (Note 12h)	128,647	133,604	444,389	300,850
Marketable securities (Note 10e)	2,236,854	1,357,055	5,552,008	4,921,179
Financial result on insurance, private pension plans and savings bonds (Note 10e)	1,748,960	1,515,755	6,498,435	5,142,434
Derivative financial instruments (Note 34c V)	(55,559)	747,956	2,389,002	1,238,890
Foreign exchange results (Note 13a)	296,868	89,974	617,678	691,302
Compulsory deposits (Note 11b)	364,257	392,141	1,495,395	1,177,137
Expenses from financial intermediation	6,281,088	4,574,424	18,926,402	15,013,996
Funding operations (Note 18d)	3,713,534	2,897,471	11,285,324	8,486,003
Price-level restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 18d)	1,050,944	872,695	3,764,530	3,215,677
Borrowings and onlendings (Note 19c)	744,611	262,910	1,360,647	1,253,175
Leasing operations (Note 12h)	1,439	1,448	8,695	17,492
Allowance for doubtful accounts (Notes 3e, 12f and 12g)	770,560	539,900	2,507,206	2,041,649
Gross result from financial intermediation	3,659,265	3,958,091	14,774,823	11,189,231
Other operating income (expenses)	(1,785,723)	(1,708,397)	(6,921,319)	(7,071,120)
Fee Income (Note 26)	2,009,563	1,918,367	7,348,879	5,824,368
Retained premiums from insurance, pension plans and saving bonds (Notes 3k and 23d)	4,303,785	3,546,484	13,647,089	13,283,677
Net premiums written	5,083,889	4,314,294	16,824,862	15,389,170
Reinsurance premiums and redeemed premiums	(780,104)	(767,810)	(3,177,773)	(2,105,493)
Change in technical provisions for insurance, pension plans and saving bonds (Note 3k)	(1,318,642)	(739,487)	(2,755,811)	(3,964,106)
Retained claims (Note 3k)	(1,533,502)	(1,462,742)	(5,825,292)	(5,159,188)
Savings bonds draws and redemptions (Note 3k)	(331,479)	(337,735)	(1,228,849)	(1,223,287)
Insurance, pension plans and savings bonds selling expenses (Note 3k)	(263,324)	(244,611)	(961,017)	(867,094)
Expenses with pension plans benefits and redemptions (Note 3k)	(593,746)	(615,702)	(2,582,351)	(2,130,647)
Personnel expenses (Note 27)	(1,361,355)	(1,483,256)	(5,311,560)	(4,969,007)
Other administrative expenses (Note 28)	(1,439,655)	(1,270,824)	(5,142,329)	(4,937,143)
Tax expenses (Note 29)	(501,240)	(474,447)	(1,878,248)	(1,464,446)
Equity in the earnings of affiliated companies (Note 15c)	7,281	64,227	76,150	163,357
Other operating income (Note 30)	299,948	237,711	1,096,968	1,198,532
Other operating expenses (Note 31)	(1,063,357)	(846,382)	(3,404,948)	(2,826,136)
Operating income	1,873,542	2,249,694	7,853,504	4,118,111

Non-operating income (Note 32)	(69,388)	(10,149)	(106,144)	(491,146)
Income before taxes on profit and interest	1,804,154	2,239,545	7,747,360	3,626,965
Income tax and social contribution (Notes 36a and 36b)	(336,772)	(807,022)	(2,224,455)	(554,345)
Minority interest in subsidiaries	(4,829)	(2,294)	(8,831)	(12,469)
Net income	1,462,553	1,430,229	5,514,074	3,060,151

(A free translation from the original in Portuguese)

Statement of Changes in Stockholder Equity R \$ thousand**Statement of changes in stockholders equity R\$ thousand**

