

BANK BRADESCO  
Form 6-K  
May 11, 2006

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

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**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 May, 2006**

**Commission File Number 1-15250**

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**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

**Main Indicators (%)**

| Indicators              | 2004                 |                      | 2005                 |                      | 2006                  |  |
|-------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--|
|                         | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 12 months accumulated |  |
| CDI                     | 3.99                 | 4.18                 | 4.31                 | 4.04                 | 18.84                 |  |
| IBOVESPA                | 12.70                | 1.58                 | 5.93                 | 13.44                | 42.62                 |  |
| USD Commercial Rate     | (7.14)               | 0.43                 | 5.33                 | (7.19)               | (18.52)               |  |
| IGP-M                   | 1.96                 | 1.55                 | 0.99                 | 0.70                 | 0.35                  |  |
| IPCA IBGE               | 2.00                 | 1.79                 | 1.67                 | 1.44                 | 5.32                  |  |
| TJLP                    | 2.35                 | 2.35                 | 2.35                 | 2.18                 | 9.56                  |  |
| TR                      | 0.47                 | 0.55                 | 0.63                 | 0.51                 | 2.80                  |  |
| Savings Deposits        | 1.98                 | 2.06                 | 2.15                 | 2.03                 | 9.14                  |  |
| Number of Business Days | 62                   | 61                   | 62                   | 63                   | 253                   |  |

**Closing Amount**

| Indicators                            | 2004     |        | 2005     |        | 2006     |       |
|---------------------------------------|----------|--------|----------|--------|----------|-------|
|                                       | December | March  | December | March  | December | March |
| Commercial U.S. dollar for sale (R\$) | 2.6544   | 2.6662 | 2.3407   | 2.1724 |          |       |
| Euro (R\$)                            | 3.6195   | 3.4603 | 2.7691   | 2.6327 |          |       |
| Argentine Peso (R\$)                  | 0.8955   | 0.9141 | 0.7738   | 0.7050 |          |       |
| Country Risk (Points)                 | 383      | 456    | 305      | 235    |          |       |
| SELIC COPOM Base rate (% p.a.)        | 17.75    | 19.25  | 18.00    | 16.50  |          |       |
| Pre- BM&F rate 1 year (% p.a.)        | 17.85    | 19.17  | 16.40    | 14.84  |          |       |

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

| Deposits | 2004                 |                      |                      |                      | Items | 2005                 |                      |                      |                      | 2006                 |                      |                      |                      |
|----------|----------------------|----------------------|----------------------|----------------------|-------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|          | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |       | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|          |                      |                      |                      |                      |       |                      |                      |                      |                      |                      |                      |                      |                      |

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|                              |    |    |    |    |                                  |      |      |      |      |
|------------------------------|----|----|----|----|----------------------------------|------|------|------|------|
| Demand Deposits              |    |    |    |    | Income Tax                       | 25   | 25   | 25   | 25   |
| (1)                          | 45 | 45 | 45 | 45 | Social Contribution              | 9    | 9    | 9    | 9    |
| Additional Time Deposits (3) |    |    |    |    |                                  |      |      |      |      |
| (2)                          | 8  | 8  | 8  | 8  | PIS (1)                          | 0.65 | 0.65 | 0.65 | 0.65 |
| Additional (2)               |    |    |    |    |                                  |      |      |      |      |
| (2)                          | 8  | 8  | 8  | 8  | COFINS (2)                       | 4    | 4    | 4    | 4    |
| Additional (2)               |    |    |    |    | Legal Reserve on Net Income      | 5    | 5    | 5    | 5    |
| (2)                          | 8  | 8  | 8  | 8  | Maximum Fixed Assets (3)         | 50   | 50   | 50   | 50   |
| Additional (2)               |    |    |    |    | Capital Adequacy Ratio Basel (4) | 11   | 11   | 11   | 11   |
| (2)                          | 10 | 10 | 10 | 10 |                                  |      |      |      |      |

(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, 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 modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers 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 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 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 Getulio 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 and governmental measures to combat it have had in past years significant negative effects on the Brazilian economy. In addition, public speculation about possible future actions 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 while 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 in a negative manner the market price of our stocks and ADSs**

The market price of our stocks and ADSs may be adversely affected in a negative manner by declines in the international financial markets and world economic conditions. Brazilian securities markets are influenced by the local economy and other emerging 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' high risk perception 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 growing presence of foreign banks and insurance companies in Brazil, some of which have greater resources than we do, has grown the competition both in the banking and insurance 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 services and other products we offer; and increasing competition for foreign investment opportunities.

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

**3) The majority of our common stocks are held by two stockholders, whose interests may conflict with other investors' interests**

On March 31, 2006 Cidade de Deus Companhia Comercial de Participações, which we name as Cidade de Deus Participações, held 48.44% of our common stocks and Fundação Bradesco directly and indirectly held 46.20% 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.

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## **Critical Accounting Practices**

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

Our relevant accounting policies are outlined in 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\$ 30 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 10 included in the Chapter 8 hereof.

### **2) Assessment of Securities and Derivatives**



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

We estimate the fair value by using market-quoted prices when available. We observe that the 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.

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

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

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

For further information about our practices referring to the assessment of marketable securities and derivative financial instruments, see notes 3c, 3d and 8 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 8 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 assessments 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 assessments and assumptions of our analysis about the possibility of realizing deferred tax assets. For further information about Bradesco's income tax and social contribution, see notes 3f and 34 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.

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## 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 74 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;

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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 increasing attendance 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:

carry 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;  
build 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 seek the development of paid services based on fees, such as collection and payment processing for current and potential clients;  
expand 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;  
increase our revenues from assets management and private pension plans; and  
continuously build 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 thus obtain coordinated growth opportunities. Recently, Bradesco resolved to reinforce such strategy with the challenge of changing our technological model, with a view to definitively maintaining Bradesco's market leadership in the industry in terms of technology. Thus, Bradesco set a task force devoted to the advance of our profile and public perception towards technology.

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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

|                 |  |                 |  |
|-----------------|--|-----------------|--|
| <b>ABC</b>      | Activity-Based Costing   | <b>FIRN</b>     | Floating Rate Note   |
| <b>ABEL</b>     | Brazilian Association of Leasing Companies                               | <b>FxRN</b>     | Fixed Rate Note  |
| <b>ABM</b>      | Activity-Based Management  | <b>GDAD</b>     | Management of Performance and Support to Decisions                     |
| <b>ACC</b>      | Advances on Foreign Exchange Contracts                                   | <b>IBA</b>      | Brazilian Actuarial Institute  |
| <b>ACM</b>      | Automated Consulting and Contract Machine                                | <b>IBMEC</b>    | Brazilian Capital Market Institute                                     |
| <b>ADR</b>      | American Depositary Receipt  | <b>IBNR</b>     | Incurred But Not Reported  |
| <b>ADS</b>      | American Depositary Share  | <b>IBOVESPA</b> | São Paulo Stock Exchange Index   |
| <b>ADVB</b>     | Association of Sales and Marketing Managers of Brazil                    | <b>IBRACON</b>  | Brazilian Institute of Independent Auditors                            |
| <b>ANAPP</b>    | National Association of Private Pension Plan Companies                   | <b>IEO</b>      | Operating Efficiency Ratio   |
| <b>ANBID</b>    | National Association of Investment Banks                                 | <b>IFC</b>      | International Finance Corporation (Sociedade Financeira Internacional) |
| <b>ANS</b>      | National Agency for Supplementary Healthcare                             | <b>IFT</b>      | Quarterly Financial Information  |
| <b>ANSP</b>     | National Academy of Insurance and Private Pension Plans                  | <b>IGP-DI</b>   | General Price Index Internal Availability                              |
| <b>AP</b>       | Personal Accident  | <b>IGP-M</b>    | General Price Index Market   |
| <b>APIMEC</b>   | Association of the Capital Markets Investment Analysts and Professionals | <b>INSS</b>     | Social Security National Institute                                     |
| <b>ATM</b>      | Automated Teller Machine   | <b>IPCA</b>     | Extended Consumer Price Index  |
| <b>BACEN</b>    | Brazilian Central Bank   | <b>IPTU</b>     | Municipal Real Estate Tax  |
| <b>BDR</b>      | Brazilian Depositary Receipt   | <b>IR</b>       | Income Tax   |
| <b>BM&amp;F</b> | Mercantile and Futures Exchange  | <b>IRRF</b>     | Withholding Income Tax   |
| <b>BNDES</b>    | National Bank for Economic and Social Development                        | <b>ISO</b>      | International Standard Organization                                    |
| <b>BOVESPA</b>  | São Paulo Stock Exchange   | <b>ISE</b>      | Corporate Sustainability Index   |
| <b>CBLC</b>     | Brazilian Settlement and Custody Company                                 | <b>ISS</b>      | Tax on Services  |
| <b>CDB</b>      | Bank Deposit Certificate   | <b>JCP</b>      | Interest on Own Capital  |
| <b>CDC</b>      | Consumer Sales Financing   | <b>LATIBEX</b>  | Latin American Stock Exchange Market in Euros (Spain)                  |
| <b>CDI</b>      | Interbank Deposit Certificate  | <b>MBA</b>      | Master of Business Administration                                      |
| <b>CEF</b>      | Federal Savings Bank   | <b>MP</b>       | Provisional Measure  |
| <b>CEID</b>     | State Department for the Integration of Disabled People                  | <b>NBR</b>      | Registered Brazilian Rule  |
| <b>CETIP</b>    | Clearing House for the Custody and Financial Settlement of Securities    | <b>NYSE</b>     | New York Stock Exchange  |
| <b>CFC</b>      | Federal Accounting Council   | <b>OIT</b>      | International Labor Organization                                       |
| <b>CID</b>      | Digital Inclusion Center   | <b>ON</b>       | Common Stocks  |
| <b>CMN</b>      | National Monetary Council  | <b>ONG</b>      | Non-Governmental Organization  |
| <b>CNSP</b>     | National Private Insurance Council                                       | <b>ONU</b>      | UN (United Nations)  |
| <b>COBIT</b>    | Control Objectives for Information and Related Technology                | <b>PDD</b>      | Allowance for Doubtful Accounts  |

|                 |  |               |  |
|-----------------|--|---------------|--|
|                 | Contribution for Social Security         |               |  |
| <b>COFINS</b>   | Financing                                | <b>PGBL</b>   | Unrestricted Benefits Generating Plan  |
| <b>COPOM</b>    | Monetary Policy Committee                | <b>PIS</b>    | Social Integration Program             |
|                 | Chart of Accounts for National Financial |               |  |
| <b>COSIF</b>    | System Institutions                      | <b>PL</b>     | Stockholders Equity                    |
| <b>COSO</b>     | Committee of Sponsoring Organizations    | <b>PLR</b>    | Employee Profit Sharing                |
|                 | Provisory Contribution on Financial      |               |  |
| <b>CPMF</b>     | Transactions                             | <b>PN</b>     | Preferred Stocks                       |
| <b>CRI</b>      | Certificate of Real Estate Receivables   | <b>PTRB</b>   | Online Tax Payment                     |
| <b>CS</b>       | Social Contribution                      | <b>RCF</b>    | Optional Third-Party Liability         |
| <b>CVM</b>      | Brazilian Securities Commission          | <b>RE</b>     | Basic lines (of Insurance Products)    |
| <b>DPVAT</b>    | Compulsory Vehicle Insurance             | <b>ROA</b>    | Return on Assets                       |
| <b>DR</b>       | Depository Receipt                       | <b>ROE</b>    | Return on Stockholders Equity          |
| <b>DRE</b>      | Statement of Income                      | <b>SANA</b>   | Automatic System of Stocks Negotiation |
| <b>DTVM</b>     | Securities Dealer                        | <b>SAP</b>    | Systems Applications and Products      |
| <b>DVA</b>      | Value-Added Statement                    | <b>SBPE</b>   | Brazilian Savings and Loan System      |
|                 | (Directors and Officers) Insurance       |               | Brazilian Micro and Small Business     |
| <b>D&amp;O</b>  | Specific for the Board of                | <b>SEBRAE</b> | Support Service                        |
|                 | Director s Members, Directors and        |               | U.S. Securities and Exchange           |
|                 | Officers                                 | <b>SEC</b>    | Commission                             |
| <b>EPE</b>      | Specific Purpose Entities                | <b>SELIC</b>  | Special Clearance and Custody System   |
| <b>ERP</b>      | Enterprise Resource Planning             | <b>SESI</b>   | National Industry Social Service       |
|                 | Export and Import BNDES Financing        |               |  |
| <b>EXIM</b>     | Line                                     | <b>SFH</b>    | National Housing System                |
|                 | Brazilian Symposium of Science and       |               | Internal Week of Labor Accident        |
| <b>FEBRACE</b>  | Engineering                              | <b>SIPAT</b>  | Prevention                             |
|                 | Government Severance Indemnity Fund      |               |  |
| <b>FGTS</b>     | for Employees                            | <b>SPB</b>    | Brazilian Payment System               |
| <b>FGV</b>      | Getulio Vargas Foundation                | <b>SPE</b>    | Specific Purpose Entity                |
| <b>FIA</b>      | Management Institute Foundation          | <b>SUSEP</b>  | Superintendence of Private Insurance   |
| <b>FIDC</b>     | Credit Right Funds                       | <b>TED</b>    | Instant Online Transfer                |
| <b>FIE</b>      | Exclusive Investment Fund                | <b>TJLP</b>   | Long-term Interest Rate                |
|                 | Financing Line of other Assets and       |               |  |
| <b>FINABENS</b> | Services                                 | <b>TR</b>     | Reference Rate                         |
| <b>FINAME</b>   | Fund for Financing the Acquisition of    | <b>TVM</b>    | Marketable Securities                  |
|                 | Industrial Machinery                     |               |  |
|                 | and Equipment                            |               |  |
| <b>FIPE</b>     | Economic Research Institute Foundation   | <b>VaR</b>    | Value at Risk                          |
| <b>FIPECAFI</b> | Accounting, Actuarial and Financial      | <b>VGBL</b>   | Long-term Life Insurance               |
|                 | Research                                 |               |  |
|                 | Institute Foundation                     |               |  |

**1 - Bradesco Line by Line**

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**Summarized Statement of Income Analysis**1<sup>st</sup> Quarter/05 x 1<sup>st</sup> Quarter/06 R\$ million

|   | Statement of Income  |              | Adjustments<br>(1)   |              | Adjusted Statement of Income |              | Variation    |             |
|---|----------------------|--------------|----------------------|--------------|------------------------------|--------------|--------------|-------------|
|   | 1 <sup>st</sup> Qtr. |              | 1 <sup>st</sup> Qtr. |              | 1 <sup>st</sup> Qtr.         |              | Amount       | %           |
|   | 2005                 | 2006         | 2005                 | 2006         | 2005                         | 2006         |              |             |
| Net Interest Income (2)                               | 3,999                | 5,260        | (337)                | (285)        | 3,662                        | 4,975        | 1,313        | 35.9        |
| Allowance for Doubtful Accounts PDD (3)               | (635)                | (938)        |                      |              | (635)                        | (938)        | (303)        | 47.7        |
| <b>Intermediation Gross Income</b>                    | <b>3,364</b>         | <b>4,322</b> | <b>(337)</b>         | <b>(285)</b> | <b>3,027</b>                 | <b>4,037</b> | <b>1,010</b> | <b>33.4</b> |
| Insurance Operating Income (4)                        | (214)                | 115          | 327                  |              | 113                          | 115          | 2            | 1.8         |
| Fee Income (5)  | 1,661                | 2,040        |                      |              | 1,661                        | 2,040        | 379          | 22.8        |
| Personnel Expenses (6)                                | (1,221)              | (1,419)      |                      |              | (1,221)                      | (1,419)      | (198)        | 16.2        |
| Other Administrative Expenses (6)                     | (1,192)              | (1,317)      |                      |              | (1,192)                      | (1,317)      | (125)        | 10.5        |
| Tax Expenses (6)                                      | (405)                | (544)        | 1                    | 36           | (404)                        | (508)        | (104)        | 25.7        |
| Other Operating Income/Expenses                       | (409)                | (700)        |                      |              | (409)                        | (700)        | (291)        | 71.1        |
| <b>Operating Income</b>                               | <b>1,584</b>         | <b>2,497</b> | <b>(9)</b>           | <b>(249)</b> | <b>1,575</b>                 | <b>2,248</b> | <b>673</b>   | <b>42.7</b> |
| Non-Operating Income                                  | (6)                  | (32)         |                      |              | (6)                          | (32)         | (26)         | 433.3       |
| Income Tax, Social Contribution and Minority Interest | (373)                | (935)        | 9                    | 249          | (364)                        | (686)        | (322)        | 88.5        |
| <b>Net Income</b>                                     | <b>1,205</b>         | <b>1,530</b> |                      |              | <b>1,205</b>                 | <b>1,530</b> | <b>325</b>   | <b>27.0</b> |

In the quarter ended on March 31, 2006, Bradesco's net income reached R\$ 1,530 million, accounting for an 27.0% growth in relation to net income of the same period of the previous year. Bradesco's stockholders' equity amounted to R\$ 20,375 million as of March 31, 2006, equivalent to a 23.2% increase compared to the balance as of March 31, 2005. Consequently, the annualized return on stockholders' equity (ROE) reached 33.6%. Total consolidated assets reached R\$ 216,391 million at the end of the first quarter of 2006, a 13.1% growth in relation to the balance of same date of the previous year. The annualized return on total assets (ROA), in the 1<sup>st</sup> quarter of 2006, was 2.9%. Earnings per stock reached R\$ 1.56.

**(1) Adjustments**

The effects outlined below were annulled between items:

(i) partial 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\$ 10 million and R\$ 285 million in the 1<sup>st</sup> quarter of 2005 and 2006, respectively; 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 in the 1<sup>st</sup> quarter of 2005.

Excluding these adjustments, the main items, which influenced the net income in the 1<sup>st</sup> quarter of 2006 compared to the 1<sup>st</sup> quarter of 2005 are outlined below:

**(2) Net Interest Income R\$ 1,313 million**

Such growth is basically due to interest component, with a share of R\$ 1,048 million, caused by an increment in the business volume, pointing out a 50.6% increase in the volume of loan operations for individuals in the 12-month period ended on March 31, 2006, mainly concerned with consumer sales and personal loan financing, the spread of which is higher when compared to the corporate portfolio. In the non-interest component, with a share of R\$ 265 million, the highlight was for the largest gains of TVM and treasury in the 1<sup>st</sup> quarter of 2006.

**(3) Allowance for Doubtful Accounts R\$ 303 million**

The variation is mostly due to a 28.0% increase in the volume of loan operations in the 12-month period ended on March 31, 2006, pointing out the individual client operations, under the type personal loan, climbing 73.5%, 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\$ 2 million**

The Result of Operations of Insurance, Private Pension Plan and Savings Bonds remained practically stable in the 1<sup>st</sup> quarter of 2006 compared to the 1<sup>st</sup> quarter of 2005.

**(5) Fee Income R\$ 379 million**

The increase in the period is mainly due to a higher average volume of operations, combined with the improvement in the segmentation process.

**(6) Personnel, Administrative and Tax Expenses R\$ 427 million**

Out of such amount, R\$ 198 million of personnel expenses basically due to the increase in salary levels resulting from the collective bargaining agreement of 2005, for higher PLR expenses, for higher expenses with provision for labor proceedings in the 1<sup>st</sup> quarter of 2006, and for the acquisition of Banco BEC; and R\$ 125 million of other administrative expenses basically referring to effects on increased volume of business, for the acquisition of BEC in the 1<sup>st</sup> quarter of 2006 and for contractual adjustments in the period; and R\$ 104 million of tax expenses derive basically from the increase of PIS/COFINS expenses, due to the increase in taxable income in the 1<sup>st</sup> quarter of 2006 compared to the same period of 2005.

