

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

List of Main Abbreviations

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	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 Clearing House for the Custody and	NBR	Registered Brazilian Rule
CETIP	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 Contribution for Social Security	PL	Stockholders Equity
COFINS	Financing	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 Provisory Contribution on Financial	RCF	Optional Third-Party Liability
CPMF	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 Brazilian Micro and Small Business
DRE	Statement of Income	SEBRAE	Support Service U.S. Securities and Exchange
DTVM	Securities Dealer	SEC	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 Internal Week of Labor Accident Prevention
EXIM	Export and Import BNDES Financing Line Brazilian Symposium of Science and	SIPAT	
FEBRACE	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 %	3rd Qtr.	4th 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

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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 %	3 rd Qtr.	4 th 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 %	3 rd Qtr.	4 th 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)