Events	Paid-up capital		Capital reserves		Income reserves		Mark-to-market adjustment-marketable securities and derivatives		Treasury stocks
	Capital stock	Unrealized capital	Tax incentives from income tax	Others	Legal	Statutory	Own	Affiliated and subsidiaries	
Balances as of 06.30.2005	10,000,000		2,103	33,612	890,251	6,263,497	(81,736)	428,144	(87,421)
Capital increase	3,000,000					(3,000,000)			
Exchange membership certificates restatement				317					
Aquisition of treasury stocks									(137,939)
Cancellation of treasury stocks						(195,429)			195,429
Mark-to-market adjustment securities available for sale							10,639	150,912	
Net income					144,639	1,792,256			
Allocations:									
Reserves									
Interest on own capital									
Dividends proposed									
Balances as of 12.31.2005	13,000,000		2,103	33,929	1,034,890	4,860,324	(71,097)	579,056	(29,931)
Balances as of 12.31.2003	7,000,000		844	7,821	914,629	5,152,011	(43,019)	521,936	(7,342)
Capital Increase	700,000	(700,000)							
Title-deed restatement				929					

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Treasury stocks								(48,753)
Cancellation of treasury stocks						(56,095)		56,095
Tax incentives			1,259					
Mark-to-market adjustment marketable securities and derivatives							(4,994)	(15,843)
Net income								
Allocations:								
Reserves					153,008	1,582,160		
Interest on own capital								
Balances as of 12.31.2004	7,700,000	(700,000)	2,103	8,750	1,067,637	6,678,076	(48,013)	506,093
Capital increase by subscription		700,000						
Capital increase by stock merger	11,856							
Capital increase with reserves	2,288,144				(308,451)	(1,979,693)		
Capital increase	3,000,000					(3,000,000)		
Title-deed restatement				929				
Aquisition of treasury stock								(225,360)
Premium in stock subscription				24,250				
Cancellation of treasury stocks						(195,429)		195,429
Mark-to-market adjustment securities available for sale							(23,084)	72,963
Net income								
Allocations:								
Reserves					275,704	3,357,370		
Interest on own capital								
Dividends proposed								

Balances as of									
12.31.2005	13,000,000	2,103	33,929	1,034,890	4,860,324	(71,097)	579,056	(29,931)	

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Consolidated Statement of Changes in Financial Position R\$ thousand (A free translation from the original in Portuguese)

	2005		2004	
	4 th Quarter	3 rd Quarter	Year	Year
Financial resources were provided by :	11,530,077	10,176,120	27,555,692	36,066,941
Net income	1,462,553	1,430,229	5,514,074	3,060,151
Adjustments to net income	320,385	168,517	936,659	1,061,683
Depreciation and amortization	133,871	108,556	469,310	479,737
Goodwill amortization	182,536	86,223	452,863	713,372
Provision (reversal) for interbank investment losses	8,160	3,405	(19,159)	(1,401)
Equity in the earnings of affiliated companies	(7,281)	(64,227)	(76,150)	(163,357)
Other	3,099	34,560	109,795	33,332
Change in deferred income	(3,140)	(3,042)	7,532	12,826
Change in minority interest	4,069	574	(12,531)	(42,140)
Mark-to-market adjustment securities available for sale	91,321	70,230	49,879	(20,837)
Stockholders			736,106	
Capital increase through subscription			700,000	
Capital increase by stock merger			11,856	
Premium in stocks subscription			24,250	
Donations and subsidies for investments				1,259
Third parties' funds provided by:				
Increase in liabilities sub-items	8,623,319	8,211,704	19,599,868	19,257,388
Deposits	4,310,145		6,762,315	10,619,442
Funds obtained in the open market	100,801	3,581,592	1,752,481	
Funds from issuance of securities	42,871		1,146,394	
Interbank accounts		10,994		
Interdepartmental accounts	219,988	405,223	155,192	
Borrowings and onlendings	1,321,740	242,379	603,709	1,164,589
Derivative financial instruments			64,826	121,278
Technical provisions for insurance, private pension plans and savings bonds	2,627,774	1,702,116	7,193,901	7,259,702
Other receivables		2,269,400	1,921,050	92,377
Decrease in assets sub-items	850,098	205,285		12,274,403
Interbank investments				9,374,317
Marketable securities and derivative financial instruments		193,912		
Interdepartmental accounts				367,242
Insurance premiums receivable		11,373		
Other receivables	850,098			2,532,844
Sale (write-off) of assets and investments	165,602	65,872	644,257	437,393
Non-operating assets	59,488	48,680	202,053	238,008
Property, plant and equipment in use and leased assets	95,293	15,724	282,369	97,421
Investments	10,440	77	151,113	57,190
Sale (write-off) of deferred charges	381	1,391	8,722	44,774