4<sup>th</sup> Quarter/05 x 1<sup>st</sup> Quarter/06 R\$ million

|  | Statement of<br>Income |                         | Adjustments<br>(1)   |                         | Adjusted<br>Statement<br>of Income |                     | Variation  |             |
|--|------------------------|-------------------------|----------------------|-------------------------|------------------------------------|---------------------|------------|-------------|
|  | 4 <sup>th</sup> Qtr.   | 1 <sup>st</sup><br>Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup><br>Qtr. | 4 <sup>th</sup> Qtr.               | 1 <sup>st</sup> Qtr | Amount     | %           |
|  | 2005                   | 2006                    | 2005                 | 2006                    | 2005                               | 2006                |            |             |
| Net Interest Income (2)                                  | 4,429                  | 5,260                   | 174                  | (285)                   | 4,603                              | 4,975               | 372        | 8.1         |
| Allowance for Doubtful Accounts<br>PDD (3)               | (770)                  | (938)                   |                      |                         | (770)                              | (938)               | (168)      | 21.8        |
| <b>Intermediation Gross Income</b>                       | <b>3,659</b>           | <b>4,322</b>            | <b>174</b>           | <b>(285)</b>            | <b>3,833</b>                       | <b>4,037</b>        | <b>204</b> | <b>5.3</b>  |
| Insurance Operating Income (4)                           | 263                    | 115                     |                      |                         | 263                                | 115                 | (148)      | (56.3)      |
| Fee Income (5)   | 2,010                  | 2,040                   |                      |                         | 2,010                              | 2,040               | 30         | 1.5         |
| Personnel Expenses (6)                                   | (1,361)                | (1,419)                 |                      |                         | (1,361)                            | (1,419)             | (58)       | 4.3         |
| Other Administrative Expenses (6)                        | (1,439)                | (1,317)                 |                      |                         | (1,439)                            | (1,317)             | 122        | (8.5)       |
| Tax Expenses (6)   | (501)                  | (544)                   | (22)                 | 36                      | (523)                              | (508)               | 15         | (2.9)       |
| Other Operating Income/Expenses                          | (757)                  | (700)                   |                      |                         | (757)                              | (700)               | 57         | (7.5)       |
| <b>Operating Income</b>                                  | <b>1,874</b>           | <b>2,497</b>            | <b>152</b>           | <b>(249)</b>            | <b>2,026</b>                       | <b>2,248</b>        | <b>222</b> | <b>11.0</b> |
| Non-Operating Income                                     | (69)                   | (32)                    |                      |                         | (69)                               | (32)                | 37         | (53.6)      |
| Income Tax, Social Contribution and<br>Minority Interest | (342)                  | (935)                   | (152)                | 249                     | (494)                              | (686)               | (192)      | 38.9        |
| <b>Net Income</b>  | <b>1,463</b>           | <b>1,530</b>            |                      |                         | <b>1,463</b>                       | <b>1,530</b>        | <b>67</b>  | <b>4.6</b>  |

In the 1<sup>st</sup> quarter of 2006, Bradesco's net income reached R\$ 1,530 million, which corresponds to a 4.6% increase when compared to the 4<sup>th</sup> quarter of 2005. Bradesco's stockholders' equity amounted to R\$ 20,375 million on March 31, 2006, corresponding to a 5.0% increase in relation to the balance as of December 31, 2005. Total consolidated assets reached R\$ 216,391 million at the end of March 2006, growing 3.7% in the quarter.

### (1) Adjustments

The partial 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 was R\$ (174) million and R\$ 285 million in the 4<sup>th</sup> quarter of 2005 and in the 1<sup>st</sup> quarter of 2006, respectively. Excluding these adjustments, main items, which influenced the net income in the 1<sup>st</sup> quarter of 2006 are outlined below:

### (2) Net Interest Income R\$ 372 million

Such growth is basically due to non-interest component, with a share of R\$ 311 million, motivated by higher treasury and TVM gains in the quarter. The interest component, with a share of R\$ 61 million was the result of a business volume expansion in the quarter, pointing out a 7.5% increase in the volume of loan operations for individuals, mainly concerned with consumer financing and personal loan.

### (3) Allowance for Doubtful Accounts R\$ 168 million

The variation is mainly due to the growth of 4.1% in the volume of loan operations in the 1<sup>st</sup> quarter of 2006, mainly operations for individuals, in the personal loan category, with an increase of 7.5%, which, due to its specific characteristics, requires a higher volume of provision, in addition to the typical seasonal increase of the 1<sup>st</sup> quarter.



**(4) Income from Insurance, Private Pension Plans and Savings Bonds Operations R\$ (148) million**

The variation is basically due to the better performance in the 4<sup>th</sup> quarter of 2005, in the sale of "PGBL" and "VGBL" products, due to the seasonality of that period.

**(5) Fee Income R\$ 30 million**

Such increase is mostly due to an expansion in the average volume of operations in the period, pointing out the items Fund Management , Loan Operations and Checking Account .

**(6) Personnel, Administrative and Tax Expenses R\$ (79) million**

Such variation is mostly due to: (i) lower administrative expenses advertising, referring to the intensification of ads at the end of 2005; (ii) lower CPMF tax expenses, in view of the issuances of debentures which took place in the 4<sup>th</sup> quarter of 2005; **mitigated** by: (iii) higher personnel expenses, due to the higher PLR expenses and higher labor proceedings expenses in the 1<sup>st</sup> quarter of 2006 and for the acquisition of Banco BEC, which were partially mitigated by vacation concentration.

**Highlights****Income**

|   | R\$ million          |       |                |                 |                 |                |
|---|----------------------|-------|----------------|-----------------|-----------------|----------------|
|   | 1 <sup>st</sup> Qtr. |       | Variation<br>% | 4 <sup>th</sup> | 1 <sup>st</sup> | Variation<br>% |
|   | 2005                 | 2006  |                | Qtr.            | Qtr.            |                |
|   | 2005                 | 2006  | 2005           | 2006            |                 |                |
| Net Interest Income   | 3,999                | 5,260 | 31.5           | 4,429           | 5,260           | 18.8           |
| Adjusted Net Interest Income                                | 3,662                | 4,975 | 35.9           | 4,603           | 4,975           | 8.1            |
| Allowance for Doubtful Accounts Expenses                    | 635                  | 938   | 47.7           | 770             | 938             | 21.8           |
| Fee Income  | 1,661                | 2,040 | 22.8           | 2,010           | 2,040           | 1.5            |
| Insurance, Private Pension Plans and Savings Bonds Retained |                      |       |                |                 |                 |                |
| Premiums  | 2,796                | 3,458 | 23.7           | 4,304           | 3,458           | (19.7)         |
| Personnel Expenses  | 1,221                | 1,419 | 16.2           | 1,361           | 1,419           | 4.3            |
| Other Administrative Expenses                               | 1,192                | 1,317 | 10.5           | 1,439           | 1,317           | (8.5)          |
| Operating Income  | 1,584                | 2,497 | 57.6           | 1,874           | 2,497           | 33.2           |
| Net Income  | 1,205                | 1,530 | 27.0           | 1,463           | 1,530           | 4.6            |

**Balance Sheet**

|                             | R\$ million |         |                |          |         |                |
|-----------------------------|-------------|---------|----------------|----------|---------|----------------|
|                             | March       |         | Variation<br>% | December | March   | Variation<br>% |
|                             | 2005        | 2006    |                | 2005     | 2006    |                |
|                             | 2005        | 2006    | 2005           | 2006     |         |                |
| Total Assets                | 191,299     | 216,391 | 13.1           | 208,683  | 216,391 | 3.7            |
| Marketable Securities       | 64,842      | 68,669  | 5.9            | 64,451   | 68,669  | 6.5            |
| Loan and Leasing Operations | 65,979      | 84,426  | 28.0           | 81,130   | 84,426  | 4.1            |
| Permanent Assets            | 4,711       | 4,808   | 2.1            | 4,358    | 4,808   | 10.3           |
| Deposits                    | 71,372      | 74,482  | 4.4            | 75,406   | 74,482  | (1.2)          |
| Borrowings and Onlendings   | 15,634      | 15,611  | (0.1)          | 16,563   | 15,611  | (5.7)          |
| Technical Provisions        | 35,328      | 42,555  | 20.5           | 40,863   | 42,555  | 4.1            |
| Stockholders Equity         | 16,538      | 20,375  | 23.2           | 19,409   | 20,375  | 5.0            |

**Change in Number of Outstanding Stocks**

|   | Common<br>stock    | Preferred<br>stock | Total              |
|---|--------------------|--------------------|--------------------|
| <b>Number of Outstanding Stocks on March 31, 2005</b> | <b>246,901,890</b> | <b>244,970,706</b> | <b>491,872,596</b> |
| Stocks acquired and canceled                          | (1,944,738)        | (1,287)            | (1,946,025)        |
| Stocks acquired and not canceled                      | (464,300)          |                    | (464,300)          |

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| 100% Bonus   | 244,957,152        | 244,969,419        | 489,926,571        |
| <b>Number of Outstanding Stocks on December 31, 2005</b> | <b>489,450,004</b> | <b>489,938,838</b> | <b>979,388,842</b> |
| Stocks Acquired and Cancelled                            |                    | (30,000)           | (30,000)           |
| Stocks Acquired and not Cancelled                        | (77,200)           |                    | (77,200)           |
| <b>Number of Outstanding Stocks on March 31, 2006</b>    | <b>489,372,804</b> | <b>489,908,838</b> | <b>979,281,642</b> |

**Stock Performance**

|   | R\$                  |        |           |                      |                      |           |
|---|----------------------|--------|-----------|----------------------|----------------------|-----------|
|   | 1 <sup>st</sup> Qtr. |        | Variation | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | Variation |
|   | 2005                 | 2006   | %         | 2005                 | 2006                 | %         |
| Net Income per Stock (*)                  | 1.22                 | 1.56   | 27.9      | 1.49                 | 1.56                 | 4.7       |
| Dividends/JCP per Stock ON (after IR) (*) | 0.304                | 0.446  | 46.7      | 0.335                | 0.446                | 33.1      |
| Dividends/JCP Per Stock PN (after IR) (*) | 0.334                | 0.490  | 46.7      | 0.368                | 0.490                | 33.1      |
| Book Value per Stock (ON and PN) (*)      | 16.81                | 20.81  | 23.8      | 19.82                | 20.81                | 5.0       |
| Last Business Day Average Price ON        | 33.58                | 70.44  | 109.8     | 64.02                | 70.44                | 10.0      |
| Last Business Day Average Price PN        | 38.67                | 77.91  | 101.5     | 68.19                | 77.91                | 14.3      |
| Market Value (R\$ million) (**)           | 35,523               | 72,640 | 104.5     | 64,744               | 72,640               | 12.2      |

(\*) 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.

**Cash Generation**

|  | R\$ million          |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Net Income                                     | 1,058                | 1,205                | 1,463                | 1,530                |                      |                      |
| Equity in the Earnings of Affiliated Companies | (45)                 | 5                    | (7)                  | (5)                  |                      |                      |
| Allowance for Doubtful Accounts                | 489                  | 635                  | 770                  | 938                  |                      |                      |
| Allowance/Reversal for Mark-to-Market          | (2)                  | 7                    | 8                    | 16                   |                      |                      |
| Depreciation and Amortization                  | 120                  | 116                  | 134                  | 109                  |                      |                      |
| Goodwill Amortization                          | 212                  | 96                   | 182                  | 119                  |                      |                      |
| Others   | (6)                  | 31                   | 3                    | 28                   |                      |                      |
| <b>Total</b>                                   | <b>1,826</b>         | <b>2,095</b>         | <b>2,553</b>         | <b>2,735</b>         |                      |                      |

**Added Value**

|  | R\$ million          |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Added Value (A+B+C)</b>                             | <b>3,074</b>         | <b>3,204</b>         | <b>3,662</b>         | <b>4,423</b>         |                      |                      |
| A Gross Income from Financial Intermediation           | 3,027                | 3,364                | 3,659                | 4,322                |                      |                      |
| B Fee Income   | 1,675                | 1,661                | 2,010                | 2,040                |                      |                      |
| C Other Operating Income/Expenses                      | (1,628)              | (1,821)              | (2,007)              | (1,939)              |                      |                      |
| <b>Distribution of Added Value (D+E+F+G)</b>           | <b>3,074</b>         | <b>3,204</b>         | <b>3,662</b>         | <b>4,423</b>         |                      |                      |
| D Employees  | 1,115                | 1,065                | 1,186                | 1,246                |                      |                      |
| E Government   | 901                  | 934                  | 1,013                | 1,647                |                      |                      |
| F JCP/Dividends to Stockholders (paid and provisioned) | 340                  | 366                  | 344                  | 539                  |                      |                      |
| G Reinvestment of Profits                              | 718                  | 839                  | 1,119                | 991                  |                      |                      |
| <b>Distribution of Added Value percentage</b>          | <b>100.0</b>         | <b>100.0</b>         | <b>100.0</b>         | <b>100.0</b>         |                      |                      |
| Employees  | 36.2                 | 33.3                 | 32.4                 | 28.2                 |                      |                      |
| Government   | 29.3                 | 29.1                 | 27.7                 | 37.2                 |                      |                      |
| JCP/Dividends to Stockholders (paid and provisioned)   | 11.1                 | 11.4                 | 9.4                  | 12.2                 |                      |                      |
| Profit Reinvestments                                   | 23.4                 | 26.2                 | 30.5                 | 22.4                 |                      |                      |

**Fixed Assets to Stockholders Equity Ratio Calculation Statement**

R\$ million

|  | 2004          |               | 2005          |               | 2006     |       |
|--|---------------|---------------|---------------|---------------|----------|-------|
|  | December      | March         | December      | March         | December | March |
| <b>Stockholders Equity + Minority</b>            |               |               |               |               |          |       |
| <b>Stockholders</b>                              | <b>15,285</b> | <b>16,590</b> | <b>19,467</b> | <b>20,447</b> |          |       |
| Subordinated Debts                               | 5,663         | 5,743         | 6,290         | 8,549         |          |       |
| Tax Credits                                      | (41)          | (82)          | (99)          | (149)         |          |       |
| Exchange Membership Certificates                 | (71)          | (61)          | (69)          | (73)          |          |       |
| <b>Reference Equity (A) (*)</b>                  | <b>20,836</b> | <b>22,190</b> | <b>25,589</b> | <b>28,774</b> |          |       |
| Fixed  | 7,183         | 7,191         | 7,817         | 8,608         |          |       |
| Fixed Assets and Leasing                         | (2,169)       | (2,350)       | (3,370)       | (3,713)       |          |       |
| Unrealized Leasing Losses                        | (87)          | (90)          | (99)          | (97)          |          |       |
| Other Adjustments                                | (71)          | (61)          | (69)          | (788)         |          |       |
| <b>Total Fixed Assets (B) (*)</b>                | <b>4,856</b>  | <b>4,690</b>  | <b>4,279</b>  | <b>4,010</b>  |          |       |
| <b>Fixed Assets to Stockholders Equity Ratio</b> |               |               |               |               |          |       |
| <b>(B/A) %</b>                                   | <b>23.3</b>   | <b>21.1</b>   | <b>16.7</b>   | <b>13.9</b>   |          |       |
| <b>Excess</b>                                    | <b>5,562</b>  | <b>6,405</b>  | <b>8,516</b>  | <b>10,377</b> |          |       |

(\*) 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.

**Performance Ratios (annualized) in percentage**

|   | <b>2004</b>                | <b>2005</b>                |                            | <b>2006</b>                |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| Return on Stockholders' Equity (Total)                              | 30.9                       | 32.5                       | 33.7                       | 33.6                       |
| Return on Stockholders' Equity (Average)                            | 31.7                       | 34.7                       | 35.3                       | 34.6                       |
| Return on Total Assets (Total)                                      | 2.3                        | 2.5                        | 2.8                        | 2.9                        |
| Stockholders' Equity to Total Assets                                | 8.2                        | 8.6                        | 9.3                        | 9.4                        |
| Capital Adequacy Ratio (Basel) - Financial Consolidated             | 18.8                       | 17.1                       | 17.3                       | 19.0                       |
| Capital Adequacy Ratio (Basel) - Total Consolidated                 | 16.1                       | 15.0                       | 15.2                       | 16.7                       |
| Fixed Assets to Stockholders' Equity Ratio - Financial Consolidated | 38.0                       | 43.8                       | 45.3                       | 42.6                       |
| Fixed Assets to Stockholders' Equity Ratio - Total Consolidated     | 23.3                       | 21.1                       | 16.7                       | 13.9                       |
| Expanded Combined Ratio   | 92.8                       | 92.1                       | 91.8                       | 86.0                       |
| Efficiency Ratio (12 months accumulated)                            | 55.5                       | 52.7                       | 44.8                       | 42.9                       |

**Market Share - Consolidated in percentage**

|   | <b>2004</b>     |              | <b>2005</b>     |              |
|---|-----------------|--------------|-----------------|--------------|
|   | <b>December</b> | <b>March</b> | <b>December</b> | <b>March</b> |
| <b>Banks - Source: BACEN</b>  |                 |              |                 |              |
| Investment Funds + Portfolios   | 15.0            | 14.9         | 15.2            | 14.9         |
| Time Deposit  | 10.8            | 11.1         | 9.8             | N/D          |
| Savings Deposit   | 15.6            | 15.3         | 15.5            | N/D          |
| Demand Deposit  | 17.5            | 17.3         | 15.9            | N/D          |
| Fee Income  | 13.2            | 13.2         | 12.8            | N/D          |
| CPMF  | 20.0            | 19.6         | 20.0            | 19.8         |
| Loan Operations   | 12.6            | 12.6         | 13.3            | 13.5         |
| Number of Branches  | 17.4            | 17.0         | 16.5            | 16.0         |
| <b>Insurance, Private Pension Plans and Savings Bonds - Source: SUSEP</b>   |                 |              |                 |              |
| Insurance, Private Pension Plans and Savings Bonds Premiums                 | 25.6            | 24.1         | 25.6            | 24.7 (*)     |
| Insurance Premiums (1)  | 26.3            | 24.8         | 26.1            | 25.2 (*)     |
| Revenues from Pension Plans Contributions (2)                               | 25.3            | 24.9         | 26.7            | 25.7 (*)     |
| Revenues from Savings Bonds   | 20.6            | 17.9         | 20.5            | 19.6 (*)     |
| Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 38.8            | 38.4         | 37.9            | 37.5 (*)     |
| <b>Leasing - Source: ABEL</b>   |                 |              |                 |              |
| Active Operations   | 12.0            | 11.5         | 11.5            |              |

11.5  
(\* )**Banco Finasa Source: BACEN**

|                      |      |      |      |      |
|----------------------|------|------|------|------|
| Finabens (Portfolio) | 5.7  | 5.8  | 21.7 | 20.6 |
| Auto (Portfolio)     | 19.5 | 19.0 | 22.9 | 21.3 |

**Consortia Source: BACEN**

|                 |      |      |      |      |
|-----------------|------|------|------|------|
| Real Properties | 17.5 | 17.2 | 24.1 | 23.1 |
| Auto            | 12.9 | 13.0 | 16.2 | 16.4 |

**International Area Source: BACEN**

|               |      |      |      |      |
|---------------|------|------|------|------|
| Export Market | 21.0 | 22.2 | 20.8 | 23.5 |
| Import Market | 13.1 | 15.1 | 14.5 | 14.7 |

(1) Includes VGBL.

(2) Excludes VGBL.

NA Information not available by BACEN.

(\*) Reference date: February 2006.

**Other Information**

|  | 2005     | 2006    | Variation | 2005    | 2006    | Variation |
|--|----------|---------|-----------|---------|---------|-----------|
|  | December | March   | %         | March   |         | %         |
| Assets under Management in R\$ million | 309,048  | 324,920 | 5.1       | 276,767 | 324,920 | 17.4      |
| Number of Employees                    | 73,881   | 74,940  | 1.4       | 72,619  | 74,940  | 3.2       |
| Number of Branches                     | 2,921    | 2,999   | 2.7       | 2,959   | 2,999   | 1.4       |
| Checking Account Holders million       | 16.5     | 16.6    | 0.6       | 16.1    | 16.6    | 3.1       |
| Debit and Credit Card Base million     | 47.6     | 50.2    | 5.5       | 46.8    | 50.2    | 7.3       |

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

|                                    | December       |                |                |                |                | March          |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                    | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| Common                             | 438,360        | 431,606        | 479,018        | 476,703        | 489,450        | 489,373        |
| Preferred                          | 425,968        | 425,122        | 472,164        | 472,163        | 489,939        | 489,909        |
| <b>Subtotal Outstanding Stocks</b> | <b>864,328</b> | <b>856,728</b> | <b>951,182</b> | <b>948,866</b> | <b>979,389</b> | <b>979,282</b> |
| Treasury Stocks                    | 2,934          | 5,878          | 344            |                | 464            | 541            |
| <b>Total</b>                       | <b>867,262</b> | <b>862,606</b> | <b>951,526</b> | <b>948,866</b> | <b>979,853</b> | <b>979,823</b> |

(\*) 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 March 31, 2006, Bradesco's capital stock was R\$ 13.0 billion, composed of 979,823,142 stocks, of which 489,914,304 are common and 489,908,838 are preferred, non-par and book-entry stocks. The largest stockholder is the holding company, Cidade de Deus Participações, which directly holds 48.44% 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 118).

**Quantity of Stockholders Resident in the Country and Abroad**

|  | December         |                  |                  |                  |                  | March            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             |
| Individual                               | 2,170,158        | 2,153,800        | 2,158,808        | 1,254,044        | 1,244,572        | 1,247,330        |
| Corporate                                | 181,007          | 179,609          | 180,559          | 116,894          | 116,225          | 116,314          |
| <b>Subtotal Residents in the Country</b> | <b>2,351,165</b> | <b>2,333,409</b> | <b>2,339,367</b> | <b>1,370,938</b> | <b>1,360,797</b> | <b>1,363,644</b> |
| Residents Abroad                         | 565              | 373              | 465              | 3,780            | 3,701            | 3,720            |
| <b>Total</b>                             | <b>2,351,730</b> | <b>2,333,782</b> | <b>2,339,832</b> | <b>1,374,718</b> | <b>1,364,498</b> | <b>1,367,364</b> |

On March 31, 2006, 1,363,644 stockholders were domiciled in Brazil, accounting for 99.7% of total stockholders' base and holding 70.86% of the Bradesco's outstanding stocks. The number of stockholders living abroad was 3,720, representing 0.3% of total stockholders' base and holding 29.14% 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).

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**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.

(\* Includes the payment of supplementary interest on own capital relating to 2005 occurred on 4.28.2006.