Interest on own capital and dividends received from affiliated companies	15,870	26,751	79,848	24,815
Financial resources were used for:	10,767,003	10,657,606	26,831,911	35,876,107
Interest on own capital and dividends paid and/or declared	344,000	611,887	1,881,000	1,324,983
Stock buyback	62,341	75,598	225,360	48,753
Capital expenditures in Non-operating assets	168,830	127,648	640,960	736,676
	29,055	47,146	132,812	122,776
Property, plant and equipment in use and leased assets	128,534	77,074	388,650	493,394
Investments	11,241	3,428	119,498	120,506
Deferred charges	130,782	104,458	420,112	672,162
Increase in assets sub-items	7,058,392	8,086,772	23,629,606	21,006,194
Interbank investments	855,747	773,560	2,656,784	
Marketable securities and derivative financial instruments	203,308		2,029,150	8,616,878
Interbank accounts	542,468	182,097	835,063	2,074,265
Interdepartmental accounts	94,190	17,385	25,294	
Loan operations	4,945,367	5,340,972	16,437,915	9,728,169
Leasing operations	302,241	223,237	854,978	249,888
Other receivables		1,470,362	356,448	
Insurance premiums receivable	32,655		84,973	98,671
Other assets	82,416	79,159	349,001	238,323
Decrease in liabilities sub-items	3,002,658	1,651,243	34,873	12,087,339
Deposits		558,776		
Funds obtained in the open market				9,906,322
Funds from issuance of securities		516,276		1,789,404
Interbank accounts	62,512		34,873	355,266
Interdepartmental accounts				36,347
Derivative financial instruments	804,624	576,191		
Other receivables	2,135,522			
Increase (decrease) in funds available	763,074	(481,486)	723,781	190,834
Changes in financial position				
At the beginning of the period	2,599,967	3,081,453	2,639,260	2,448,426
At the end of the period	3,363,041	2,599,967	3,363,041	2,639,260
Increase (decrease) in funds available	763,074	(481,486)	723,781	190,834

Notes to the Financial Statements

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1) Operations

Banco Bradesco S.A. is a private-sector publicly-held company which, operating as a Multiple Bank, carries out all types of authorized banking activities through its commercial, foreign exchange, investment, consumer financing, housing loan and credit card portfolios. The Bank also operates in a number of other activities through its direct and indirect subsidiary companies, particularly in Leasing, Consortium Management, Insurance, Private Pension Plan and Savings Bonds activities. Operations are conducted within the context of the companies comprising the Bradesco Organization, working on an integrated manner in the market.

In this context, Banco Bradesco S.A., has carried out the following operations in 2005:

- On March 10, the General Meeting merged the stocks of Bradesco Seguros S.A. s, minority stockholders, converting it into a wholly-owned subsidiary of Banco Bradesco;
- On April 15, Bradesco acquired through its subsidiary Finasa Promotora de Vendas, Banco Morada s Consumer Financing Network, comprising Personal Loan and Direct Loan to Consumer;
- In July, a partnership was entered into with União de Lojas Leader S.A. (Leader Magazine), a retail chain operating in the markets of Rio de Janeiro and Espírito Santo states, for the management of Leadercard, one of the five largest Private Label credit card companies in Brazil; and
- In August, Heads of Agreement was executed with Lojas Colombo, one of the largest retailers of home appliances and furniture in the country.

2) Presentation of the Financial Statements

The financial statements of Banco Bradesco S.A. include the financial statements of Banco Bradesco S.A., its foreign branches and its direct and indirect subsidiaries and jointly controlled investments, in Brazil and Abroad, and Special Purpose Entities (SPEs). They were prepared based on accounting policies determined by Brazilian Corporate Law for the recording of operations, as well as the rules and instructions of the National Monetary Council (CMN), Brazilian Central Bank (BACEN), Brazilian Securities Commission (CVM), Brazilian Council of Private Insurance (CNSP), and Superintendence of Private Insurance (SUSEP) and the National Agency for Supplementary Healthcare (ANS), and comprise the financial statements of the leasing companies based on the capital leasing method of accounting, whereby leased assets are reclassified to the leasing operations account.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these financial statements and, in the case of investments which are jointly controlled with other stockholders, asset, liability and income components were included in the consolidated financial statements in proportion to the parent company's percentage capital ownership of each investee. Goodwill on the acquisition of investments in subsidiaries and in the jointly controlled investments is presented in deferred assets and minority interests in net income and stockholders' equity are separately disclosed. The exchange variation arising from transactions of subsidiaries and foreign branches was allocated to the statement of income accounts according to the corresponding assets and liabilities from which it was originated.

The financial statements include estimates and assumptions, such as the calculation of the allowance for loan losses, the estimation of the fair value of certain financial instruments, provision for contingencies, other provisions, the quantification of technical provisions for insurance, pension plans and savings bonds and the determination of the useful economic life of specific assets. Actual results could differ from these estimates and assumptions.

We highlight the main ownerships included in the consolidation:

	Activity	% Ownership		
		2005		2004
		December 31	September 30	December 31
Financial area local				
Banco Alvorada S.A. (1)	Banking	99.88%	99.88%	99.83%
Banco BEM S.A.	Banking	100.00%	100.00%	100.00%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Banco Finasa S.A.	Banking	100.00%	100.00%	100.00%
Banco Mercantil de São Paulo S.A.	Banking	100.00%	100.00%	100.00%
	Consortium			
Bradesco Consórcios Ltda.	Management	99.99%	99.99%	99.99%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	99.99%	99.99%	99.99%
	Assets under			
BRAM Bradesco Asset Management S.A. DTVM	Management	100.00%	100.00%	100.00%
	Assets under			
Bradesco Templeton Asset Management Ltda.	Management	50.10%	50.10%	50.10%
Companhia Brasileira de Meios de Pagamento				
VISANET (1) (2) (3) (4)	Services	39.67%	39.67%	39.65%
Financial area abroad				
Banco Bradesco Argentina S.A. (4)	Banking	99.99%	99.99%	99.99%
Banco Bradesco Luxembourg S.A.	Banking	100.00%	100.00%	100.00%
Banco BCN Grand Cayman Branch (5)	Banking			100.00%
Banco Boavista Interatlântico S.A. Grand Cayman Branch (6)	Banking			100.00%
Banco Boavista Interatlântico S.A. Nassau Branch	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (7)	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. New York Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Banco Mercantil de São Paulo S.A. Grand Cayman Branch (5)	Banking			100.00%
Insurance area private pension and savings bonds				
Atlântica Capitalização S.A. (8)	Savings Bonds	100.00%	100.00%	99.44%
Áurea Seguros S.A. (2) (4) (8)	Insurance	27.50%	27.50%	27.34%
Bradesco Argentina de Seguros S.A. (4) (8) (9)	Insurance	99.90%	99.90%	99.21%
Bradesco Capitalização S.A. (8)	Savings Bonds	100.00%	100.00%	99.44%
Bradesco Saúde S.A. (8)	Insurance	100.00%	100.00%	99.44%
Bradesco Seguros S.A. (8)	Insurance	100.00%	100.00%	99.44%
	Private Pension			
Bradesco Vida e Previdência S.A. (8)	Plans/Insurance	100.00%	100.00%	99.44%
Finasa Seguradora S.A. (8)	Insurance	100.00%	100.00%	99.44%

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Indiana Seguros S.A. (8) (10)	Insurance	40.00%	40.00%	39.77%
Seguradora Brasileira de Crédito à Exportação S.A. (2) (4) (8)	Insurance	12.09%	12.09%	12.02%
Bradesco Auto/RE Companhia de Seguros (8)	Insurance	100.00%	100.00%	99.44%

Other activities

Bradescor Corretora de Seguros Ltda.	Insurance Brokerage	99.87%	99.87%	99.82%
Cia. Securitizadora de Créditos Financeiros Rubi Cibrasec Companhia Brasileira de Securitização (2) (4) (11)	Credit Acquisition	100.00%	100.00%	100.00%
CPM Holdings Limited (2) (4)	Credit Acquisition	9.08%	9.08%	9.98%
Scopus Tecnologia Ltda. (1)	Holding	49.00%	49.00%	49.00%
Serasa S.A. (2) (4)	Information Technology	99.87%	99.87%	99.82%
União Participações Ltda.	Services	26.36%	26.36%	26.36%
	Holding	99.99%	99.99%	99.99%