**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 R\$ billion (except percentage)**

Source: Economática

**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: Economática

**Bradesco Stock Performance**

Bradesco's preferred stocks had a 14.5% appreciation in the 1<sup>st</sup> quarter of 2006 (15.1% adjusted by dividends), while Ibovespa appreciated 13.4% .

We believe that the good performance of Bradesco's stocks in the 1<sup>st</sup> quarter of 2006 mainly reflects the recognition of the market that the new level of profitability attained recently by the Bank is sustainable due to, among other factors, its positioning in favored segments with the current macroeconomic conditions, for example, loan for individuals.

Another factor which contributed to the performance of Bradesco's stocks and the general market was the improvement in indicators such as the risk premium aligned to a strong international liquidity scenario, translated into a period of optimism in the market on the account of foreign investors, who had a great participation in the performance of the market during the 1<sup>st</sup> quarter of 2006.



## Comparative Statement of Income

|   | R\$ million          |                |                |                      |                      |                |
|---|----------------------|----------------|----------------|----------------------|----------------------|----------------|
|   | 1 <sup>st</sup> Qtr. |                | Variation<br>% | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |                |
|   | 2005                 | 2006           |                | 2005                 | 2006                 | Variation<br>% |
| <b>Revenues from Financial Intermediation</b>   | <b>8,109</b>         | <b>9,081</b>   | <b>12.0</b>    | <b>9,940</b>         | <b>9,081</b>         | <b>(8.6)</b>   |
| Loan Operations   | 3,709                | 4,517          | 21.8           | 5,220                | 4,517                | (13.5)         |
| Leasing Operations  | 87                   | 134            | 54.0           | 129                  | 134                  | 3.9            |
| Marketable Securities Transactions  | 1,655                | 1,048          | (36.7)         | 2,237                | 1,048                | (53.2)         |
| Financial Income on Insurance, Private Pension Plans and Savings Bonds  | 1,769                | 1,833          | 3.6            | 1,749                | 1,833                | 4.8            |
| Derivative Financial Instruments  | 365                  | 1,085          | 197.3          | (56)                 | 1,085                |                |
| Foreign Exchange Transactions   | 172                  | 114            | (33.7)         | 297                  | 114                  | (61.6)         |
| Compulsory Deposits   | 352                  | 350            | (0.6)          | 364                  | 350                  | (3.8)          |
| <b>Expenses From Financial Intermediation (not including PDD)</b>   | <b>4,110</b>         | <b>3,821</b>   | <b>(7.0)</b>   | <b>5,510</b>         | <b>3,821</b>         | <b>(30.7)</b>  |
| Funds Obtained in the Open Market   | 2,810                | 2,536          | (9.8)          | 3,713                | 2,536                | (31.7)         |
| Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 939                  | 1,043          | 11.1           | 1,051                | 1,043                | (0.8)          |
| Borrowings and Onlendings   | 358                  | 240            | (33.0)         | 744                  | 240                  | (67.7)         |
| Leasing Operations  | 3                    | 2              | (33.3)         | 2                    | 2                    |                |
| <b>Net Interest Income</b>  | <b>3,999</b>         | <b>5,260</b>   | <b>31.5</b>    | <b>4,429</b>         | <b>5,260</b>         | <b>18.8</b>    |
| Allowance for Doubtful Accounts   | (635)                | (938)          | 47.7           | (770)                | (938)                | 21.8           |
| <b>Income from Financial Intermediation</b>   | <b>3,364</b>         | <b>4,322</b>   | <b>28.5</b>    | <b>3,659</b>         | <b>4,322</b>         | <b>18.1</b>    |
| <b>Other Operating Income (Expense)</b>   | <b>(1,780)</b>       | <b>(1,825)</b> | <b>2.5</b>     | <b>(1,785)</b>       | <b>(1,825)</b>       | <b>2.2</b>     |
| Fee Income  | 1,661                | 2,040          | 22.8           | 2,010                | 2,040                | 1.5            |
| <b>Operating Income from Insurance, Private Pension Plans and Savings Bonds</b>                                     | <b>(214)</b>         | <b>115</b>     |                | <b>263</b>           | <b>115</b>           | <b>(56.3)</b>  |
| <b>(+) Net Premiums Written</b>   | <b>3,616</b>         | <b>4,397</b>   | <b>21.6</b>    | <b>5,084</b>         | <b>4,397</b>         | <b>(13.5)</b>  |
| (-) Reinsurance Premiums and Redeemed Premiums  | (820)                | (938)          | 14.4           | (780)                | (938)                | 20.3           |
| <b>(=) Retained Premiums from Insurance, Private Pension Plans and Savings Bonds</b>                                | <b>2,796</b>         | <b>3,458</b>   | <b>23.7</b>    | <b>4,304</b>         | <b>3,458</b>         | <b>(19.7)</b>  |
| Retained Premiums from Insurance  | 1,786                | 1,996          | 11.8           | 1,901                | 1,996                | 5.0            |
| Private Pension Plans Contributions   | 726                  | 1,137          | 56.6           | 2,017                | 1,137                | (43.6)         |
| Income on Savings Bonds   | 284                  | 325            | 14.4           | 386                  | 325                  | (15.8)         |
| <b>Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds</b>                     | <b>(418)</b>         | <b>(579)</b>   | <b>38.5</b>    | <b>(1,319)</b>       | <b>(579)</b>         | <b>(56.1)</b>  |

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|   |              |              |              |              |              |               |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Variation in Technical Provisions for Insurance             | (392)        | (247)        | (37.0)       | (72)         | (247)        | 243.1         |
| Variation in Technical Provisions for Private Pension Plans | (11)         | (330)        | 2,900.0      | (1,257)      | (330)        | (73.7)        |
| Variation in Technical Provisions for Savings Bonds         | (15)         | (2)          | (86.7)       | 10           | (2)          |               |
| Retained Claims   | (1,372)      | (1,509)      | 10.0         | (1,533)      | (1,509)      | (1.6)         |
| Savings Bonds Draws and Redemptions                         | (246)        | (285)        | 15.9         | (332)        | (285)        | (14.2)        |
| <b>Insurance and Private Pension Plans, Savings</b>         |              |              |              |              |              |               |
| <b>Bonds Selling Expenses</b>                               | <b>(229)</b> | <b>(243)</b> | <b>6.1</b>   | <b>(264)</b> | <b>(243)</b> | <b>(8.0)</b>  |
| Insurance Products Selling Expenses                         | (183)        | (200)        | 9.3          | (204)        | (200)        | (2.0)         |
| Private Pension Plans Selling Expenses                      | (42)         | (40)         | (4.8)        | (54)         | (40)         | (25.9)        |
| Savings Bonds Selling Expenses                              | (4)          | (3)          | (25.0)       | (6)          | (3)          | (50.0)        |
| Expenses with Private Pension Plans Benefits and            |              |              |              |              |              |               |
| Redemptions   | (745)        | (727)        | (2.4)        | (593)        | (727)        | 22.6          |
| Personnel Expenses  | (1,221)      | (1,419)      | 16.2         | (1,361)      | (1,419)      | 4.3           |
| Other Administrative Expenses                               | (1,192)      | (1,317)      | 10.5         | (1,439)      | (1,317)      | (8.5)         |
| Tax Expenses  | (405)        | (544)        | 34.3         | (501)        | (544)        | 8.6           |
| Equity in the Earnings of Affiliated Companies              | (5)          | 5            |              | 7            | 5            | (28.6)        |
| Other Operating Income                                      | 300          | 255          | (15.0)       | 300          | 255          | (15.0)        |
| Other Operating Expenses                                    | (704)        | (960)        | 36.4         | (1,064)      | (960)        | (9.8)         |
| <b>Operating Income</b>                                     | <b>1,584</b> | <b>2,497</b> | <b>57.6</b>  | <b>1,874</b> | <b>2,497</b> | <b>33.2</b>   |
| <b>Non-Operating Income</b>                                 | <b>(6)</b>   | <b>(32)</b>  | <b>433.3</b> | <b>(69)</b>  | <b>(32)</b>  | <b>(53.6)</b> |
| <b>Income before Taxes and Profit Sharing</b>               | <b>1,578</b> | <b>2,465</b> | <b>56.2</b>  | <b>1,805</b> | <b>2,465</b> | <b>36.6</b>   |
| Income Tax and Social Contribution                          | (373)        | (930)        | 149.3        | (337)        | (930)        | 176.0         |
| Minority Interest in Subsidiaries                           |              | (5)          |              | (5)          | (5)          |               |
| <b>Net Income</b>   | <b>1,205</b> | <b>1,530</b> | <b>27.0</b>  | <b>1,463</b> | <b>1,530</b> | <b>4.6</b>    |
| <b>Annualized Return on Stockholders Equity (%)</b>         | <b>32,5</b>  | <b>33,6</b>  |              | <b>33,7</b>  | <b>33,6</b>  |               |

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

| <b>1st Qtr./2005</b> | <b>1st Qtr./2006</b> | <b>Variation %</b> | <b>4th Qtr./2005</b> | <b>1st Qtr./2006</b> | <b>Variation %</b> |
|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| <b>3,793</b>         | <b>4,649</b>         | <b>22.6</b>        | <b>5,346</b>         | <b>4,649</b>         | <b>(13.0)</b>      |

Income was up basically as a result of: (i) the increase in the volume of the loan portfolio, which totaled R\$ 84,426 in March/06 against R\$ 65,979 in March/05, i.e., a 28.0% increase, particularly in the individual client portfolio, up by 50.6%, which shows higher profitability than corporate portfolio, pointing out Auto and Personal Loan products, while the corporate portfolio climbed 15.3%, pointing out Working Capital and BNDES Onlending, which was partially offset by: (ii) the decrease in average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.2% in 1Q05, (iii) the exchange loss variation of 7.2% in 1Q06, against an exchange gain variation of 0.4% in 1Q05, affecting foreign currency indexed and/or denominated operations, which comprise 8.0% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts).

The variation in income in the quarter was mainly due to: (i) a drop in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.3% in 4Q05; (ii) exchange loss variation of 7.2% in 1Q06, against exchange gain variation of 5.3% in 4Q05, affecting our foreign currency indexed and/or denominated operations, comprising 8.0% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts), which was partially mitigated: (iii) by an increase of 4.1% in the loan portfolio volume, which reached the amount of R\$ 84,426 in March/06, against R\$ 81,130 in December/05, pointing out the individual client portfolio, with a growth of 7.5%, which shows higher profitability than the corporate portfolio, point out Auto and Personal Loan products, while in the corporate portfolio, there was an increase of 1.7% , pointing out Working Capital and Export Financing products.

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



|                                 |                                 |                    |                                 |                                 |                    |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
| <b>2,020</b>                    | <b>2,133</b>                    | <b>5.6</b>         | <b>2,181</b>                    | <b>2,133</b>                    | <b>(2.2)</b>       |

The increase in income is basically due to: (i) higher non-interest income gains of R\$ 481, which includes R\$ 276 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; which was offset by (ii) the reduction in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.2% in 1Q05; and (iii) the exchange loss variation of 7.2% in 1Q06, against an exchange gain variation of 0.4% in 1Q05, impacting on the foreign currency indexed and/or denominated operations, comprising 10.0% of the portfolio.

The variation in income is mainly due to: (i) a reduction in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.3% in 4Q05; (ii) the exchange loss variation of 7.2% in 1Q06, against exchange gain variation of 5.3% in 4Q05, impacting on the foreign currency indexed and/or denominated operations, comprising 10.0% of the portfolio, offset by: (iii) higher non-interest income gains of R\$ 729, which includes R\$ 459, 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 quarter.

**Financial Income on Insurance, Private Pension Plans and Savings Bonds**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>1,769</b>                    | <b>1,833</b>                    | <b>3.6</b>         | <b>1,749</b>                    | <b>1,833</b>                    | <b>4.8</b>         |

The growth in the period was basically due to: (i) an increase in the volume of the marketable securities portfolio, mainly comprising federal government bonds, which are linked to technical provisions, especially PGBL and VGBL products; and partially mitigated: (ii) by the reduction in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.2% in 1Q05; (iii) lower non-interest income of R\$ 136 in 1Q06, against R\$ 408 in 1Q05, arising from lower gains of marketable securities, pointing out the positive result reached in the disposal of part of our interest in Belgo-Mineira of R\$ 327 in 1Q05; and (iv) the lower variation in the IGP-M index. 0.7% in 1Q06, against 1.5% in 1Q05.

The increase in 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) higher non-interest income of R\$ 136 in 1Q06, against R\$ 37 in 4Q05, arising from higher gains with marketable securities; partially mitigated: (iii) by the lower positive variation of IGP-M, 0.7% in 1Q06, against 1.0% in 4Q05; and (iv) by the drop in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.3% in 4Q05.

**Foreign Exchange Transactions**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>172</b>                      | <b>114</b>                      | <b>(33.7)</b>      | <b>297</b>                      | <b>114</b>                      | <b>(61.6)</b>      |

This item should be analyzed deducted from expenses with foreign funding, used for import/export operations financing, in accordance with Note 11a. After the deductions, the result would be R\$ 56 in 1Q05 and R\$ 73 in the 1Q06, mostly influenced by an increase in the

This item should be analyzed deducted from expenses with foreign funding, used for import/export operations financing, in accordance with Note 11a. After such deductions, the result would be R\$ 74 in 4Q05 and R\$ 73 in 1Q06, practically steady compared to the previous

average volume of foreign exchange portfolio in the quarter.  
period.

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## Compulsory Deposits

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>352</b>                      | <b>350</b>                      | <b>(0.6)</b>       | <b>364</b>                      | <b>350</b>                      | <b>(3.8)</b>       |

The variation is basically due to: (i) a reduction in the SELIC rate of 4.0% in 1Q06, against 4.2% in 1Q05, used to remunerate the additional compulsory deposit; which was offset: (ii) by the increase in the average volume of deposits in the period.

The variation is basically due to: (i) a reduction in SELIC rate from 4.3% in 4Q05 to 4.0% in 1Q06, used to remunerate the additional compulsory deposit; (ii) a reduction in Reference Rate TR from 0.6% in 4Q05 to 0.5% in 1Q06, which composes the remuneration of compulsory deposit over savings deposits; and (iii) a reduction in the average volume of savings deposits in the quarter.

## Funding Expenses

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>2,810</b>                    | <b>2,536</b>                    | <b>(9.8)</b>       | <b>3,713</b>                    | <b>2,536</b>                    | <b>(31.7)</b>      |

The variation is mostly due to: (i) the exchange loss variation of 7.2% in 1Q06, against exchange gain

The variation in expenses in the quarter mainly derive from the exchange loss variation of 7.2% in 1Q06,

variation of 0.4% in 1Q05, impacting the foreign currency indexed and/or denominated funding; (ii) the reduction in the average interest rates, observing the 4.0% CDI variation in the 1Q06, against 4.2% in 1Q05, mainly affecting the time deposits expenses and purchase and sale commitments; which was offset by: (iii) the increase in the average funding balance in the period.

against exchange gain variation of 5.3% in 4Q05, impacting on foreign currency indexed and/or denominated funding

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

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>939</b>                      | <b>1,043</b>                    | <b>11.1</b>        | <b>1,051</b>                    | <b>1,043</b>                    | <b>(0.8)</b>       |

The increase is basically due to: (i) higher average balance of technical provisions, especially PGBL and VGBL products; and partially mitigated: (ii) by the reduction in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.2% in 1Q05; (iii) by lower IGP-M variation of 0.7% in 1Q06, against 1.5% in 1Q05, one of the indexes which also remunerates the technical provisions.

The decrease is basically due to: (i) the drop in the average interest rates, observing the 4.0% CDI variation in 1Q06, against 4.3% in 4Q05; (ii) the lower IGP-M variation of 0.7% in 1Q06, against 1.0% in 4Q05, one of the indexes which also remunerates the technical provisions; partially mitigated; (iii) by the average balance increase of technical provision, in particular, of the VGBL and PGBL products.

### Borrowings and Onlendings Expenses

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>358</b>                      | <b>240</b>                      | <b>(33.0)</b>      | <b>744</b>                      | <b>240</b>                      | <b>(67.7)</b>      |

The variation in expense is mainly due to the exchange loss variation of 7.2% in 1Q06, against the exchange gain variation of 0.4% in 1Q05, impacting on foreign currency indexed and/or denominated borrowings and onlendings, which represent 41.0% of the Borrowings and Onlendings portfolio.

The decrease in expense is basically due to the exchange loss variation of 7.2% in 1Q06, against the exchange gain variation of 5.3% in 4Q05, impacting on foreign currency indexed and/or denominated borrowings and onlendings operations, which represent 41.0% of the Borrowings and Onlendings portfolio. .



**Net Interest Income**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>3,999</b>                    | <b>5,260</b>                    | <b>31.5</b>        | <b>4,429</b>                    | <b>5,260</b>                    | <b>18.8</b>        |

The variation in the period includes the income earned in the sale of our stake in Belgo-Mineira's capital stock in 1Q05 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 of R\$ 10 in 1Q05 and R\$ 285 in 1Q06. Excluding these amounts, the adjusted net interest income would be R\$ 3,662 in 1Q05 and R\$ 4,975 in 1Q06, i.e., variation of R\$ 1,313 composed of: (i) increase in interest income operations of R\$ 1,048, mainly due to a growth in the business volume; and (ii) higher non-interest income of R\$ 265, basically due to higher marketable securities and treasury gains.

The net interest income includes R\$ (174) and R\$ 285 in 4Q05 and 1Q06, 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\$ 4,603 in 4Q05 and R\$ 4,975 in 1Q06, i.e., a R\$ 372 variation composed of: (i) increase in interest income operations of R\$ 61, mainly due to the growth in the business volume; and (ii) an increase in non-interest income of R\$ 311.

**Allowance for Doubtful Accounts Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>635</b>                      | <b>938</b>                      | <b>47.7</b>        | <b>770</b>                      | <b>938</b>                      | <b>21.8</b>        |



The increased expense of R\$ 303 is compatible with the performance of our loan portfolio, which evolved approximately 28.0%, that is, R\$ 18,447, over the past 12 months, pointing out to the strong growth of the individual client portfolio with 50.6% or R\$ 11.996 in the period, jointly with the slight deterioration of the payment capacity of clients, noticed in the entire Brazilian Financial System.

We recorded surplus provision of R\$ 62 in 4Q05 and R\$ 18 in 1Q06. Excluding such effects, the expense would be R\$ 708 in 4Q05 and R\$ 920 in 1Q06, a R\$ 212 growth or 29.9%, mainly due to the growth of the overall delinquency ratio, both as a result of the change in the portfolio profile, with higher participation in individual clients operation, intensified by the seasonal increase normally verified in the 1<sup>st</sup> quarter of each year and as a result of the slight deterioration of the payment capacity of clients, noticed in the entire Brazilian Financial System.

**Fee Income**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>1,661</b>                    | <b>2,040</b>                    | <b>22.8</b>        | <b>2,010</b>                    | <b>2,040</b>                    | <b>1.5</b>         |

The increase in the period is mainly due to a hike in the average volume of operations, combined with an increase in the client base and improvement in the segmentation process, pointing out: (i) checking account R\$ 92; (ii) loan operations R\$ 75; (iii) income on cards R\$ 59; (iv) assets under management R\$ 57; (v) collection R\$ 22; and (vi) consortium management R\$ 14.

The variation in the quarter is mostly due to expansion of businesses, substantially reflecting on: (i) fund management R\$ 28; (ii) loan operations R\$ 12 (iii) checking account R\$ 5; and partially mitigated: (iv) by credit card R\$ 22, due to the higher volume of businesses in 4Q05.

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

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>2,796</b>                    | <b>3,458</b>                    | <b>23.7</b>        | <b>4,304</b>                    | <b>3,458</b>                    | <b>(19.7)</b>      |

The growth is detailed in the charts below:

The variation is detailed in the charts below:

**a) Retained Premiums from Insurance**

| 1 <sup>st</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % | 4 <sup>th</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % |
|---------------------------|---------------------------|-------------|---------------------------|---------------------------|-------------|
| 1,786                     | 1,996                     | 11.8        | 1,901                     | 1,996                     | 5.0         |

The variation in the period is basically resulted from: (i) the increase in Health insurance sales, substantially due to the corporate plan R\$ 96; (ii) the increase in Life insurance sales, due to the launching of products for the lower income classes R\$ 28; and (iii) the recording, in 1Q06 of premiums of Effective and non-Issued Risks, which was changed by means of the Circular SUSEP 314 in the Auto segment R\$ 78 and in the basic lines R\$ 31; and partially **mitigated**: (iv) by the reduction of Auto insurance sales, due to the fee adjustment in search for a better profile and profitability of the portfolio R\$ 29.

The variation in the quarter is mainly due to: (i) the recording, in 1Q06, of premiums of Effective and non-Issued premiums, which was changed by means of the Circular SUSEP 314 in the Auto segment R\$ 78 and in basic lines R\$ 31; (ii) the increase in Life insurance sales, due to the launching of products for the lower income classes R\$ 9; (iii) the increase in DPVAT sales volume R\$ 37; and partially **mitigated**: (iv) by the reduction in production of the Auto segment, due to the fee adjustment in search for a better profile and profitability of the portfolio R\$ 67.

**b) Private Pension Plans Contributions**

| 1 <sup>st</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % | 4 <sup>th</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % |
|---------------------------|---------------------------|-------------|---------------------------|---------------------------|-------------|
| 726                       | 1,137                     | 56.6        | 2,017                     | 1,137                     | (43.6)      |

The variation in the period is due to : (i) the increase in the sales of VGBL and PGBL products, by R\$ 492 and

4Q05 is influenced by the seasonality of the period in view of inflow of additional funds into the Brazilian

R\$ 149, respectively; partially **mitigated:** (ii) by the reduction in the sale of traditional plans by R\$ 113; and (iii) by the increase in the volume of redemption of VGBL R\$ 126. 1Q05 was influenced by uncertainties generated by changes in the tax legislation, temporarily affecting business in that period.

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

economy (Christmas Bonus), jointly with the opportunity of the participant to take advantage of his/her contributions in the deduction of the calculation basis of the income tax. The variation is mainly due to: (i) the reduction in sales of VGBL and PGBL products, by R\$ 748 and R\$ 109, respectively; (ii) the higher volume of VGBL redemptions R\$105; partially **offset:** (iii) by the increase in traditional plans of R\$ 81.

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

**c) Income on Savings Bonds**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>284</b>                      | <b>325</b>                      | <b>14.4</b>        | <b>386</b>                      | <b>325</b>                      | <b>(15.8)</b>      |

The growth in the period is mainly due to the sale of Pé Quente GP Ayrton Senna products (in partnership with Instituto Ayrton Senna) and Pé Quente Bradesco SOS Mata Atlântica (in partnership with Fundação SOS Mata Atlântica) R\$ 35. The variation is mainly due to the large volume of new Single Payments Savings Bonds of R\$ 1 thousand in 4Q05, made for clients holders of Single Payment Savings Bonds of R\$ 5 thousand whose savings bonds were due in that same quarter.

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

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(418)</b>                    | <b>(579)</b>                    | <b>38.5</b>        | <b>(1,319)</b>                  | <b>(579)</b>                    | <b>(56.1)</b>      |

The variation is detailed in the charts below:

The variation is detailed in the charts below:

## a) Variation in Technical Provisions for Insurance

| 1 <sup>st</sup> Qtr./2005<br>(392) | 1 <sup>st</sup> Qtr./2006<br>(247) | Variation %<br>(37.0) | 4 <sup>th</sup> Qtr./2005<br>(72) | 1 <sup>st</sup> Qtr./2006<br>(247) | Variation %<br>243.1 |
|------------------------------------|------------------------------------|-----------------------|-----------------------------------|------------------------------------|----------------------|
|------------------------------------|------------------------------------|-----------------------|-----------------------------------|------------------------------------|----------------------|

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. In 1Q05 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* ). In 1Q06 the largest variations occurred in the Health R\$ 17 and Life R\$ 17, and **mitigated** by the drop in the Auto portfolio R\$ 49. In this period/06, we supplemented the provision in the Individual Health portfolio at the amount of R\$ 149, and made a provision of effective and non-issued risks (PPNG), previously recorded in memorandum accounts in compliance with the Circular SUSEP 314 in the Auto segment R\$ 73 and basic lines R\$ 29.

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. In 1Q06 the largest variations occurred in the Health R\$ 17 and Life R\$ 17 and **offset** by the drop in the Auto R\$ 49 portfolio. In this period/06, we supplemented the provision in the Individual Health portfolio at the amount of R\$ 149, and made a provision of effective and non-issued risks (PPNG), previously recorded in memorandum accounts in compliance with the Circular SUSEP 314 in the Auto R\$ 73 and basic lines R\$ 29.

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

| 1 <sup>st</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % | 4 <sup>th</sup> Qtr./2005 | 1 <sup>st</sup> Qtr./2006 | Variation % |
|---------------------------|---------------------------|-------------|---------------------------|---------------------------|-------------|
|---------------------------|---------------------------|-------------|---------------------------|---------------------------|-------------|

**(11)**

**(330)**

**2,900.0**

**(1,257)**

**(330)**

**(73.7)**

Variations in technical provisions are directly related to sales, combined with benefits and redemptions. The variations in the period are due to: (i) the increase in sales of VGBL R\$ 345 and PGBL R\$ 210, and mitigated (ii) by the increase in redemptions in the several private pension plans products R\$ 236.

Variations in technical provisions are directly related to sales, combined with benefits and redemptions. The variations in the quarter are mainly due to the increase in redemptions in several private pension plan products, including VGBL R\$ 990 and PGBL R\$ 259 products.

**c) Variation in Technical Provisions for Savings Bonds**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(15)</b>                     | <b>(2)</b>                      | <b>(86.7)</b>      | <b>10</b>                       | <b>(2)</b>                      |                    |

In this period, the variation is mainly due to expenses with unrealized draws. In 1Q05 there was constitution of technical provision for contingency.

In 1Q06, the variation is mainly due to expenses with provision of unrealized draws. In 4Q05 there was reversal of technical provision for contingency.

**Retained Claims**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(1,372)</b>                  | <b>(1,509)</b>                  | <b>10.0</b>        | <b>(1,533)</b>                  | <b>(1,509)</b>                  | <b>(1.6)</b>       |

The growth is mainly due to an increase in claims in the Auto R\$ 42, Life R\$ 64 and DPVAT R\$ 44 segments, this last one influenced by the IBNR adjustment, in January/06, to comply with the CNSP Resolution 138, which mentions that the difference in the respective agreement, between the amount accumulated by the assets ensuring the IBNR provision and the balance of this provision must be fully recorded in IBNR expenses. The loss ratio decreased from 79.9% to 78.7%.

The variation is mainly due to the drop in the reported claims in the Health R\$ 72, Auto R\$ 38, and mitigated by the increase in the Life R\$ 16 and DPVAT R\$ 65 segments, this last one influenced by the IBNR adjustment, in January/06, to comply with the CNSP Resolution 138, which mentions that the difference in the respective agreement, between the amount accumulated by the assets ensuring the IBNR provision and the balance of this provision must be fully recorded in IBNR expenses. The loss ratio decreased between the quarters from 84.9% to 78.7%.





**Savings Bonds Draws and Redemptions**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(246)</b>                    | <b>(285)</b>                    | <b>15.9</b>        | <b>(332)</b>                    | <b>(285)</b>                    | <b>(14.2)</b>      |

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

The redemptions are directly related to revenue. The variation is due to reduced revenues from savings bonds in 1Q06 compared to 4Q05.

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

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(229)</b>                    | <b>(243)</b>                    | <b>6.1</b>         | <b>(264)</b>                    | <b>(243)</b>                    | <b>(8.0)</b>       |

The variation is detailed in the charts below:

The variation is detailed in the charts below:

**a) Insurance Products Selling Expenses**

| <b>1<sup>st</sup> Qtr./2005</b><br><b>(183)</b> | <b>1<sup>st</sup> Qtr./2006</b><br><b>(200)</b> | <b>Variation %</b><br><b>9.3</b> | <b>4<sup>th</sup> Qtr./2005</b><br><b>(204)</b> | <b>1<sup>st</sup> Qtr./2006</b><br><b>(200)</b> | <b>Variation %</b><br><b>(2.0)</b> |
|---|---|----------------------------------|---|---|------------------------------------|
|---|---|----------------------------------|---|---|------------------------------------|

The increase basically results from the growth in insurance sales, however in the sale/received premiums ratio, there was a drop in the indexes (11.5% in 1Q05 and 11.0% in 1Q06).

In nominal terms, selling expenses remained practically steady in 1Q06 when compared to 4Q05, however in the sale/received premiums ratio, there was a drop in the indexes (12.1% in 4Q05 and 11.0% in 1Q06).

**b) Private Pension Plans Selling Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(42)</b>                     | <b>(40)</b>                     | <b>(4.8)</b>       | <b>(54)</b>                     | <b>(40)</b>                     | <b>(25.9)</b>      |

Selling expenses remained practically steady in 1Q06 when compared to 4Q05.

The variation in the quarter is mainly influenced by the reduction in selling expenses of the plans: (i) traditional R\$ 9; and (ii) VGBL R\$ 5.

**c) Savings Bonds Selling Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(4)</b>                      | <b>(3)</b>                      | <b>(25.0)</b>      | <b>(6)</b>                      | <b>(3)</b>                      | <b>(50.0)</b>      |

The variation in the period derives from the onlending related to the use of Fundação SOS Mata Atlântica and Instituto Ayrton Senna brands.

The variation derives from a higher onlending related to the use of Instituto Ayrton Senna brand in 4Q05 (R\$ 5 in 4Q05 against R\$ 2 in 1Q06).

**Private Pension Plans Benefits and Redemptions Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(745)</b>                    | <b>(727)</b>                    | <b>(2.4)</b>       | <b>(593)</b>                    | <b>(727)</b>                    | <b>22.6</b>        |

The variation in the period was derived from the lower volume of redemptions of private pension plans R\$ 31; **mitigated** by the higher volume of benefits granted R\$ 13.

The variation in the quarter is mainly due to: the higher volume of redemptions of PGBL plans R\$ 153 due to its characteristic that enables the participant the redemption at any time and; **offset** by the lower volume of Traditional plans R\$ 10.

**Personnel Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(1,221)</b>                  | <b>(1,419)</b>                  | <b>16.2</b>        | <b>(1,361)</b>                  | <b>(1,419)</b>                  | <b>4.3</b>         |

The growth in the period is due to: (i) the higher PLR expenses 35; (ii) the higher expenses with provisions for labor proceedings R\$ 58; (iii) the acquisition of Banco BEC R\$ 15; and (iv) the increase in salary levels, resulting from the 2005 collective bargaining agreement (6%), benefits and other of R\$ 90.

The variation in the quarters is due to (i) higher PLR expenses R\$ 37; (ii) higher expenses with provisions for labor proceedings R\$ 25; (iii) the acquisition of Banco BEC R\$ 15; which was **mitigated**; (iv) by the net vacation concentration of increase in salary levels R\$ 19.

**Other Administrative Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(1,192)</b>                  | <b>(1,317)</b>                  | <b>10.5</b>        | <b>(1,439)</b>                  | <b>(1,317)</b>                  | <b>(8.5)</b>       |

The increase in the period is basically due to: (i) the increase in the client base and in businesses; (ii) the acquisition of BEC in the 1Q06 R\$ 16; (iii) the contractual adjustments; and (iv) the investments in the improvement an optimization of the technological platform (IT).

If we exclude the seasonal effect of advertising expenses occurred in 4Q05, we can notice that these expenses remained practically steady.

**Tax Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(405)</b>                    | <b>(544)</b>                    | <b>34.3</b>        | <b>(501)</b>                    | <b>(544)</b>                    | <b>8.6</b>         |

This variation basically derives from: (i) PIS/COFINS increased expenses by R\$ 122, as a result of higher taxable income that includes income from derivatives used for hedge effect of investment abroad; and (ii) ISS increased expenses R\$ 14.

The growth in the quarter mainly results from: (i) PIS/COFINS increased expenses by R\$ 69, due to the increase in taxable income that includes income from derivatives used for hedge effect of investment abroad; and **mitigated:** (ii) by CPMF decreased expenses R\$ 31, mainly by the application of funds obtained via

issuance of debentures by Bradesco Leasing, held in 4Q05.

**Equity in the Earnings of Affiliated Companies**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(5)</b>                      | <b>5</b>                        |                    | <b>7</b>                        | <b>5</b>                        | <b>(28.6)</b>      |

The variation is basically due to better results obtained in the affiliated companies in 1Q06, when compared to 1Q05, pointing out the following investments: American BankNote R\$ 3; Marlim Participações R\$ 3 and Nova Marlim Participações R\$ 2.

The reduction basically derives from lower results obtained in the affiliated companies in 1Q06, when compared to 4Q05.

**Other Operating Income**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>300</b>                      | <b>255</b>                      | <b>(15.0)</b>      | <b>300</b>                      | <b>255</b>                      | <b>(15.0)</b>      |

The reduction is mainly due to: (i) the lower reversal of operating provisions R\$ 84; partially **offset**: (ii) by higher financial income R\$ 14; (iii) by higher income on sale of goods R\$ 8; and (iv) by higher recovery of charges and expenses R\$ 14.

The variation mainly derives from: (i) lower recovery of charges and expenses R\$ 14; and (ii) lower financial income R\$ 37.



**Other Operating Expenses**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(704)</b>                    | <b>(960)</b>                    | <b>36.4</b>        | <b>(1.064)</b>                  | <b>(960)</b>                    | <b>(9.8)</b>       |

The increase is mostly due to: (i) higher financial expenses R\$ 89; (ii) increase in sundry losses (basically discounts granted in loan operations) R\$ 25; (iii) goodwill amortization R\$ 23; and (iv) increase in the cost of services rendered R\$ 22; and (v) higher expenses with operating provisions R\$ 70.

The increase in the quarter basically derives from: (i) the reduction in goodwill amortization R\$ 64; (ii) decrease in sundry losses (basically discounts granted in loan operations) R\$ 23; and (iii) the reversal of operating provisions R\$ 6.

**Operating Income**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>1.584</b>                    | <b>2.497</b>                    | <b>57.6</b>        | <b>1.874</b>                    | <b>2.497</b>                    | <b>33.2</b>        |

The increase derives from: (i) higher net interest income R\$ 1,261; (ii) increased fee income R\$ 379; (iii) increase in contribution of insurance, private pension plan and savings bonds operations R\$ 329; (iv) increased in the equity in the earnings of affiliated companies R\$ 10; partially **offset** by: (v) higher allowance for doubtful accounts expenses R\$ 303; (vi) higher tax expenses R\$ 139; (vii) increased personnel and administrative expenses R\$ 323; and (viii) increased operating expenses (net of income) R\$ 301. For a more detailed analysis of the variation of each item, we recommend the reading of each specific item.

The growth derives from: (i) higher net interest income R\$ 831; (ii) increase in fee income R\$ 30; (iii) the reduction in personnel and administrative expenses R\$ 64; (iv) decreased operating expenses (net of income) R\$ 59; partially **offset** by: (v) the higher allowance for doubtful accounts expenses R\$ 168; (vi) the decrease in the margin of contribution of insurance, private pension plans and savings bonds R\$ 148; (vii) higher tax expenses R\$ 43; and (viii) lower equity in the earnings of affiliated companies R\$ 2. For a more detailed analysis of the variation of each item, we recommend the reading of each specific item.



**Non-Operating Income**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(6)</b>                      | <b>(32)</b>                     | <b>433.3</b>       | <b>(69)</b>                     | <b>(32)</b>                     | <b>(53.6)</b>      |

The variation in the period is mainly due to the higher constitution of non-operating provisions occurred in the period.

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

**Income Tax and Social Contribution**

| <b>1<sup>st</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> | <b>4<sup>th</sup> Qtr./2005</b> | <b>1<sup>st</sup> Qtr./2006</b> | <b>Variation %</b> |
|---------------------------------|---------------------------------|--------------------|---------------------------------|---------------------------------|--------------------|
| <b>(373)</b>                    | <b>(930)</b>                    | <b>149.3</b>       | <b>(337)</b>                    | <b>(930)</b>                    | <b>176.0</b>       |

The income tax and social contribution expenses include expenses of R\$ 9 and R\$ 249 in 1Q05 and 1Q06, respectively, referring to the partial income from derivatives used for hedge effects of investments abroad, as well as tax charge over earnings before taxes, adjusted by additions and exclusions, as per Note 34.

The income tax and social contribution expenses include revenues of R\$ 152 and expenses of R\$ 249 in 4Q05 and 1Q06, 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 34.

## Comparative Balance Sheet

| Assets  | R\$ million    |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | March          |                | Variation<br>% | December       |                | Variation<br>% |
|   | 2005           | 2006           |                | 2005           | 2006           |                |
| <b>Current and Long-Term Assets</b>                                   | <b>186,588</b> | <b>211,583</b> | <b>13.4</b>    | <b>204,325</b> | <b>211,583</b> | <b>3.6</b>     |
| <b>Funds Available</b>  | <b>3,058</b>   | <b>3,013</b>   | <b>(1.5)</b>   | <b>3,363</b>   | <b>3,013</b>   | <b>(10.4)</b>  |
| <b>Interbank Investments</b>  | <b>21,613</b>  | <b>23,759</b>  | <b>9.9</b>     | <b>25,006</b>  | <b>23,759</b>  | <b>(5.0)</b>   |
| <b>Marketable Securities and Derivative<br/>Financial Instruments</b> | <b>64,842</b>  | <b>68,669</b>  | <b>5.9</b>     | <b>64,451</b>  | <b>68,669</b>  | <b>6.5</b>     |
| <b>Interbank and Interdepartmental<br/>Accounts</b>                   | <b>16,393</b>  | <b>17,261</b>  | <b>5.3</b>     | <b>17,095</b>  | <b>17,261</b>  | <b>1.0</b>     |
| Restricted Deposits:  |                |                |                |                |                |                |
| Brazilian Central Bank  | 15,676         | 16,174         | 3.2            | 16,445         | 16,174         | (1.6)          |
| Other   | 717            | 1,087          | 51.6           | 650            | 1,087          | 67.2           |
| <b>Loan and Leasing Operations</b>                                    | <b>55,894</b>  | <b>73,302</b>  | <b>31.1</b>    | <b>70,740</b>  | <b>73,302</b>  | <b>3.6</b>     |
| Loan and Leasing Operations   | 60,041         | 78,473         | 30.7           | 75,546         | 78,473         | 3.9            |
| Allowance for Doubtful Accounts                                       | (4,147)        | (5,171)        | 24.7           | (4,806)        | (5,171)        | 7.6            |
| <b>Other Receivables and Assets</b>                                   | <b>24,788</b>  | <b>25,579</b>  | <b>3.2</b>     | <b>23,670</b>  | <b>25,579</b>  | <b>8.1</b>     |
| Foreign Exchange Portfolio  | 8,616          | 9,000          | 4.5            | 6,937          | 9,000          | 29.7           |
| Other Receivables and Assets  | 16,326         | 16,723         | 2.4            | 16,886         | 16,723         | (1.0)          |
| Allowance for Other Doubtful Accounts                                 | (154)          | (144)          | (6.5)          | (153)          | (144)          | (5.9)          |
| <b>Permanent Assets</b>   | <b>4,711</b>   | <b>4,808</b>   | <b>2.1</b>     | <b>4,358</b>   | <b>4,808</b>   | <b>10.3</b>    |
| <b>Investments</b>  | <b>1,108</b>   | <b>922</b>     | <b>(16.8)</b>  | <b>985</b>     | <b>922</b>     | <b>(6.4)</b>   |
| <b>Property, Plant and Equipment in Use<br/>and Leased Assets</b>     | <b>2,176</b>   | <b>2,004</b>   | <b>(7.9)</b>   | <b>1,995</b>   | <b>2,004</b>   | <b>0.5</b>     |
| <b>Deferred Charges</b>   | <b>1,427</b>   | <b>1,882</b>   | <b>31.9</b>    | <b>1,378</b>   | <b>1,882</b>   | <b>36.6</b>    |
| Deferred Charges  | 481            | 555            | 15.4           | 531            | 555            | 4.5            |
| Goodwill on Acquisition of Subsidiaries,<br>Net of Amortization       | 946            | 1,327          | 40.3           | 847            | 1,327          | 56.7           |
| <b>Total</b>  | <b>191,299</b> | <b>216,391</b> | <b>13.1</b>    | <b>208,683</b> | <b>216,391</b> | <b>3.7</b>     |
| <b>Liabilities</b>  |                |                |                |                |                |                |
| <b>Current and Long-Term Liabilities</b>                              | <b>174,665</b> | <b>195,864</b> | <b>12.1</b>    | <b>189,164</b> | <b>195,864</b> | <b>3.5</b>     |
| <b>Deposits</b>   | <b>71,372</b>  | <b>74,482</b>  | <b>4.4</b>     | <b>75,406</b>  | <b>74,482</b>  | <b>(1.2)</b>   |
| Demand Deposits   | 14,924         | 16,240         | 8.8            | 15,956         | 16,240         | 1.8            |
| Savings Deposits  | 24,448         | 25,560         | 4.5            | 26,201         | 25,560         | (2.4)          |
| Interbank Deposits  | 17             | 128            | 652.9          | 146            | 128            | (12.3)         |
| Time Deposits   | 31,807         | 32,296         | 1.5            | 32,837         | 32,296         | (1.6)          |
| Other Deposits  | 176            | 258            | 46.6           | 266            | 258            | (3.0)          |
| <b>Funds Obtained in the Open Market</b>                              | <b>21,858</b>  | <b>24,037</b>  | <b>10.0</b>    | <b>24,639</b>  | <b>24,037</b>  | <b>(2.4)</b>   |
| <b>Funds from Issuance of Securities</b>                              | <b>5,035</b>   | <b>6,307</b>   | <b>25.3</b>    | <b>6,204</b>   | <b>6,307</b>   | <b>1.7</b>     |
| Securities Issued Abroad  | 4,310          | 2,731          | (36.6)         | 2,731          | 2,731          |                |
| Other Funds   | 725            | 3,576          | 393.2          | 3,473          | 3,576          | 3.0            |
| <b>Interbank and Interdepartmental<br/>Accounts</b>                   | <b>1,318</b>   | <b>1,425</b>   | <b>8.1</b>     | <b>2,040</b>   | <b>1,425</b>   | <b>(30.1)</b>  |

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|  |                |                |               |                |                |              |
|--|----------------|----------------|---------------|----------------|----------------|--------------|
| <b>Borrowings and Onlendings</b>   | <b>15,634</b>  | <b>15,611</b>  | <b>(0.1)</b>  | <b>16,563</b>  | <b>15,611</b>  | <b>(5.7)</b> |
| Borrowings   | 7,419          | 6,044          | (18.5)        | 7,135          | 6,044          | (15.3)       |
| Onlendings   | 8,215          | 9,567          | 16.5          | 9,428          | 9,567          | 1.5          |
| <b>Derivative Financial Instruments</b>  | <b>1,485</b>   | <b>1,128</b>   | <b>(24.0)</b> | <b>239</b>     | <b>1,128</b>   | <b>372.0</b> |
| <b>Technical Provisions for Insurance,<br/>Private Pension Plans and Savings</b> |                |                |               |                |                |              |
| <b>Bonds</b>   | <b>35,328</b>  | <b>42,555</b>  | <b>20.5</b>   | <b>40,863</b>  | <b>42,555</b>  | <b>4.1</b>   |
| <b>Other Liabilities</b>   | <b>22,635</b>  | <b>30,319</b>  | <b>33.9</b>   | <b>23,210</b>  | <b>30,319</b>  | <b>30.6</b>  |
| Foreign Exchange Portfolio   | 3,627          | 3,878          | 6.9           | 2,207          | 3,878          | 75.7         |
| Taxes and Social Security Contributions,<br>Social and Statutory Payables        | 4,727          | 7,840          | 65.9          | 6,296          | 7,840          | 24.5         |
| Subordinated Debt  | 6,117          | 9,614          | 57.2          | 6,719          | 9,614          | 43.1         |
| Sundry   | 8,164          | 8,987          | 10.1          | 7,988          | 8,987          | 12.5         |
| <b>Deferred Income</b>   | <b>44</b>      | <b>80</b>      | <b>81.8</b>   | <b>52</b>      | <b>80</b>      | <b>53.8</b>  |
| <b>Minority Interest in Subsidiaries</b>   | <b>52</b>      | <b>72</b>      | <b>38.5</b>   | <b>58</b>      | <b>72</b>      | <b>24.1</b>  |
| <b>Stockholders Equity</b>   | <b>16,538</b>  | <b>20,375</b>  | <b>23.2</b>   | <b>19,409</b>  | <b>20,375</b>  | <b>5.0</b>   |
| <b>Total</b>   | <b>191,299</b> | <b>216,391</b> | <b>13.1</b>   | <b>208,683</b> | <b>216,391</b> | <b>3.7</b>   |

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

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>3,058</b>      | <b>3,013</b>      | <b>(1.5)</b>       | <b>3,363</b>         | <b>3,013</b>      | <b>(10.4)</b>      |

The variation in the period derived from: (i) reduction in the volume of available funds in foreign currency R\$ 384; and **offset** by: (ii) increased volume in domestic currency R\$ 339.