- (1) Increased interest due to the treasury stocks cancellation at Banco Alvorada S.A., in April, 2005;
- (2) Companies consolidated on a proportional basis, in conformity with CMN Resolution 2,723 and CVM Instruction 247;
- (3) The special purpose company named Brazilian Merchant Voucher Receivables Limited is being consolidated, participant of the securitization operation of the future flow of credit card bills receivables of clients resident abroad (Note 18c);
- (4) Companies the audit services of which in 2004 and 2005 were carried out by other independent auditors;
- (5) The branch closed activities in February 2005, and its operations were transferred to Banco Bradesco S.A. Grand Cayman Branch;
- (6) The branch closed activities in September 2005, and its operations were transferred to Banco Bradesco S.A. Grand Cayman Branch;
- (7) The special purpose company named as International Diversified Payment Rights Company is being consolidated, participant of the securitization operation of the future flow of payment orders received from abroad (Note 18c);
- (8) Increased interest due to merger of stocks held by minority stockholders of Bradesco Seguros S.A. in March 2005;
- (9) Increased interest due to acquisition of stocks of minority stockholders, in July, 2005.
- (10) Subsidiary in view of equity interest of 51% in the voting capital; and
- (11) Reduced interest in view of the issuance of stocks attributed to the Company's new stockholder, in April 2005.

3) Significant Accounting Policies

a) Determination of net income

Income and expenses are determined on the accrual basis of accounting. Transactions with prefixed rates are recorded at their redemption amounts and income and expenses for the future period are recorded as a discount to the corresponding asset and liability accounts. Income and expenses of a financial nature are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to cross-border transactions which are calculated based on the straight-line method. Post-fixed or foreign-currency-indexed transactions are adjusted to the balance sheet date.

The insurance and coinsurance premiums and commissions, net of premiums assigned in coinsurance and reinsurance and corresponding commissions, are appropriated to results upon issuance of the corresponding insurance policies and invoices and are deferred for appropriation on a straight-line basis over the terms of the insurance policies, during the risk coverage period, by means of recording and reversal of unearned premiums reserve and deferred selling expenses. The accepted coinsurance and retrocession operations are recorded based on the information received from other companies and the Brazilian Institute of Reinsurers (IRB), respectively.

The supplementary private pension plans contributions and life insurance premiums covering survival are recognized in income when effectively received.

The revenue from savings bonds plans is recognized at the time it is effectively received. The expenses for placement of bonds, classified as Selling Expenses, are recorded as they are incurred. Brokerage expenses are recorded when the saving bonds contributions are effectively received. The payment for draw redemptions is considered as expenses of the month when these occur.

The corresponding expenses for technical provisions for private pension plans and savings bonds are recorded at the same time as revenue there from is recognized.

b) Interbank investments

Purchase and sale commitments subject to unrestricted movement agreements are adjusted to mark-to-market. Other assets are recorded at acquisition cost, including income earned up to the balance sheet date, net of loss accrual, when applicable.

c) Marketable Securities

Trading securities securities which are acquired for the purpose of being actively and frequently traded are adjusted to mark-to-market as a counter-entry to income for the period;

Securities available for sale securities which are not specifically intended for trading purposes or as held to maturity are adjusted to mark-to-market as a counter-entry to a specific account in stockholders' equity, at amounts net of tax effects; and

Securities held to maturity securities for which there exists intention and financial capacity for maintenance through to maturity are recorded at acquisition cost, plus income earned, as a counter-entry to income for the period.

d) Derivative financial instruments (assets and liabilities)

These are classified based on management's intended use thereof on the date of the operation and whether it was carried out for hedging purposes or not.