The variation in the quarter is due to: (i) the reduction in the volume of available funds in domestic currency R\$ 363; **offset** by: (ii) the increased volume in foreign currency R\$ 13.

**Interbank Investments**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>21,613</b>     | <b>23,759</b>     | <b>9.9</b>         | <b>25,006</b>        | <b>23,759</b>     | <b>(5.0)</b>       |

The growth in the period derives: (i) from an increase in open market investments, own portfolio position in the amount of R\$ 3,098; (ii) from the increase in interbank deposits of R\$ 2,498; and partially **offset**: (iii) by the reduced third-party portfolio position by R\$ 3,450.

The variation in the quarter is due to: (i) decreased investments in the open market own portfolio position in the amount of R\$ 3,151; (ii) the reduction in third-party portfolio position by R\$ 915; and partially **offset**: (iii) by the increase in interbank deposits of R\$ 2,819.

**Marketable Securities (TVM) and Derivative Financial Instruments**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>64,842</b>     | <b>68,669</b>     | <b>5.9</b>         | <b>64,451</b>        | <b>68,669</b>     | <b>6.5</b>         |

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\$ 3,602; (ii) variation in average interest rates, observing the 18.8% CDI variation in the period, partially mitigated by: (iii) exchange loss variation of 18.5% in the period, impacting on foreign currency indexed and/or denominated securities, which comprise 10.0% 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 being Trading Securities from 68.3% to 74.3%; Securities Available for Sale from 23.7% to 19.2%; and Securities Held to Maturity from 8.0% to 6.5%. In March/06, 45.7% of the total portfolio (excluded from purchase and sale commitments) was represented by government bonds, 22.2% by private securities and 32.1% by PGBL and VGBL fund quotas.

The variation in the quarter partially reflects: (i) additional funds arising from increased fundings, especially, the technical provisions for insurance, private pension plans and savings bonds, as well as the issuance of perpetual subordinated debt of R\$ 2,881; (ii) variation in average interest rates, observing the 4.0% CDI variation in the quarter, partially mitigated by: (iii) exchange loss variation of 7.2% in 1Q06, impacting on foreign currency indexed and/or denominated securities, which comprise 10.0% of the portfolio; and (iv) 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 72.3% to 74.3%; Securities Available for Sale from 20.3% to 19.2%; and Securities Held to Maturity, from 7.4% to 6.5%.

**Interbank and Interdepartmental Accounts**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>16,393</b>     | <b>17,261</b>     | <b>5.3</b>         | <b>17,095</b>        | <b>17,261</b>     | <b>1.0</b>         |

The variation for the period basically reflects: (i) the increase in volume of compulsory demand deposits of R\$ 434, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R\$ 14,878 in March/2005 to R\$ 16,053 in March/2006; and (ii) the increase in the balance of savings deposits of R\$ 336 referring to the increase in the balance of these deposits by 4.5% in the period.

The growth in the quarter basically results from: (i) increase in the item Checks and other instruments clearing services R\$ 287, in view of accounts balance, represented by checks and other documents, at the end of the year; which was mitigated: (ii) by reduction in the volume of compulsory demand deposits R\$ 239, in view of higher average balance of these deposits, basis for payment in respective periods, from R\$ 16,731 in December/05 to R\$16,053 in March/06.

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**Loan and Leasing Operations**

| March/2005 | March/2006 | Variation % | December/2005 | March/2006 | Variation % |
|------------|------------|-------------|---------------|------------|-------------|
| 65,979     | 84,426     | 28.0        | 81,130        | 84,426     | 4.1         |

Growth for the period was mainly due to: (i) the individual client portfolio, a 50.6% growth, in particular in the Auto products, up by 40.5%, Personal Loan, up by 73.5%, reflecting the operating agreements recently executed with retailers, combined with a stable economic scenario and an upturn of real income. In the corporate portfolio, the growth rate was of 15.3%, as a result of the 22.9% increase in the small and medium-sized companies (SME) portfolio, coupled with a 9.0% increase in the portfolio of large companies (Corporate). In the corporate portfolio we point out the products Working Capital, up by 25.6% and BNDES Onlending up by 14.2%, as a result of the maintenance of the economic activity level; partially offset by: (ii) exchange loss variation of 18.5% in the period, affecting foreign currency indexed and/or denominated contracts, comprising 8.0% of the total portfolio. In March/06, the portfolio was distributed at 57.7% for corporate (of which 24.2% is directed to industry, public and private sectors, 15.0% to commercial, 16.9% to services, 1.3% to agribusiness and 0.3% to the financial intermediation) and 42.3% for individuals. In terms of concentration, the 100 largest borrowers accounted for 25.4% of the portfolio in March/05 and for 22.6% in March/06. Out of the Total Loan Portfolio under Normal Course in March/06, in the amount of R\$ 77,399, 37.5% 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 10.

The growth of the quarter is mainly due to: (i) individual client portfolio, with an 7.5% growth, especially in the Auto products, with a 6.5% increase, and Personal Loan, with a 7.5% increase, reflecting the operating agreements recently executed with retailers, combined with a stable economic scenario and an upturn of real income. The 1.7% growth recorded in the corporate portfolio resulting from the 3.0% increase in the portfolio of large companies (Corporate) and from the 0.3% hike in the portfolio of small and medium-sized companies (SME). In the corporate portfolio, we point out the 10.0% increase in Working Capital and the 8.5% hike in Financing to Exports, as a result of the maintenance of the economic activity level; and partially offset by: (ii) exchange loss variation of 7.2% in 1Q06, affecting foreign currency indexed and/or denominated contracts, which account for 8.0% of total portfolio. In terms of concentration, the 100 largest borrowers accounted for 22.4% of the portfolio in December/05 and 22.6% in March/06.

**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 10.



**Allowance for Doubtful Accounts (PDD)**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>(4,301)</b>    | <b>(5,315)</b>    | <b>23.6</b>        | <b>(4,959)</b>       | <b>(5,315)</b>    | <b>7.2</b>         |

The variation in the PDD balance for the period was mostly due to: (i) a 28.0% increase in the volume of loan operations, pointing out individual clients operations, with a 50.6% increase, which due to its specific feature, requires a higher volume of provisioning. On a comparative basis, PDD ratio in relation to the loan portfolio decreased from 6.5% in March/05 to 6.3% in March/06, and provision coverage ratio in relation to the loan portfolio under abnormal course, respectively, rated between E and H, decreased from 197.1% in March/05 to 164.3% in March/06, and between D and H, reduced from 162.2% in March/05 to 132.7% in March/06. However, the preventive maintenance of high provision levels made all performance indicators remain with a comfortable coverage for losses. In the period, PDD in the amount of R\$ 2,811 was recorded, was incorporated R\$ 11 arising from acquired institutions and R\$ 1,808 was written off. The exceeding PDD volume in relation to the minimum required increased from R\$ 938 in March/05 to R\$ 1,032 in March/06.

The increase in the PDD balance in the quarter basically reflects a 4.1% growth of the loan portfolio in the quarter, particularly, the individual client portfolio with an 7.5% growth, which due to its specific features, demands a higher provisioning volume. Comparatively, the PDD ratio in relation to the loan portfolio increased from 6.1% in December/05 to 6.3% in March/06, and the provision coverage ratios in relation to the loan portfolio under abnormal course, respectively, rated from E to H, decreased from 182.7% in December/05 to 164.3% in March/06, and those rated from D to H decreased from 150.1% in December/05 to 132.7% in March/06. However, the preventive maintenance of high provision levels made all performance indicators remain with a comfortable coverage for losses. In the quarter, PDD in the amount of R\$ 938 was recorded, was incorporated R\$ 11 arising from acquired institutions and R\$ 593 was written off. The exceeding PDD volume in reinforcement to the minimum required increased from R\$ 1,014 in December/05 to R\$ 1,032 in March/06.

**Other Receivables and Assets**

|                   |                   |                    |                      |                   |                    |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
| <b>24,302</b>     | <b>25,213</b>     | <b>3.7</b>         | <b>23,256</b>        | <b>25,213</b>     | <b>8.4</b>         |

The variation in the period is basically due to: (i) a R\$ 958 increase in credit cards operations, not included in loan operations; (ii) increase in the item Vehicle Financing Commission R\$ 272; (iii) increase in the foreign exchange portfolio R\$ 384; which was partially offset: (iv) by a decrease in tax credits R\$ 697, basically composed of temporary provisions.

**N.B.:** balances are deducted (net of corresponding PDD) of R\$ 486 in March/05 and of R\$ 366 in March/06, allocated to the Loan Operations and Leasing Operations and Allowance for Doubtful Accounts items.

The growth in the quarter is basically due to: (i) a R\$ 2,063 increase in the foreign exchange portfolio; which was partially offset: (ii) by a decrease in credit cards operations R\$ 192, not included in the loan operations, due to the seasonality of 4Q05.

**N.B.:** balances are deducted (net of corresponding PDD) of R\$ 414 in December/05 and of R\$ 366 in March/06, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

**Permanent Assets**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>4,711</b>      | <b>4,808</b>      | <b>2.1</b>         | <b>4,358</b>         | <b>4,808</b>      | <b>10.3</b>        |

The variation in the period is mostly due to: (i) the goodwill on the acquisition of Morada Serviços, Cia. Leader and BEC R\$ 691; (ii) positive result from the equity in the earnings of affiliated companies verified in the period; and partially offset by: (iii) goodwill amortization in subsidiaries R\$ 476; and (iv) sale of stake in the company CP Cimento R\$62.

The growth in the quarter was substantially due to: (i) the goodwill on the acquisition of BEC R\$ 592; (ii) positive result from the equity in the earnings of affiliated companies verified in the quarter; and partially offset: (iii) by goodwill amortization in subsidiaries R\$ 119.

**Deposits**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>71,372</b>     | <b>74,482</b>     | <b>4.4</b>         | <b>75,406</b>        | <b>74,482</b>     | <b>(1.2)</b>       |

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

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

**a) Demand Deposits**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>14,924</b>     | <b>16,240</b>     | <b>8.8</b>         | <b>15,956</b>        | <b>16,240</b>     | <b>1.8</b>         |

The increase in the period is due to the growth in client base. The evolution of R\$ 1,316 is composed of: individuals R\$ 181 and corporations R\$ 1,135.

The variation in the quarter is due to funds stemming from corporations R\$ 438, mitigated by funds from individuals R\$ 154.

**b) Savings Deposits**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>24,448</b>     | <b>25,560</b>     | <b>4.5</b>         | <b>26,201</b>        | <b>25,560</b>     | <b>(2.4)</b>       |

The increase in the period is basically due to: (i) the remuneration of deposits (TR + 0.5% p.m.) reaching 9.1%, in the period; which was mitigated: (ii) by withdrawals occurred in the period.

The reduction in the quarter is basically due to: (i) the withdrawals occurred in the quarter; which was mitigated: (ii) by the remuneration of deposits (TR + 0.5% p.m.) reaching 2.0% in the quarter.

**c) Time Deposits**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>31,807</b>     | <b>32,296</b>     | <b>1.5</b>         | <b>32,837</b>        | <b>32,296</b>     | <b>(1.6)</b>       |

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 and subordinated debt.

The variation is mostly due to the migration of funds to other funding forms by institutional investors, mainly by means of issuance of subordinated debt, offset by remuneration of deposits in the quarter.

**d) Interbank Deposits and Other Deposits**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>193</b>        | <b>386</b>        | <b>100.0</b>       | <b>412</b>           | <b>386</b>        | <b>(6.3)</b>       |

The variation in the period results from: (i) a hike in the volume of the Interbank Deposits account R\$ 111; and (ii) increase in the item Other Deposits Investment Account R\$ 82.

The variation in the quarter results from: (i) a reduction in the volume of account Interbank Deposits R\$ 18; and (ii) a reduction in the item Other Deposits Investment Account R\$ 8.

**Funds Obtained in the Open Market**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>21,858</b>     | <b>24,037</b>     | <b>10.0</b>        | <b>24,639</b>        | <b>24,037</b>     | <b>(2.4)</b>       |

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\$ 5,530; offset by: (ii) reduction in third-party portfolio R\$ 3,451. 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\$ 8,811 in March/05 and R\$ 3,645 in March/06.

The decrease of balance in the quarter derives: (i) from a reduction in the third-party portfolio R\$ 917; offset: (ii) by an increase in funding volume, using the funds backed by debentures issued of R\$ 215;. 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\$ 5,882 in December/05 and R\$ 3,645 in March/06.

**Funds from Issuance of Securities**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>5,035</b>      | <b>6,307</b>      | <b>25.3</b>        | <b>6,204</b>         | <b>6,307</b>      | <b>1.7</b>         |

The variation in the period basically derives from: (i) increased volume of marketable securities issued in Brazil at R\$ 2,851, mainly in view of the issuance of debentures, R\$ 2,733; offset by: (ii) a decreased volume of marketable securities issued abroad at R\$ 1,579, mainly in view of redemptions of Eurobonds and

In the quarter, funds derived from issuance of securities remained practically stable. The increase mostly occurred due to: (i) increase in the volume of issuance of marketable securities issued abroad (MTN Program); mitigated by: (ii) exchange loss variation of 7.2% in 1Q06, which impacted on the securities issued abroad.



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 18.5% in the period, which impacted on the funds from issuance of securities abroad, the balances of which were R\$ 4,310 in March/05 and R\$ 2,731 in March/06, as per Note 16c.

**Interbank and Interdepartmental Accounts**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>1,318</b>      | <b>1,425</b>      | <b>8.1</b>         | <b>2,040</b>         | <b>1,425</b>      | <b>(30.1)</b>      |

The variation in the period is mainly due to higher volume of foreign currency payment orders.

The variation in the quarter is mainly due to higher volume of foreign currency payment orders.

**Borrowings and Onlendings**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>15,634</b>     | <b>15,611</b>     | <b>(0.1)</b>       | <b>16,563</b>        | <b>15,611</b>     | <b>(5.7)</b>       |

In the period, the item Borrowings and Onlendings remained practically stable. However, the variation in the period is due to: (i) increase in the volume of funds from domestic loans and onlendings R\$ 1,384, mainly, BNDES/FINAME; offset: (ii) by exchange loss variation of 18.5% in the period, which impacted on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R\$ 7,845 in March/05 and R\$ 6,394 in March/06.

The variation in the quarter mainly results from exchange loss variation of 7.2% in the quarter, which impacted on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R\$ 7,532 in December/05 and R\$ 6,394 in March/06.

**Technical Provisions for Insurance, Private Pension Plans and Savings Bonds**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>35,328</b>     | <b>42,555</b>     | <b>20.5</b>        | <b>40,863</b>        | <b>42,555</b>     | <b>4.1</b>         |

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\$ 4,688 and PGBL plans at R\$ 1,441, and (b) in the insurance segment, provisions for Life R\$ 368, Auto/RCF at R\$ 234, as well as for Health segment R\$ 464.

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. The largest variations recorded were: (a) in the private pension segment, in VGBL plans at R\$ 970 and PGBL plans at R\$ 255; and (b) in the insurance segment, in Life provisions at R\$ 98 and Health provisions at R\$ 172.

**Other Liabilities, Derivative Financial Instruments and Deferred Income**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>29,462</b>     | <b>36,970</b>     | <b>25.5</b>        | <b>28,518</b>        | <b>36,970</b>     | <b>29.6</b>        |

The variation in the period basically derives from: (i) increase in the balance of items Tax and Social Security R\$ 1,803; (ii) increase in Social and Statutory at R\$ 1,310; (iii) issuance of Perpetual Debt R\$ 3,602; and (iv) increase in credit cards operations R\$ 402.

**N.B.:** excludes advances on foreign exchange contracts of R\$ 5,298 and R\$ 5,443, allocated to the specific account in loan operations in March/05 and March/06,

The variation in the quarter is mainly due to the increase in the items (i) subordinated debt R\$ 2,881; (ii) exchange portfolio R\$ 2,098; (iii) tax payment and collections R\$ 1,361 and (iv) tax and social security R\$ 1,085.

**N.B.:** excludes advances on foreign exchange contracts of R\$ 5,017 and R\$ 5,443, allocated to the specific account in loan operations in December/05 and March/06, respectively.

respectively.

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**Minority Interest in Subsidiaries**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>52</b>         | <b>72</b>         | <b>38.5</b>        | <b>58</b>            | <b>72</b>         | <b>24.1</b>        |

The variation in the period is mainly due to the minority stockholders of Banco BEC R\$ 10 and to the better results verified in the subsidiaries.

The variation in the period is mainly due to the minority stockholders of Banco BEC R\$ 10 and to the better results verified in the subsidiaries.

**Stockholders Equity**

| <b>March/2005</b> | <b>March/2006</b> | <b>Variation %</b> | <b>December/2005</b> | <b>March/2006</b> | <b>Variation %</b> |
|-------------------|-------------------|--------------------|----------------------|-------------------|--------------------|
| <b>16,538</b>     | <b>20,375</b>     | <b>23.2</b>        | <b>19,409</b>        | <b>20,375</b>     | <b>5.0</b>         |

This variation in the period is due to: (i) appropriation of net income for the period R\$ 5,839; (ii) increase in the reserve for marketable securities and derivatives mark-to-market adjustment R\$ 256; which was partially offset by: (iii) interest on own capital/dividends paid and provisioned R\$ 2,055; and (iv) stock buyback R\$ 203.

This increase in the quarter is due to: (i) appropriation of net income in the quarter, R\$ 1,530; which was offset by: (ii) interest on own capital provisioned in R\$ 539; (iii) decrease in reserve for marketable securities and derivatives mark-to-market adjustment R\$ 17; and (iv) treasury stock buyback R\$ 8.

**Consolidated Statement of Income** R\$ thousand

|   | 2005               | 2004               | 2003               |
|---|--------------------|--------------------|--------------------|
| <b>Revenues from Financial Intermediation</b>   | <b>33,701,225</b>  | <b>26,203,227</b>  | <b>28,030,000</b>  |
| Loan Operations   | 16,704,318         | 12,731,435         | 12,290,000         |
| Leasing Operations  | 444,389            | 300,850            | 300,000            |
| Operations with Marketable Securities   | 5,552,008          | 4,921,179          | 7,830,000          |
| Financial Income on Insurance, Private Pension Plans and Savings Bonds  | 6,498,435          | 5,142,434          | 5,350,000          |
| Derivative Financial Instruments  | 2,389,002          | 1,238,890          | 500,000            |
| Foreign Exchange Transactions   | 617,678            | 691,302            | 790,000            |
| Compulsory Deposits   | 1,495,395          | 1,177,137          | 1,380,000          |
| <b>Expenses from Financial Intermediation</b>   | <b>16,419,196</b>  | <b>12,972,347</b>  | <b>14,750,000</b>  |
| Funding Operations  | 11,285,324         | 8,486,003          | 10,530,000         |
| Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 3,764,530          | 3,215,677          | 3,120,000          |
| Borrowings and Onlendings   | 1,360,647          | 1,253,175          | 1,080,000          |
| Leasing Operations  | 8,695              | 17,492             | 100,000            |
| <b>Net Interest Income</b>  | <b>17,282,029</b>  | <b>13,230,880</b>  | <b>13,280,000</b>  |
| Allowance for Doubtful Accounts   | 2,507,206          | 2,041,649          | 2,440,000          |
| <b>Gross Income from Financial Intermediation</b>   | <b>14,774,823</b>  | <b>11,189,231</b>  | <b>10,830,000</b>  |
| <b>Other Operating Income (Expenses)</b>  | <b>(6,921,319)</b> | <b>(7,071,120)</b> | <b>(7,270,000)</b> |
| Fee Income  | 7,348,879          | 5,824,368          | 4,550,000          |
| Operating Income on Insurance, Private Pension Plans and Savings Bonds  | 293,769            | (60,645)           | (140,000)          |
| Insurance, Private Pension Plans and Savings Bonds Retained Premiums  | 13,647,089         | 13,283,677         | 11,720,000         |
| Net Premiums Written  | 16,824,862         | 15,389,170         | 13,110,000         |
| Reinsurance Premiums and Redeemed Premiums  | (3,177,773)        | (2,105,493)        | (1,380,000)        |
| Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds                            | (2,755,811)        | (3,964,106)        | (3,670,000)        |
| Retained Claims   | (5,825,292)        | (5,159,188)        | (3,980,000)        |
| Savings Bonds Draws and Redemptions   | (1,228,849)        | (1,223,287)        | (1,090,000)        |
| Insurance, Private Pension Plans and Savings Bonds Selling Expenses   | (961,017)          | (867,094)          | (760,000)          |
| Pension Plans Benefits and Redemptions Expenses   | (2,582,351)        | (2,130,647)        | (2,360,000)        |
| Personnel Expenses  | (5,311,560)        | (4,969,007)        | (4,770,000)        |
| Other Administrative Expenses   | (5,142,329)        | (4,937,143)        | (4,810,000)        |
| Tax Expenses  | (1,878,248)        | (1,464,446)        | (1,050,000)        |
| Equity in the Earnings of Affiliated Companies  | 76,150             | 163,357            | 100,000            |
| Other Operating Income  | 1,096,968          | 1,198,532          | 1,690,000          |
| Other Operating Expenses  | (3,404,948)        | (2,826,136)        | (2,740,000)        |
| <b>Operating Income</b>   | <b>7,853,504</b>   | <b>4,118,111</b>   | <b>3,550,000</b>   |
| <b>Non-Operating Income</b>   | <b>(106,144)</b>   | <b>(491,146)</b>   | <b>(840,000)</b>   |
| <b>Income before Taxes on Profit and Interest</b>   | <b>7,747,360</b>   | <b>3,626,965</b>   | <b>2,710,000</b>   |
| <b>Income Tax and Social Contribution</b>   | <b>(2,224,455)</b> | <b>(554,345)</b>   | <b>(390,000)</b>   |
| <b>Minority Interest in Subsidiaries</b>  | <b>(8,831)</b>     | <b>(12,469)</b>    | <b>(10,000)</b>    |
| <b>Net Income</b>   | <b>5,514,074</b>   | <b>3,060,151</b>   | <b>2,300,000</b>   |
| <b>Profitability on Stockholders' Equity (Annualized)</b>   | <b>27.80%</b>      | <b>20.11%</b>      | <b>17.00%</b>      |
| <b>Net Interest Income/Total Assets (Annualized)</b>  | <b>8.28%</b>       | <b>7.15%</b>       | <b>7.00%</b>       |



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|   | 2006               |                    | 2005               |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 1stQtr.            | 4th Qtr.           | 3rd Qtr.           | 2nd Qtr.           | 1stQtr.            | 4th Qtr.           |
| <b>Revenues from Financial Intermediation</b>   | <b>9,081,254</b>   | <b>9,940,353</b>   | <b>8,532,515</b>   | <b>7,119,093</b>   | <b>8,109,264</b>   | <b>6,201,940</b>   |
| Loan Operations   | 4,517,466          | 5,220,326          | 4,296,030          | 3,478,848          | 3,709,114          | 3,102,030          |
| Leasing Operations  | 133,898            | 128,647            | 133,604            | 95,551             | 86,587             | 85,550             |
| Operations with Marketable Securities   | 1,047,959          | 2,236,854          | 1,357,055          | 302,896            | 1,655,203          | 758,400            |
| Financial Income on Insurance, Private Pension Plans and Savings Bonds  | 1,832,569          | 1,748,960          | 1,515,755          | 1,464,488          | 1,769,232          | 1,379,150          |
| Derivative Financial Instruments  | 1,085,497          | (55,559)           | 747,956            | 1,331,444          | 365,161            | 529,920            |
| Foreign Exchange Operations   | 114,242            | 296,868            | 89,974             | 58,759             | 172,077            | 28,640             |
| Compulsory Deposits   | 349,623            | 364,257            | 392,141            | 387,107            | 351,890            | 318,130            |
| <b>Expenses from Financial Intermediation</b>   | <b>3,820,327</b>   | <b>5,510,528</b>   | <b>4,034,524</b>   | <b>2,763,910</b>   | <b>4,110,234</b>   | <b>2,686,000</b>   |
| Funding Operations  | 2,536,410          | 3,713,534          | 2,897,471          | 1,864,385          | 2,809,934          | 1,709,830          |
| Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | 1,042,648          | 1,050,944          | 872,695            | 901,840            | 939,051            | 922,010            |
| Borrowings and Onlendings   | 239,736            | 744,611            | 262,910            | (4,863)            | 357,989            | 49,920             |
| Leasing Operations  | 1,533              | 1,439              | 1,448              | 2,548              | 3,260              | 4,300              |
| <b>Net Interest Income</b>  | <b>5,260,927</b>   | <b>4,429,825</b>   | <b>4,497,991</b>   | <b>4,355,183</b>   | <b>3,999,030</b>   | <b>3,515,870</b>   |
| Allowance for Doubtful Accounts   | 938,442            | 770,560            | 539,900            | 562,149            | 634,597            | 488,730            |
| <b>Gross Income from Financial Intermediation</b>   | <b>4,322,485</b>   | <b>3,659,265</b>   | <b>3,958,091</b>   | <b>3,793,034</b>   | <b>3,364,433</b>   | <b>3,027,140</b>   |
| <b>Other Operating Income (Expenses)</b>  | <b>(1,825,013)</b> | <b>(1,785,723)</b> | <b>(1,708,397)</b> | <b>(1,646,577)</b> | <b>(1,780,622)</b> | <b>(1,491,990)</b> |
| Fee Income  | 2,040,548          | 2,009,563          | 1,918,367          | 1,759,600          | 1,661,349          | 1,675,500          |
| Operating Income of Savings Bonds, Private Pension Plans and Insurance  | 115,542            | 263,092            | 146,207            | 99,316             | (214,846)          | 165,270            |
| Insurance, Private Pension Plans and Savings Bonds Retained Premiums  | 3,458,354          | 4,303,785          | 3,546,484          | 3,001,125          | 2,795,695          | 3,836,130          |
| Net Premiums Written  | 4,396,541          | 5,083,889          | 4,314,294          | 3,810,957          | 3,615,722          | 4,471,430          |
| Reinsurance Premiums and Redeemed Premiums  | (938,187)          | (780,104)          | (767,810)          | (809,832)          | (820,027)          | (635,270)          |
| Variation of Technical Provisions of Insurance, Private Pension Plans and Savings Bonds                             | (579,158)          | (1,318,642)        | (739,487)          | (279,264)          | (418,418)          | (1,316,960)        |
| Retained Claims   | (1,508,635)        | (1,533,502)        | (1,462,742)        | (1,456,990)        | (1,372,058)        | (1,317,190)        |
| Savings Bonds Draws and Redemptions   | (284,553)          | (331,479)          | (337,735)          | (313,144)          | (246,491)          | (291,770)          |
| Insurance, Private Pension Plans and Savings Bonds Selling Expenses   | (243,125)          | (263,324)          | (244,611)          | (224,258)          | (228,824)          | (233,840)          |
| Private Pension Plans Benefits and Redemption Expenses  | (727,341)          | (593,746)          | (615,702)          | (628,153)          | (744,750)          | (511,100)          |
| Personnel Expenses  | (1,419,009)        | (1,361,355)        | (1,483,256)        | (1,246,226)        | (1,220,723)        | (1,284,420)        |
| Other Administrative Expenses   | (1,317,459)        | (1,439,655)        | (1,270,824)        | (1,239,471)        | (1,192,379)        | (1,288,510)        |
| Tax Expenses  | (543,798)          | (501,240)          | (474,447)          | (497,966)          | (404,595)          | (411,490)          |
| Equity in the Earnings of Affiliated Companies  | 4,694              | 7,281              | 64,227             | 10,283             | (5,641)            | 44,790             |
| Other Operating Income  | 254,716            | 299,948            | 237,711            | 259,469            | 299,840            | 310,600            |
| Other Operating Expenses  | (960,247)          | (1,063,357)        | (846,382)          | (791,582)          | (703,627)          | (703,890)          |
| <b>Operating Income</b>   | <b>2,497,472</b>   | <b>1,873,542</b>   | <b>2,249,694</b>   | <b>2,146,457</b>   | <b>1,583,811</b>   | <b>1,535,150</b>   |
| <b>Non-Operating Income</b>   | <b>(31,826)</b>    | <b>(69,388)</b>    | <b>(10,149)</b>    | <b>(20,757)</b>    | <b>(5,850)</b>     | <b>(148,180)</b>   |
| <b>Income before Taxes on Profit and Interest</b>   | <b>2,465,646</b>   | <b>1,804,154</b>   | <b>2,239,545</b>   | <b>2,125,700</b>   | <b>1,577,961</b>   | <b>1,386,970</b>   |
| <b>Income Tax and Social Contribution</b>   | <b>(930,108)</b>   | <b>(336,772)</b>   | <b>(807,022)</b>   | <b>(707,848)</b>   | <b>(372,813)</b>   | <b>(322,110)</b>   |
| <b>Minority Interest in Subsidiaries</b>  | <b>(5,279)</b>     | <b>(4,829)</b>     | <b>(2,294)</b>     | <b>(1,985)</b>     | <b>277</b>         | <b>(7,100)</b>     |
| <b>Net Income</b>   | <b>1,530,259</b>   | <b>1,462,553</b>   | <b>1,430,229</b>   | <b>1,415,867</b>   | <b>1,205,425</b>   | <b>1,057,750</b>   |



|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Profitability on Stockholders' Equity<br/>(Annualized)</b> | <b>33.60%</b> | <b>33.72%</b> | <b>35.20%</b> | <b>36.63%</b> | <b>32.50%</b> | <b>30.85%</b> |
| <b>Net Interest Income/Total Assets<br/>(Annualized)</b>      | <b>10.09%</b> | <b>8.77%</b>  | <b>9.21%</b>  | <b>9.26%</b>  | <b>8.63%</b>  | <b>7.82%</b>  |

## Profitability

Bradesco's consolidated net income reached R\$ 1,530 million in 1Q06, against R\$ 1,205 million reached in the same period of 2005, which corresponds to a 27.0% growth. Compared to the net income of the 4th quarter of 2005, there was an increase of R\$ 67 million, or 4.6%. Stockholders' Equity amounted to R\$ 20,375 million on March 31, 2006, with a growth of 23.2% and 5.0% compared to the balance of March 31, 2005 and December 31, 2005, respectively. Accordingly, the annualized Return on Stockholders' Equity (ROE) reached 33.6%. The total assets added up to R\$ 216,391 million at the end of 1Q06, growing 13.1% and 3.7% compared to the balance of March 31, 2005 and December 31, 2005, respectively. The annualized return on total assets (ROA) in the 1<sup>st</sup> quarter of 2006 was 2.9%. The earnings per stock reached R\$ 1.56.

The 1Q06 was marked by a continued good performance of income composing the Net Interest Income, composed mainly by better results in the non-interest component, reaching the amount of R\$ 990 million, representing a R\$ 770 million growth, compared to 4Q05, basically due to: (i) higher 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\$ 459 million; and (ii) higher TVM and Treasury gains of R\$ 311 million, while the interest component reached the amount of R\$ 4,270 million, a R\$ 61 million growth in relation to the previous quarter. This increase is basically due to an increment in the business volume. We point out a 7.5% 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.

The Operating Income from Insurance, Private Pension Plans and Savings Bonds showed in 1Q06 a R\$ 148 million reduction, as a result of a better performance in the 4th quarter of 2005 in sales of PGBL and VGBL products, due to the seasonality of such period.

In the 1<sup>st</sup> quarter of 2006, there was a growth of the overall delinquency ratio, both due to the change in the portfolio profile, with higher share in individual operations, intensified by the typical seasonal increase of the 1<sup>st</sup> quarter of each year, and due to the slight deterioration of the payment capacity of clients, observed in all the Brazilian Financial System. As a result, there was recording of Allowance for Doubtful Accounts, in the amount of R\$ 938 million in 1Q06, which results in a R\$ 168 million increase when compared to the recording of R\$ 770 million in 4Q05. We also established surplus provisions at the amount of R\$ 62 million in 4Q05 and R\$ 18 million in 1Q06. Excluded such effects, the provision would be R\$ 920 million in 1Q06 against R\$ 708 million in 4Q05, i.e., a 29.9% growth, reaching a level of Allowance for Doubtful Accounts of R\$ 5,315 million on March 31, 2006.

Operating Efficiency Ratio in the 12-month period ended on March 31, 2006, was of 42.9%, improving by 1.9 percentage point when compared to the 12-month period ended on December 31, 2005, and by 9.8 percentage point when compared to the period ended on March 31, 2005, principally as a result of the combination of strict expense control with permanent efforts for increase in revenue.

The Expanded Coverage Ratio in 1Q06 [(fee income)/(personnel expenses + administrative expenses)] improved 2.8 percentage points, increasing from 71.8% in 4Q05 to 74.6% in 1Q06.



**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**

1<sup>st</sup> Quarter of 2006 compared to the 1<sup>st</sup> 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.

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1<sup>st</sup> Quarter of 2006 compared to the 4th 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**

1<sup>st</sup> Quarter of 2006 compared to 1<sup>st</sup> Quarter of 2005 R\$ million

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).
- (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 11a).
- (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 11a).
- (4) This refers to price-level restatement and interest of Technical Provisions for Insurance, Private Pension Plans and Savings Bonds.

**Variation in Items Composing the Net Interest Income and Exchange Adjusted**1<sup>st</sup> Quarter of 2006 compared to the 4<sup>th</sup> Quarter of 2005 R\$ million

- (1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).
- (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 11a).
- (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 11a).
- (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  | 2004                | 2005                 |                     | 2006                 |
|--|---------------------|----------------------|---------------------|----------------------|
|  | 4 <sup>th</sup> Qtr | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr | 1 <sup>st</sup> Qtr. |
| Loan Operations                                      | 54,080              | 57,023               | 70,402              | 74,380               |
| Leasing Operations                                   | 1,556               | 1,717                | 2,363               | 2,629                |
| Advances on Foreign Exchange Contracts               | 5,207               | 5,047                | 4,873               | 5,230                |
| 1 Total Average Balance (Quarterly)                  | 60,843              | 63,787               | 77,638              | 82,239               |
| 2 Income (Loan Operations, Leasing and Exchange) (*) | 3,258               | 3,827                | 5,354               | 4,698                |
| 3 Average Return Annualized Exponentially (2/1)      | 23.2%               | 26.2%                | 30.6%               | 24.9%                |

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

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## Marketable Securities x Income on Marketable Securities Transactions

| R\$ million   | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Marketable Securities   | 60,288               | 63,632               | 64,349               | 66,560               |                      |                      |
| Interbank Investments   | 23,736               | 21,980               | 24,578               | 24,383               |                      |                      |
| Subject to Repurchase Agreements  | (22,219)             | (22,372)             | (24,588)             | (24,338)             |                      |                      |
| Derivative Financial Instruments  | (241)                | (830)                | (641)                | (683)                |                      |                      |
| 4 Total Average Balance (Quarterly)   | 61,564               | 62,410               | 63,698               | 65,922               |                      |                      |
| 5 Income on Marketable Securities Transactions (Net of Sales and Purchase Commitments Expenses) (*) | 1,835                | 2,853                | 2,795                | 2,875                |                      |                      |
| 6 Average Rate Annualized Exponentially (5/4)   | 12.5%                | 19.6%                | 18.7%                | 18.6%                |                      |                      |

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

## Total Assets x Income from Financial Intermediation

| R\$ million                                   | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| 7 Total Assets Average Balance (Quarterly)    | 182,315              | 188,113              | 205,298              | 212,537              |                      |                      |
| 8 Income from Financial Intermediation        | 6,202                | 8,109                | 9,940                | 9,081                |                      |                      |
| 9 Average Rate Annualized Exponentially (8/7) | 14.3%                | 18.4%                | 20.8%                | 18.2%                |                      |                      |

## Funding x Expenses

| R\$ million                                      | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Deposits   | 66,715               | 70,008               | 73,251               | 74,944               |                      |                      |
| Funds from Acceptance and Issuance of Securities | 5,587                | 5,046                | 6,182                | 6,256                |                      |                      |
| Interbank and Interdepartmental Accounts         | 1,830                | 1,619                | 1,961                | 1,733                |                      |                      |
| Subordinated Debt                                | 6,031                | 6,045                | 6,609                | 8,167                |                      |                      |
| 10 Total Funding Average Balance (Quarterly)     | 80,163               | 82,718               | 88,003               | 91,100               |                      |                      |
| 11 Expenses (*)                                  | 563                  | 1,538                | 2,260                | 1,132                |                      |                      |
| 12 Average Rate Annualized Exponentially (11/10) | 2.8%                 | 7.6%                 | 10.7%                | 5.1%                 |                      |                      |

Funding Expenses without Repurchase Agreements, less Income on Compulsory Deposits and Foreign Exchange (\*) Adjustments (Note 11a).

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

| R\$ million  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| 13 Technical Provisions for Insurance, Private Pension Plans and Savings Bonds Average Balance (Quarterly) | 32,627               | 34,499               | 39,549               | 41,709               |                      |                      |
| 14 Expenses (*)  | 922                  | 939                  | 1,051                | 1,043                |                      |                      |
| 15 Average Rate Annualized Exponentially (14/13)   | 11.8%                | 11.3%                | 11.1%                | 10.4%                |                      |                      |

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

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## Borrowings and Onlendings (Local and Foreign) x Expenses

| R\$ million   | 2004                 | 2005                 |                      | 2006                 |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Borrowings  | 8,128                | 7,490                | 6,803                | 6,589                |
| Onlendings  | 8,209                | 8,306                | 9,099                | 9,498                |
| 16 Total Borrowings and Onlendings<br>Average Balance (Quarterly) | 16,337               | 15,796               | 15,902               | 16,087               |
| 17 Expenses for Borrowings and Onlendings<br>(*)                  | 92                   | 204                  | 409                  | 137                  |
| 18 Average Rate Annualized Exponentially<br>(17/16)               | 2.3%                 | 5.3%                 | 10.7%                | 3.4%                 |

(\*) Includes Foreign Exchange adjustments (Note 11a).

## Total Assets x Net Interest Income

| R\$ million   | 2004                 | 2005                 |                      | 2006                 |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| 19 Total Assets Average Balance (Quarterly)         | 182,315              | 188,113              | 205,298              | 212,537              |
| 20 Net Interest Income (*)                          | 3,516                | 3,999                | 4,429                | 5,260                |
| 21 Average Rate Annualized Exponentially<br>(20/19) | 7.9%                 | 8.8%                 | 8.9%                 | 10.3%                |

(\*) 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 1Q06      |              |                                | 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 | 768                 | (36)         | (249)                          | <b>483</b>     | (469)               | 22           | 152                            | (295)      |
| Exchange Variation of Investments Abroad      | (483)               |              |                                | <b>(483)</b>   | 295                 |              |                                | <b>295</b> |
| <b>Total</b>                                  | <b>285</b>          | <b>(36)</b>  | <b>(249)</b>                   |                | <b>(174)</b>        | <b>22</b>    | <b>152</b>                     |            |

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 previous chart, 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             |              |              |                      |                      |            |
|-------------------------------------|-------------------------|--------------|--------------|----------------------|----------------------|------------|
|                                     | 1 <sup>st</sup> Quarter |              |              | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | Variation  |
|                                     | 2006                    | 2005         | Variation    | 2006                 | 2005                 |            |
| <b>Reported Net Interest Income</b> | <b>5,260</b>            | <b>3,999</b> | <b>1,261</b> | <b>5,260</b>         | <b>4,429</b>         | <b>831</b> |
| (-) Sale of Belgo Mineira           |                         | (327)        | 327          |                      |                      |            |
| (-) Hedge/Exchange Variation        | (285)                   | (10)         | (275)        | (285)                | 174                  | (459)      |
| <b>Adjusted Net Interest Income</b> | <b>4,975</b>            | <b>3,663</b> | <b>1,313</b> | <b>4,975</b>         | <b>4,603</b>         | <b>372</b> |
| <b>% Adjusted on Average Assets</b> | <b>9.7%</b>             | <b>8.0%</b>  |              | <b>9.7%</b>          | <b>9.3%</b>          |            |

## b) Comments on the Adjusted Net Interest Income Variation

In 1Q06, the adjusted Net Interest Income reached R\$ 4,975 million, a 8.1% growth or R\$ 372 million, when compared to R\$ 4,603 million in 4Q05. When comparing 1Q06 against the same period of the previous year, we can notice a growth of 35.9%, representing an improvement of R\$ 1,312 million.