The derivative financial instruments, which do not comply with the hedging criteria established by BACEN, particularly derivatives used to manage general exposure to risk, are recorded at market values, with the corresponding mark-to-market adjustments taken directly to income for the period.

e) Loan and leasing operations, advances on foreign exchange contracts, other receivables with characteristics of loan granting and allowance for doubtful accounts

Loan and leasing operations, advances on foreign exchange contracts and other receivables with characteristics of loan granting are classified at their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution 2682, at nine levels from AA (minimum risk) to H (maximum risk); and (ii) management's risk level assessment. This assessment, which is carried out on a periodic basis, considers current economic conditions, and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. Moreover, the length of the delay in payment defined in CMN Resolution 2682 is also taken into account for customer risk classification purposes as follows:

Past-due period	Customer classification
From 15 to 30 days	B
From 31 to 60 days	C
From 61 to 90 days	D
From 91 to 120 days	E
From 121 to 150 days	F
From 151 to 180 days	G
More than 180 days	H

The accrual of loan operations past due up to 59 days is recorded in revenues from loan operations and subsequent to the 60th day, in unearned income.

Past-due operations classified at H level remain at this level for six months, subsequent to which time they are written-off against the existing allowance and controlled over a five-year period in memorandum accounts and no longer presented in the balance sheet.

Renegotiated operations are maintained with a classification equal to their prior rating. Renegotiated operations, already written-off against the provision and which are recorded in memorandum accounts, are classified at H level and any gains derived from their renegotiation are recognized as revenue only when they are effectively received.

In the case of mortgage loans, the contractual capitalization period (monthly or quarterly) for income appropriation purposes complies with applicable legislation and end-borrower financings are adjusted to the present value of the installments receivable.

The allowance for doubtful accounts is recorded at an amount considered sufficient to cover estimated losses and considers BACEN requirements and instructions, as well as Management's appraisal of the related credit risks.

f) Income tax and social contribution (asset and liability)

Tax credits, income tax and social contribution, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in Other receivables - Sundry, and the provision for deferred tax liabilities on excess depreciation and mark-to-market adjustments of securities is recorded in Other liabilities - Fiscal and pension plan activities. Only tax credits which have already acquired tax deductibility rights are recorded on goodwill amortization.

Tax credits on temporary additions are realized upon use and/or reversal of the corresponding provisions on which they were recorded. Tax credits on tax losses and negative basis of social contribution will be realized as taxable income is generated.

The provision for federal income tax is calculated at the standard rate of 15% of taxable income, plus an additional rate of 10%. The provision for social contribution is recorded at the rate of 9% of pre-income tax. Provisions were recorded for other taxes and social contributions in accordance with specific applicable legislation.

g) Investments

The investments in subsidiaries, shared control subsidiaries and affiliated companies (where relevant) were valued by the equity accounting method. The financial statements of the foreign branches and subsidiaries are adjusted to comply with the accounting practices adopted in Brazil, translated into Reais and their related effects recognized in income for the period.

The exchange membership certificates of Stock Exchanges, the Custody and Settlement Chamber (CETIP) and the Mercantile and Futures Exchange (BM&F) were recorded at their unaudited book values, informed by the corresponding exchanges, and fiscal incentives and other investments were recorded at acquisition cost, less the provision for losses, when applicable.

h) Fixed assets

This is shown at acquisition cost, net of respective accumulated depreciations, calculated by the straight-line method according to estimated useful-economic life of assets of which: real estate in use 4% p.a.; furnishings and fixtures, machinery and equipment 10% p.a.; transport systems 20% p.a.; and data processing systems 20% to 50% p.a..

i) Deferred charges

Deferred charges are recorded at cost of acquisition or formation, net of the corresponding accumulated amortization at 20% to 50% per annum, calculated on the straight-line method.

Goodwill on the acquisition of investments in subsidiary companies, based on expected future results, is amortized at rates of 10% to 20% per annum and is presented in deferred charges.

j) Deposits and funds obtained in the open market

These are recorded at the amount of the liabilities and include related charges up to the balance sheet date, on a daily pro rata basis.

k) Technical provisions relating to insurance, private pension plans and saving bonds activities

Unearned premiums reserve

These are recorded based on the retained insurance premiums deferred over the terms of the insurance contracts, in accordance with criteria established by SUSEP and ANS.

Unsettled claims reserve and claims incurred but not reported reserve (IBNR)

The unsettled claims reserve is recorded based on payment estimates of claims reported, including those claims under judicial proceeding, net of recovery and monetarily restated until the date of balance sheet. The claims incurred but not reported reserve (IBNR) is calculated on an actuarial basis to measure the quantity and amounts of claims incurred but not reported by those insured/beneficiaries.