In spite of the drop of the CDI rate from 4.3% in 4Q05 to 4.0% in 1Q06, the growth of volumes of operations provided an increase in the global margin of Consolidated Bradesco, also offsetting the drop of spreads to clients.

The growth of volume of operations represented a positive impact of R\$ 232 million in the evolution of the net interest income between 4Q05 and 1Q06, while the drop of spread made the margin decrease from R\$ 171 million between the periods analyzed. Thus, the result of operations that earn interest had an evolution of R\$ 61 million.

When comparing 1Q06 and 1Q05 the evolution of the result of operations that earn interest was R\$ 1,048 million, motivated, mainly, by the increase in the volume of loan operations in the period and by the increase that will be commented below.

Bradesco's strategy in the retail market, in the last quarters, was mainly focused on the increase of loan operations with individual clients, specially, vehicle financing and personal loan. The result of this effort is shown in the evolution of 7.5% of the balance of individual client loan operations in 1Q06 and the growth of 50.6% compared to the balance of March 2005, resulting from the maturation of some partnerships entered into in 2005.

Corporate loan operations had a slight increase of 1.7% compared to December, in spite of the foreign exchange appreciation in 1Q06 of 7.2%, a fact that negatively impacts the balance of operations Overseas and loan operations in the Country indexed to this currency, when converted into reais. Comparing the evolution of the last twelve months, corporate loan operations had a growth of 15.3% .

The contribution of Grupo Segurador was also positive for the increase of the net interest income, basically, due to the increase in business volume, confirmed by means of the evolution of 10.9% of the number of insured in the last twelve months. In 1Q06 the number of insured practically did not change, standing at about 13 million, in spite of the

seasonal effects of demands of this market between the last and the first quarter of the year. In view of that, there was the need to strengthen technical provisions of insurance, private pension plans and savings bonds, which increased 4.1% in 1Q06 and 20.5% compared to the last twelve months.

The result of the adjusted net interest income arising from non-interest result in 1Q06 increased R\$ 311 million compared to the last quarter of 2005 and R\$ 265 million, when compared to the same quarter of 2005, mainly arising from higher gains of marketable securities and treasury in view of the adequate positioning of consolidated Bradesco's marketable securities portfolio.

It is worth pointing out that the strategy adopted by Bradesco jointly with the stability process of the economic scenario is positively reflecting on the net interest income, once in the last years this item had constant evolutions since 2Q04, as shown in the graphic 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 9.3% in 4Q05 to 9.7% in 1Q06, accounting for 0.4 percentage point increase, and when comparing the 1Q06 to the same quarter of 2005, we can notice an evolution even higher of 1.7 percentage points, i.e., it increased from 8.0% in 1Q05 to 9.7% this quarter.

The evolution of Bradesco net interest income through the years is directly related with the improvement of Bradesco Consolidated assets mix, with a highlight on loan operations that started representing in March 2006 39.0% of the total assets while in March 2005 those operations represented 34.5%, i.e., there was an increase of 4.5 percentage points.

It is also worth pointing out the evolution of the share of loan operations with individual clients in the total loan portfolio that in Mar/05 represented 35.9% of the total and started representing 42.3% . Accordingly, it is important to point out the evolution of the quarterly rates of the adjusted net interest income of 2004, 2005 and 1Q06.

Evolution Average Rate Adjusted Margin (%)

**Allowance for Doubtful Accounts (PDD)**

## Movement of Allowance for Doubtful Accounts

|  | R\$ million          |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 | 2005                 |                      | 2006                 |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Opening Balance</b>                     | <b>4,181</b>         | <b>4,145</b>         | <b>4,647</b>         | <b>4,959</b>         |
| Amount Recorded                            | 489                  | 635                  | 770                  | 938                  |
| Amount Written-off                         | (525)                | (479)                | (458)                | (593)                |
| Balance Derived from Acquired Institutions |                      |                      |                      | 11                   |
| <b>Closing Balance</b>                     | <b>4,145</b>         | <b>4,301</b>         | <b>4,959</b>         | <b>5,315</b>         |
| Specific Allowance                         | 1,785                | 1,867                | 2,288                | 2,703                |
| Generic Allowance                          | 1,435                | 1,496                | 1,657                | 1,580                |
| Other Allowance                            | 925                  | 938                  | 1,014                | 1,032                |
| <b>Credit Recoveries</b>                   | <b>154</b>           | <b>127</b>           | <b>193</b>           | <b>129</b>           |

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

|                                     | R\$ million |        |          |        |
|-------------------------------------|-------------|--------|----------|--------|
|                                     | 2004        | 2005   |          | 2006   |
|                                     | December    | March  | December | March  |
| Allowance for Doubtful Accounts (A) | 4,145       | 4,301  | 4,959    | 5,315  |
| Loan Operations (B)                 | 62,788      | 65,979 | 81,130   | 84,426 |
| PDD over Loan Operations (A/B)      | 6.6%        | 6.5%   | 6.1%     | 6.3%   |

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

|                                    | R\$ million |        |          |        |
|------------------------------------|-------------|--------|----------|--------|
|                                    | 2004        | 2005   |          | 2006   |
|                                    | December    | March  | December | March  |
| (1) Total Allowance                | 4,145       | 4,301  | 4,959    | 5,315  |
| (2) Abnormal Course Loans (E to H) | 2,062       | 2,182  | 2,714    | 3,235  |
| PDD Coverage Ratio (1/2)           | 201.0%      | 197.1% | 182.7%   | 164.3% |



## Coverage Ratio Non Performing Loans (NPL) (\*)

|                          | R\$ million |        |          |        |          |       |
|--------------------------|-------------|--------|----------|--------|----------|-------|
|                          | 2004        |        | 2005     |        | 2006     |       |
|                          | December    | March  | December | March  | December | March |
| (1) Total Allowance      | 4,145       | 4,301  | 4,959    | 5,315  |          |       |
| (2) Non Performing Loans | 2,140       | 2,230  | 2,702    | 3,281  |          |       |
| NPL Ratio (1/2)          | 193.7%      | 192.9% | 183.5%   | 162.0% |          |       |

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 79 to 83 of this Report.

**Fee Income**

|                                     | R\$ million          |                      |                     |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
|                                     | 2004                 |                      | 2005                |                      | 2006                 |                      |
|                                     | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Checking Accounts                   | 374                  | 403                  | 490                 | 495                  |                      |                      |
| Loan Operations                     | 249                  | 285                  | 348                 | 360                  |                      |                      |
| Cards                               | 349                  | 290                  | 371                 | 349                  |                      |                      |
| Assets under Management             | 239                  | 246                  | 275                 | 303                  |                      |                      |
| Collection                          | 168                  | 158                  | 180                 | 180                  |                      |                      |
| Interbank Fees                      | 69                   | 65                   | 71                  | 73                   |                      |                      |
| Collection of Taxes                 | 54                   | 44                   | 55                  | 56                   |                      |                      |
| Consortium Purchase Plan Management | 29                   | 30                   | 46                  | 44                   |                      |                      |
| Custody and Brokerage Services      | 25                   | 27                   | 34                  | 38                   |                      |                      |
| Others                              | 119                  | 113                  | 140                 | 142                  |                      |                      |
| <b>Total</b>                        | <b>1,675</b>         | <b>1,661</b>         | <b>2,010</b>        | <b>2,040</b>         |                      |                      |

Fee Income increased 22.8% in 1Q06, or a R\$379 million growth when compared to the same period of previous year, amounting to R\$ 2,040 million.

Major components for growth of Fee Income were:

the strategy of clients segmentation (Private, Prime, Corporate, Middle Market and Retail), jointly with the tariff realignment and client base growth boosted the Checking Accounts , up by R\$ 92 million;

the increase in the volume of Loan Operations, especially individuals, with highlights to the products Personal Loan and Vehicles , which is directly related to the maintenance of economy activity, was the major factor for the increase in item Revenues from Loan Operations , a R\$ 75 million improvement in the last 12 months;



the growth of 20.3%, represented by the increase of R\$ 59 million, in the item Cards , in the last 12 months is directly related to the increase of 7.3% in the cards base, from 46.8 million to 50.2 million; and

the volume growth of 25.3% in managed funds, from R\$ 104.8 billion on March 31, 2005 to R\$ 131.3 billion on March 31, 2006, was the main reason for the growth in the item Fund Management , which increased by R\$ 57 million in the last 12 months.

When compared to 4Q05, Fee Income showed an expansion of 1.5% with a R\$ 30 million growth, as a result of the increased volumes of businesses in 1Q06, pointing out increases of 10.2%, 3.4% and 11.8% under the items Fund Management , Loan Operations and Checking Accounts , up by R\$ 28 million, R\$ 12 million and R\$ 5 million, respectively.

**Administrative and Personnel Expenses**

|  | R\$ million          |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Third-Party Services                               | 216                  | 227                  | 272                  | 270                  | 272                  | 270                  |
| Communications                                     | 171                  | 178                  | 187                  | 187                  | 187                  | 187                  |
| Transport  | 108                  | 105                  | 111                  | 123                  | 111                  | 123                  |
| Financial System Services                          | 103                  | 100                  | 110                  | 113                  | 110                  | 113                  |
| Depreciation and Amortization                      | 120                  | 116                  | 134                  | 109                  | 134                  | 109                  |
| Advertising  | 142                  | 70                   | 203                  | 91                   | 142                  | 91                   |
| Rentals  | 76                   | 77                   | 83                   | 81                   | 76                   | 81                   |
| Maintenance and Repairs                            | 75                   | 73                   | 73                   | 77                   | 75                   | 77                   |
| Data Processing                                    | 55                   | 58                   | 70                   | 70                   | 55                   | 70                   |
| Leasing of assets                                  | 72                   | 67                   | 51                   | 54                   | 72                   | 54                   |
| Water, Electricity and Gas                         | 34                   | 35                   | 37                   | 42                   | 34                   | 42                   |
| Materials  | 44                   | 40                   | 45                   | 40                   | 44                   | 40                   |
| Travel   | 17                   | 12                   | 16                   | 15                   | 17                   | 15                   |
| Others   | 56                   | 34                   | 47                   | 45                   | 56                   | 45                   |
| <b>Administrative Expenses</b>                     | <b>1,289</b>         | <b>1,192</b>         | <b>1,439</b>         | <b>1,317</b>         | <b>1,289</b>         | <b>1,317</b>         |
| Remuneration                                       | 647                  | 616                  | 671                  | 678                  | 647                  | 678                  |
| Social Charges                                     | 241                  | 235                  | 243                  | 247                  | 241                  | 247                  |
| Benefits   | 271                  | 271                  | 312                  | 302                  | 271                  | 302                  |
| Lump-sum Payment of Bonus (*)                      | 29                   | 8                    | 13                   | 8                    | 29                   | 8                    |
| Training   | 16                   | 8                    | 13                   | 8                    | 16                   | 8                    |
| Employee Profit Sharing                            | 55                   | 65                   | 63                   | 100                  | 55                   | 100                  |
| Provision for Labor Proceedings                    | 25                   | 26                   | 59                   | 84                   | 25                   | 84                   |
| <b>Personnel Expenses</b>                          | <b>1,284</b>         | <b>1,221</b>         | <b>1,361</b>         | <b>1,419</b>         | <b>1,284</b>         | <b>1,419</b>         |
| <b>Total Administrative and Personnel Expenses</b> | <b>2,573</b>         | <b>2,413</b>         | <b>2,800</b>         | <b>2,736</b>         | <b>2,573</b>         | <b>2,736</b>         |

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

In 1Q06, the Administrative and Personnel Expenses showed a R\$ 323 million increase when compared to the same period last year, reaching the amount of R\$ 2,736 million against R\$ 2,413 million in the same period of 2005. The nominal variation of Administrative Expenses between periods of three months ended on March 31, 2005 and 2006 shows a R\$ 125 million increase, reaching the amount of R\$ 1,317 million mainly justified: (i) by the increase in the client base; (ii) by the acquisition of BEC in the first quarter of 2006; and (iii) by contractual adjustments in the period.

Personnel Expenses increased R\$ 198 million when compared to the same period of 2005, reaching R\$ 1,419 million, pointing out: (i) higher expenses: employee profit sharing (PLR) in the amount of R\$ 35 million; (ii) higher labor

claims provisions R\$ 58 million; (iii) the acquisition of Banco BEC R\$ 15 million; and (iv) the increase in the salary levels, resulting from the Collective Bargaining Agreement of 2005 (6%), benefits and other of R\$ 90 million.

When compared to 4Q05, Administrative and Personnel Expenses decreased R\$ 64 million, with a reduction of 2.3%, from R\$ 2,800 million in 4Q05 to R\$ 2,736 million in 1Q06.

Administrative Expenses decreased by R\$ 122 million compared to the previous quarter. However, excluding the seasonal effect of advertising expenses in the 4th quarter of 2005, we can notice that such expenses remained almost stable compared to the 4th quarter of 2005.

Personal Expenses in 1Q06 increased by R\$ 58 million mainly due to: (i) higher expenses with PLR of R\$ 37 million; (ii) higher expenses with provisions for labor proceedings of R\$ 25 million; (iii) the acquisition of Banco BEC R\$ 15 million; which were mitigated: (iv) by the concentration of net accrual of the increase in salary levels R\$ 19 million.

**Operating Efficiency**

|  | R\$ million   |               |               |               |               |                         |
|--|---------------|---------------|---------------|---------------|---------------|-------------------------|
|  | Years         |               |               |               |               | 1 <sup>st</sup><br>Qtr. |
|  | 2001          | 2002          | 2003          | 2004          | 2005          | 2006                    |
| Personnel Expenses   | 3,549         | 4,076         | 4,779         | 4,969         | 5,312         | 5,509                   |
| Employee Profit Sharing  | (160)         | (140)         | (170)         | (182)         | (287)         | (321)                   |
| Other Administrative Expenses  | 3,436         | 4,028         | 4,814         | 4,937         | 5,142         | 5,267                   |
| <b>Total (1)</b>   | <b>6,825</b>  | <b>7,964</b>  | <b>9,423</b>  | <b>9,724</b>  | <b>10,167</b> | <b>10,455</b>           |
| Net Interest Income  | 10,109        | 11,472        | 13,282        | 13,231        | 17,281        | 18,542                  |
| Fee Income   | 3,473         | 3,712         | 4,557         | 5,824         | 7,349         | 7,728                   |
| <b>Subtotal Private Pension Plans and Savings Bonds</b>                                  | <b>(588)</b>  | <b>658</b>    | <b>(149)</b>  | <b>(60)</b>   | <b>294</b>    | <b>623</b>              |
| Income from Insurance Premiums, Private Pension Plans and Savings Bonds                  | 8,959         | 10,135        | 11,726        | 13,284        | 13,647        | 14,309                  |
| Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds | (3,492)       | (2,785)       | (3,670)       | (3,964)       | (2,756)       | (2,917)                 |
| Retained Claims  | (3,252)       | (3,615)       | (3,980)       | (5,159)       | (5,825)       | (5,962)                 |
| Savings Bonds Draws and Redemptions  | (744)         | (721)         | (1,100)       | (1,223)       | (1,229)       | (1,268)                 |
| Insurance, Private Pension Plans and Savings Bonds Selling Expenses                      | (689)         | (667)         | (762)         | (867)         | (961)         | (975)                   |
| Expenses with Pension Plan Benefits and Redemptions                                      | (1,370)       | (1,689)       | (2,363)       | (2,131)       | (2,582)       | (2,564)                 |
| Equity in the Earnings of Affiliated Companies   | 71            | 65            | 5             | 163           | 76            | 86                      |
| Other Operating Expenses   | (1,831)       | (3,148)       | (2,741)       | (2,826)       | (3,405)       | (3,661)                 |
| Other Operating Income   | 1,326         | 1,321         | 1,697         | 1,198         | 1,097         | 1,052                   |
| <b>Total (2)</b>   | <b>12,560</b> | <b>14,080</b> | <b>16,651</b> | <b>17,530</b> | <b>22,692</b> | <b>24,370</b>           |
| <b>Efficiency Ratio (%) = (1/2)</b>  | <b>54.3</b>   | <b>56.6</b>   | <b>56.6</b>   | <b>55.5</b>   | <b>44.8</b>   | <b>42.9</b>             |

(\*) Accumulated amounts for the past 12 months

Efficiency Ratio in percentage

Efficiency Ratio in percentage

The Efficiency Ratio (accumulated in the 12 months) for March 2006 was of 42.9%, improved by 1.9% percentage point compared to the 12-month period ended in December 2005, mainly as a result of the expenses control, pointing out administrative and personnel expenses coupled with the permanent efforts for increase in revenues. Deserves highlight the higher net interest income in the amount R\$ 1,261 million, basically stemming from interest component, generated by an increment in business volume, pointing out a 50.6% 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\$ 379 million, as a result of increase in the average volume of transactions of fee realignment and the segmentation process.

The Efficiency Ratio for (accumulated in the 12 months) March 2006 posted significant improvement of 9.8 percentage point, from 52.7% in March 2005 to 42.9% in March 2006, due to, basically, the effective control of expenses account, especially, personnel and administrative expenses, which in the last 12-month period evolved 13.4% . Another factor that deserved attention in the improvement of efficiency ratio was the 31.5% evolution of net interest income in the period compared, pointing out higher revenues from loan operations at 22.6%, 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\$ 1,261 million includes R\$ 682 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 March 2006 and December 2005, we would reach an index of 44.1% in March 2006 and 45.6% in December 2005, a 1.5 percentage point improvement when compared to December 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\$ 476 million, we would have an improvement of 0.8 percentage point, from 44.1% to 43.3% .