Mathematical provisions for benefits to be granted and those granted

The mathematical provisions represent the amounts of obligations assumed under the form of income, pension and savings funds and are calculated according to the financial system provided for in agreement and under the responsibility of qualified and legal actuary, registered with the Brazilian Institute of Actuary (IBA). The mathematical provisions represent the present value of future benefits, estimated based on actuarial methods and presuppositions. The mathematical provision for benefits to be granted refers to participants who have not started to receive the benefits yet, and the mathematical provision for benefits granted refers to those already using the benefits.

Savings bonds mathematical reserves for draws and redemptions

These were recorded in conformity with the actuarial technical notes approved by SUSEP, based on a variable percentage applicable to the amounts of the savings bonds certificates effectively received and adjusted for price-level restatement.

l) Other assets and liabilities

The assets were stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations (on a daily pro rata basis), and provision for loss, when deemed appropriate. The liabilities include known or estimated amounts, plus related charges and monetary and exchange variations (on a daily pro rata basis).

Bradesco Organization does not recognize on an accounting basis the assets contingencies, while it is not effectively ensured that these are obtained in final decision to which remedies are no longer suitable.

m) Cash flow statement

It is prepared based on the indirect method, in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

4) Information for Comparison Purposes

Relevant reclassifications or other information in previous periods, affecting the comparison of financial statements as of December 31, 2005 did not occur.

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5) Adjusted Balance Sheet and Statement of Income by Business Segment

The following information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

a) Balance sheet

							R\$ thousand
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Amount eliminated (4)	Consolidated Bradesco
	Local	Foreign	Local	Foreign			
Assets							
Current and long-term assets							
Funds available	3,274,685	43,810	68,204	26,090	11,977	(61,725)	3,363,041
Interbank investments	22,075,678	3,054,262				(123,782)	25,006,158
Securities and derivative financial instruments	9,910,225	9,054,823	46,320,362	68	594,294	(1,428,964)	64,450,808
Interbank and interdepartmental accounts	17,087,567	7,429					17,094,996
Loan and leasing operations	66,529,114	6,895,444				(2,684,457)	70,740,101
Other receivables and other assets	20,853,363	294,554	2,740,484	2,972	377,689	(599,101)	23,669,961
Permanent assets	16,875,101	284,202	526,523	47	307,010	(13,635,018)	4,357,865
Investments	14,078,168	282,703	241,559		17,558	(13,635,018)	984,970
Property, plant and equipment in use and leased assets	1,610,171	1,493	248,807	47	134,376		1,994,894
Deferred charges	1,186,762	6	36,157		155,076		1,378,001
Total on December 31, 2005	156,605,733	19,634,524	49,655,573	29,177	1,290,970	(18,533,047)	208,682,930
Total on September 30, 2005	152,086,856	19,110,415	45,738,413	29,669	951,943	(16,004,074)	201,913,222
Total on December 31, 2004	137,382,475	19,219,221	40,494,410	37,362	593,612	(12,800,612)	184,926,468
Liabilities							
Current and long-term liabilities							
Deposits	72,830,330	2,762,548				(187,236)	75,405,642
Funds obtained in the open market	24,288,551	578,995				(228,662)	24,638,884
Funds from issuance of securities	5,377,023	2,288,705				(1,461,842)	6,203,886
Interbank and interdepartmental	2,037,873	2,233					2,040,106

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accounts							
Borrowings and onlendings	15,520,468	3,453,338	18			(2,410,743)	16,563,081
Derivative financial instruments	178,010	60,175			288		238,473
Technical provisions for insurance, private pension plans and savings bonds			40,848,588	13,967			40,862,555
Other liabilities:							
Subordinated debt	3,536,389	3,182,916					6,719,305
Others	13,362,194	312,245	2,986,456	504	439,680	(609,546)	16,491,533
Deferred income	52,130				2		52,132
Stockholders equity/minority interest in subsidiaries	13,491	6,993,369	5,820,511	14,706	851,000	(13,635,018)	58,059
Stockholders equity, controlling	19,409,274						19,409,274
Total on December 31, 2005	156,605,733	19,634,524	49,655,573	29,177	1,290,970		