The Expanded Coverage Ratio (fee income)/(personnel expenses + administrative expenses) improved 2.8 percentage points, from 71.8% in 4Q05 to 74.6% in 1Q06, as shown in the following graph:

Administrative Expenses + Personnel and Fee Income

**Other Indicators**

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### **3 - Main Balance Sheet Information**

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**Consolidated Balance Sheet** R\$ thousand

| Assets   | March              |                    |                    | December           |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2006               | 2005               | 2004               | 2003               | 2002               | 2001               |
| <b>Current and Long-term assets</b>                              | <b>211,583,328</b> | <b>204,325,065</b> | <b>180,038,498</b> | <b>171,141,348</b> | <b>137,301,711</b> | <b>105,767,892</b> |
| <b>Funds available</b>   | <b>3,012,703</b>   | <b>3,363,041</b>   | <b>2,639,260</b>   | <b>2,448,426</b>   | <b>2,785,707</b>   | <b>3,085,787</b>   |
| <b>Interbank investments</b>                                     | <b>23,759,335</b>  | <b>25,006,158</b>  | <b>22,346,721</b>  | <b>31,724,003</b>  | <b>21,472,756</b>  | <b>3,867,319</b>   |
| Open Market Investments  | 15,550,118         | 19,615,744         | 15,667,078         | 26,753,660         | 19,111,652         | 2,110,573          |
| Interbank Deposits   | 8,209,218          | 5,390,726          | 6,682,608          | 4,970,343          | 2,370,345          | 1,760,850          |
| Allowance for Losses   | (1)                | (312)              | (2,965)            |                    | (9,241)            | (4,104)            |
| <b>Maketable Securities and Derivative Financial Instruments</b> | <b>68,669,130</b>  | <b>64,450,808</b>  | <b>62,421,658</b>  | <b>53,804,780</b>  | <b>37,003,454</b>  | <b>40,512,688</b>  |
| Own Portfolio  | 62,534,585         | 59,324,858         | 51,255,745         | 42,939,043         | 29,817,033         | 27,493,936         |
| Subject to Repurchase Agreements                                 | 676,524            | 1,051,665          | 4,807,769          | 5,682,852          | 1,497,383          | 9,922,036          |
| Derivative Financial Instruments                                 | 1,600,357          | 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                     | 1,836,391          | 2,506,172          | 4,512,563          | 3,109,634          | 3,536,659          | 1,988,799          |
| Privatization Currencies   | 58,753             | 98,142             | 82,487             | 88,058             | 77,371             | 25,104             |
| Subject to Collateral Provided                                   | 1,850,715          | 995,483            | 1,365,138          | 1,752,882          | 1,836,169          | 715,858            |
| Securities Purpose of Unrestricted Purchase and Sale             |                    |                    |                    |                    |                    |                    |
| Commitments  | 111,805            |                    |                    |                    |                    |                    |
| Provisions for Mark-to-Market                                    |                    |                    |                    |                    |                    | (740,433)          |
| <b>Interbank Accounts</b>  | <b>16,936,266</b>  | <b>16,922,165</b>  | <b>16,087,102</b>  | <b>14,012,837</b>  | <b>12,943,432</b>  | <b>5,141,940</b>   |
| Unsettled Receipts and Payments                                  | 325,459            | 39,093             | 22,075             | 20,237             | 16,902             | 10,118             |
| Restricted Credits:  |                    |                    |                    |                    |                    |                    |
| Restricted Deposits  |                    |                    |                    |                    |                    |                    |
| Brazilian Central Bank   | 16,173,653         | 16,444,866         | 15,696,154         | 13,580,425         | 12,519,635         | 4,906,502          |
| National Treasury  |                    |                    |                    |                    |                    |                    |
| Rural Funding  | 578                | 578                | 578                | 578                | 578                | 712                |
| SFH  | 398,254            | 396,089            | 335,320            | 391,871            | 374,177            | 217,518            |
| Correspondent Banks  | 38,322             | 41,539             | 32,975             | 19,726             | 32,140             | 7,090              |
| <b>Interdepartamental Accounts</b>                               | <b>325,342</b>     | <b>172,831</b>     | <b>147,537</b>     | <b>514,779</b>     | <b>191,739</b>     | <b>176,073</b>     |
| Internal Transfer of Funds                                       | 325,342            | 172,831            | 147,537            | 514,779            | 191,739            | 176,073            |
| <b>Loan Operations</b>   | <b>70,677,376</b>  | <b>68,328,802</b>  | <b>51,890,887</b>  | <b>42,162,718</b>  | <b>39,705,279</b>  | <b>35,131,359</b>  |
| Loan Operations:   |                    |                    |                    |                    |                    |                    |



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|   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Public Sector   | 1,057,481         | 821,730           | 536,975           | 186,264           | 254,622           | 199,182           |
| Private Sector  | 74,675,334        | 72,205,630        | 55,242,348        | 45,768,970        | 42,842,693        | 37,689,671        |
| Allowance for Doubtful<br>Accounts                                      | (5,055,439)       | (4,698,558)       | (3,888,436)       | (3,792,516)       | (3,392,036)       | (2,757,494)       |
| <b>Leasing Operations</b>   | <b>2,624,359</b>  | <b>2,411,299</b>  | <b>1,556,321</b>  | <b>1,306,433</b>  | <b>1,431,166</b>  | <b>1,567,927</b>  |
| Leasing Receivables   |                   |                   |                   |                   |                   |                   |
| Public Sector   | 115,841           | 66,237            |                   |                   | 45                | 138               |
| Private Sector  | 5,268,329         | 4,896,717         | 3,237,226         | 2,859,533         | 3,141,724         | 3,248,050         |
| Unearned Income from<br>Leasing   | (2,644,325)       | (2,444,596)       | (1,576,690)       | (1,438,534)       | (1,560,278)       | (1,557,642)       |
| Allowance for Leasing<br>Losses   | (115,486)         | (107,059)         | (104,215)         | (114,566)         | (150,325)         | (122,619)         |
| <b>Other receivables:</b>   | <b>23,907,835</b> | <b>22,106,013</b> | <b>21,664,592</b> | <b>24,098,765</b> | <b>20,690,054</b> | <b>15,685,433</b> |
| Receivables on Guarantees<br>Honored                                    | 10                |                   | 811               | 624               | 1,577             | 1,131             |
| Foreign Exchange Portfolio<br>Receivables                               | 8,999,580         | 6,937,144         | 7,336,806         | 11,102,537        | 10,026,298        | 5,545,527         |
| Negotiation and<br>Intermediation of Securities<br>Specific Receivables | 240,225           | 183,015           | 197,120           | 331,064           | 249,849           | 187,910           |
| Insurance Premiums<br>Receivable  | 405,509           | 1,124,197         | 357,324           | 602,543           | 175,185           | 761,754           |
| Sundry  |                   |                   |                   |                   |                   | 146,919           |
| Allowance for Other Doubtful<br>Accounts                                | 1,088,376         | 1,073,002         | 988,029           | 889,358           | 718,909           | 995,662           |
| <b>Other Assets</b>   | <b>13,318,434</b> | <b>12,941,687</b> | <b>12,937,408</b> | <b>11,324,857</b> | <b>9,640,966</b>  | <b>8,107,714</b>  |
| Other Assets  |                   |                   |                   |                   |                   |                   |
| Provision for Mark-to-Market<br>Adjustments                             | 374,383           | 367,688           | 477,274           | 586,994           | 679,515           | 415,484           |
| Prepaid Expenses  | (180,361)         | (180,941)         | (230,334)         | (257,185)         | (243,953)         | (164,290)         |
| <b>Permanent Assets</b>   | <b>1,476,960</b>  | <b>1,377,201</b>  | <b>1,037,480</b>  | <b>738,798</b>    | <b>642,562</b>    | <b>348,172</b>    |
| <b>Investments</b>  | <b>4,808,022</b>  | <b>4,357,865</b>  | <b>4,887,970</b>  | <b>4,956,342</b>  | <b>5,483,319</b>  | <b>4,348,014</b>  |
| Interest in Affiliated<br>Companies:                                    | <b>922,327</b>    | <b>984,970</b>    | <b>1,101,174</b>  | <b>862,323</b>    | <b>512,720</b>    | <b>884,773</b>    |
| in the country  | 402,443           | 438,819           | 496,054           | 369,935           | 395,006           | 742,586           |
| Other Investments   | 885,596           | 895,836           | 971,311           | 857,985           | 439,342           | 452,871           |
| Allowance for Losses  | (365,712)         | (349,685)         | (366,191)         | (365,597)         | (321,628)         | (310,684)         |
| <b>Property, Plant and<br/>Equipment in use</b>                         | <b>1,992,733</b>  | <b>1,985,571</b>  | <b>2,270,497</b>  | <b>2,291,994</b>  | <b>2,523,949</b>  | <b>2,152,680</b>  |
| Buildings in Use  | 1,127,496         | 1,115,987         | 1,357,063         | 1,398,735         | 1,748,409         | 1,475,581         |
| Other Fixed Assets  | 3,626,524         | 3,644,874         | 3,604,741         | 3,480,636         | 3,459,950         | 2,988,008         |
| Accumulated Depreciation  | (2,761,287)       | (2,775,290)       | (2,691,307)       | (2,587,377)       | (2,684,410)       | (2,310,909)       |
| <b>Leased Assets</b>  | <b>11,094</b>     | <b>9,323</b>      | <b>18,951</b>     | <b>34,362</b>     | <b>34,323</b>     | <b>46,047</b>     |
| Leased Assets   | 26,313            | 23,161            | 58,463            | 63,812            | 51,198            | 51,214            |
| Accumulated Depreciation  | (15,219)          | (13,838)          | (39,512)          | (29,450)          | (16,875)          | (5,167)           |
| <b>Deferred Charges</b>   | <b>1,881,868</b>  | <b>1,378,001</b>  | <b>1,497,348</b>  | <b>1,767,663</b>  | <b>2,412,327</b>  | <b>1,264,514</b>  |
| Organization and Expansion<br>Costs                                     | 1,371,218         | 1,315,881         | 1,170,866         | 1,124,058         | 1,037,559         | 874,970           |
| Accumulated Amortization  | (816,550)         | (785,364)         | (699,710)         | (572,620)         | (568,525)         | (481,127)         |
| Goodwill on Acquisition of<br>Subsidiaries,                             |                   |                   |                   |                   |                   |                   |

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|                     |                    |                    |                    |                    |                    |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net of Amortization | 1,327,200          | 847,484            | 1,026,192          | 1,216,225          | 1,943,293          | 870,671            |
| <b>Total</b>        | <b>216,391,350</b> | <b>208,682,930</b> | <b>184,926,468</b> | <b>176,097,690</b> | <b>142,785,030</b> | <b>110,115,906</b> |

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**Consolidated Balance Sheet** R\$ thousand

| <b>Liabilities</b>   | <b>March</b>       |                    |                    | <b>December</b>    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>2006</b>        | <b>2005</b>        | <b>2004</b>        | <b>2003</b>        | <b>2002</b>        | <b>2001</b>        |
| <b>Current and Long-term Liabilities</b>                         | <b>195,864,058</b> | <b>189,163,465</b> | <b>169,596,632</b> | <b>162,406,307</b> | <b>131,652,394</b> | <b>100,199,709</b> |
| <b>Deposits</b>  | <b>74,482,497</b>  | <b>75,405,642</b>  | <b>68,643,327</b>  | <b>58,023,885</b>  | <b>56,363,163</b>  | <b>41,083,979</b>  |
| Demand Deposits  | 16,240,015         | 15,955,512         | 15,297,825         | 12,909,168         | 13,369,917         | 8,057,627          |
| Savings Deposits   | 25,560,295         | 26,201,463         | 24,782,646         | 22,140,171         | 20,730,683         | 18,310,948         |
| Interbank Deposits   | 128,014            | 145,690            | 19,499             | 31,400             | 23,848             | 40,446             |
| Time Deposits  | 32,295,927         | 32,836,656         | 28,459,122         | 22,943,146         | 22,238,715         | 14,674,958         |
| Other Deposits   | 258,246            | 266,321            | 84,235             |                    |                    |                    |
| <b>Funds obtained in the open market</b>                         | <b>24,036,622</b>  | <b>24,638,884</b>  | <b>22,886,403</b>  | <b>32,792,725</b>  | <b>16,012,965</b>  | <b>14,057,327</b>  |
| Own Portfolio  | 12,905,688         | 12,690,952         | 8,248,122          | 6,661,473          | 915,946            | 12,178,855         |
| Third-party Portfolio  | 11,030,935         | 11,947,932         | 14,430,876         | 17,558,740         | 12,188,054         | 1,878,472          |
| Unrestricted Portfolio   | 99,999             |                    | 207,405            | 8,572,512          | 2,908,965          |                    |
| <b>Issuance of Securities</b>                                    | <b>6,307,259</b>   | <b>6,203,886</b>   | <b>5,057,492</b>   | <b>6,846,896</b>   | <b>3,136,842</b>   | <b>4,801,410</b>   |
| Exchange Acceptances   |                    |                    |                    |                    | 1,214              |                    |
| Mortgage Notes   | 843,313            | 847,508            | 681,122            | 1,030,856          | 384,727            | 780,425            |
| Debentures Funds   | 2,733,165          | 2,624,899          |                    | 7,291              | 100,369            | 48,921             |
| Securities Issued Abroad   | 2,730,781          | 2,731,479          | 4,376,370          | 5,808,749          | 2,650,532          | 3,972,064          |
| <b>Interbank Accounts</b>  | <b>157,194</b>     | <b>139,193</b>     | <b>174,066</b>     | <b>529,332</b>     | <b>606,696</b>     | <b>192,027</b>     |
| Interbank Onlendings   |                    |                    |                    | 159,098            | 35,686             | 4,519              |
| Correspondent Banks  | 157,194            | 139,193            | 174,066            | 370,234            | 571,010            | 187,508            |
| <b>Interdepartamental Accounts</b>                               | <b>1,267,803</b>   | <b>1,900,913</b>   | <b>1,745,721</b>   | <b>1,782,068</b>   | <b>1,337,729</b>   | <b>762,505</b>     |
| Third-party Funds in Transit                                     | 1,267,803          | 1,900,913          | 1,745,721          | 1,782,068          | 1,337,729          | 762,505            |
| <b>Borrowings</b>  | <b>6,043,546</b>   | <b>7,135,327</b>   | <b>7,561,395</b>   | <b>7,223,356</b>   | <b>9,390,630</b>   | <b>7,887,154</b>   |
| Local Borrowings Official Institutions                           | 1,012              | 1,088              | 1,376              | 2,070              | 3,368              | 2,979              |
| Local Borrowings Other Institutions                              | 16                 | 18                 | 11,756             | 4,010              | 216,812            | 230,468            |
| Foreign Currency Borrowings                                      | 6,042,518          | 7,134,221          | 7,548,263          | 7,217,276          | 9,170,450          | 7,653,707          |
| <b>Local Onlending Official Institutions</b>                     | <b>9,566,979</b>   | <b>9,427,571</b>   | <b>8,355,398</b>   | <b>7,554,266</b>   | <b>7,000,046</b>   | <b>5,830,633</b>   |
| National Treasury  | 14,402             | 52,318             | 72,165             | 51,398             | 62,187             |                    |
| National Bank for Economic and Social Development (BNDES)        | 4,343,620          | 4,237,973          | 3,672,007          | 3,403,462          | 3,437,319          | 3,067,220          |
| Federal Savings Bank (CEF)                                       | 63,078             | 59,588             | 395,820            | 459,553            | 453,803            | 433,381            |
| Government Agency for Machinery and Equipment Financing (FINAME) | 5,143,258          | 5,075,232          | 4,211,762          | 3,638,966          | 3,045,176          | 2,321,508          |
| Other institutions   | 2,621              | 2,460              | 3,644              | 887                | 1,561              | 8,524              |
| Foreign Onlendings   | <b>374</b>         | <b>183</b>         | <b>42,579</b>      | <b>17,161</b>      | <b>47,677</b>      | <b>316,283</b>     |

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|  |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Foreign Onlendings   | 374                | 183                | 42,579             | 17,161             | 47,677             | 316,283            |
| <b>Derivative Financial Instruments</b>  | <b>1,128,413</b>   | <b>238,473</b>     | <b>173,647</b>     | <b>52,369</b>      | <b>576,697</b>     | <b>111,600</b>     |
| <b>Technical Provisions for Insurance, Private Pension Plans and Savings Bonds</b> | <b>42,555,173</b>  | <b>40,862,555</b>  | <b>33,668,654</b>  | <b>26,408,952</b>  | <b>19,155,479</b>  | <b>13,853,426</b>  |
| <b>Other Liabilities</b>   | <b>30,318,198</b>  | <b>23,210,838</b>  | <b>21,287,950</b>  | <b>21,175,297</b>  | <b>18,024,470</b>  | <b>11,303,365</b>  |
| Collection of Taxes and Other Contributions  | 1,516,773          | 156,039            | 204,403            | 130,893            | 108,388            | 181,453            |
| Foreign Exchange Portfolio   | 3,878,459          | 2,206,952          | 3,011,421          | 5,118,801          | 5,002,132          | 1,343,769          |
| Social and Statutory Payables  | 1,713,847          | 1,254,651          | 900,266            | 851,885            | 666,409            | 572,265            |
| Fiscal and Pension Plans Activities  | 6,126,128          | 5,041,312          | 4,495,387          | 4,781,458          | 4,376,031          | 3,371,127          |
| Negotiation and Intermediation of Securities                                       | 404,945            | 893,957            | 312,267            | 595,958            | 109,474            | 1,307,385          |
| Financial and Development Funds  | 1,768              |                    |                    |                    |                    |                    |
| Subordinated Debt  | 9,613,739          | 6,719,305          | 5,972,745          | 4,994,810          | 3,321,597          | 969,842            |
| Sundry   | 7,062,539          | 6,938,622          | 6,391,461          | 4,701,492          | 4,440,439          | 3,557,524          |
| <b>Deferred Income</b>   | <b>79,863</b>      | <b>52,132</b>      | <b>44,600</b>      | <b>31,774</b>      | <b>15,843</b>      | <b>9,020</b>       |
| Deferred Income  | 79,863             | 52,132             | 44,600             | 31,774             | 15,843             | 9,020              |
| <b>Minority interest in subsidiary companies</b>                                   | <b>72,003</b>      | <b>58,059</b>      | <b>70,590</b>      | <b>112,729</b>     | <b>271,064</b>     | <b>139,231</b>     |
| <b>Stockholders' Equity</b>  | <b>20,375,426</b>  | <b>19,409,274</b>  | <b>15,214,646</b>  | <b>13,546,880</b>  | <b>10,845,729</b>  | <b>9,767,946</b>   |
| Capital:   |                    |                    |                    |                    |                    |                    |
| Local Residents  | 11,947,791         | 11,914,375         | 6,959,015          | 6,343,955          | 4,960,425          | 4,940,004          |
| Foreign Residents  | 1,052,209          | 1,085,625          | 740,985            | 656,045            | 239,575            | 259,996            |
| Receivables  |                    |                    | (700,000)          |                    |                    |                    |
| Capital Reserves   | 36,223             | 36,032             | 10,853             | 8,665              | 7,435              | 7,435              |
| Profit Reserves  | 6,883,896          | 5,895,214          | 7,745,713          | 6,066,640          | 5,715,317          | 4,614,110          |
| Mark-to-Market Adjustment  |                    |                    |                    |                    |                    |                    |
| Marketable Securities and Derivatives  | 490,657            | 507,959            | 458,080            | 478,917            | 9,152              |                    |
| Treasury Stock   | (35,350)           | (29,931)           |                    | (7,342)            | (86,175)           | (53,599)           |
| <b>Stockholders' equity managed by parent company</b>                              | <b>20,447,429</b>  | <b>19,467,333</b>  | <b>15,285,236</b>  | <b>13,659,609</b>  | <b>11,116,793</b>  | <b>9,907,177</b>   |
| <b>Total</b>   | <b>216,391,350</b> | <b>208,682,930</b> | <b>184,926,468</b> | <b>176,097,690</b> | <b>142,785,030</b> | <b>110,115,906</b> |

**Total Assets by Currency and Maturity**

Total Assets by Currency R\$ million

Total Assets by Maturity R\$ million

**Marketable Securities**

## Summary of the Classification of Securities

|                                   | R\$ million   |                             |                          |                     |               |              |
|-----------------------------------|---------------|-----------------------------|--------------------------|---------------------|---------------|--------------|
|                                   | Financial     | Insurance/<br>Savings Bonds | Private<br>Pension Plans | Other<br>Activities | Total         | %            |
| Trading Securities                | 7,325         | 7,289                       | 33,267                   | 378                 | 48,259        | 74.3         |
| Securities Available for Sale     | 9,796         | 1,599                       | 1,098                    | 15                  | 12,508        | 19.2         |
| Securities Held to Maturity       | 1,072         |                             | 3,185                    |                     | 4,257         | 6.5          |
| <b>Subtotal</b>                   | <b>18,193</b> | <b>8,888</b>                | <b>37,550</b>            | <b>393</b>          | <b>65,024</b> | <b>100.0</b> |
| Purchase and Sale Commitments     | 1,473         | 1,579                       | 593                      |                     | 3,645         |              |
| <b>Total on March 31, 2006</b>    | <b>19,666</b> | <b>10,467</b>               | <b>38,143</b>            | <b>393</b>          | <b>68,669</b> |              |
| <b>Total on December 31, 2005</b> | <b>17,777</b> | <b>9,545</b>                | <b>36,765</b>            | <b>364</b>          | <b>64,451</b> |              |
| <b>Total on March 31, 2005</b>    | <b>26,206</b> | <b>7,504</b>                | <b>31,015</b>            | <b>117</b>          | <b>64,842</b> |              |

## Composition of Marketable Securities by Issuance

| Securities                     | R\$ million   |               |               |
|--------------------------------|---------------|---------------|---------------|
|                                | 2005          |               | 2006          |
|                                | March         | December      | March         |
| Government                     | 35,210        | 28,449        | 29,712        |
| Private                        | 8,965         | 13,944        | 14,422        |
| PGBL / VGBL                    | 11,856        | 16,176        | 20,890        |
| <b>Subtotal</b>                | <b>56,031</b> | <b>58,569</b> | <b>65,024</b> |
| Purchase and Sale Commitments: | 8,811         | 5,882         | 3,645         |
| Funds                          | 5,445         | 1,914         | 3,167         |
| PGBL / VGBL                    | 3,366         | 3,968         | 478           |
| <b>Total</b>                   | <b>64,842</b> | <b>64,451</b> | <b>68,669</b> |

## 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 8.

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## Loan Operations

The consolidated balance of loan operations reached at the end of 1Q06 a total of R\$ 84.4 billion, representing a 4.1% increase in the quarter and a 28.0% growth in the last 12 months.

Bradesco's growth in the loan portfolio was more pronounced in the operations for individuals, especially the portfolios of vehicle financing and personal loan, in view that, in businesses involving legal entities, the lines targeted at working capital and export financing stood out, in spite of the dollar depreciation of 7.2% in the period.

Loan Operations    Total Portfolio

The loan for individuals showed a less intense rhythm of 7.5% in the quarter, although maintaining a good growth with a 50.6% increase when compared to the balance of March 2005, mainly due to the consolidation of some categories, such as consigned loan and operating agreements.

Accordingly, the loan granted to companies increased 15.3% in the last 12 months with a better behavior in the quarter, with an increase of 1.7%, due to the drop of loan acquisitions and to the balance of operations portfolios carried out in Branches and Subsidiaries Overseas due to the exchange fluctuation, as previously mentioned.

Loan Operations    per Type of Client



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Loan Operations Client Feature

The higher increase in the individuals segment operations was reflected in the increase of its relative participation in the loan portfolio, starting representing, in March 2006, 42.3% of the total portfolio compared to 35.9% observed in March 2005, besides also changing the representativeness of the Bank's business segments, as observed in the table bellow:

Loan Operations per Activity Sector in percentage

The loan portfolio of Banco Finasa, mainly targeted at vehicle financing for individual clients, has been showing the highest evolution among the business segments, starting being responsible for 18.8% of the loan portfolio of Bradesco Conglomerate. On the other hand, the share of the Corporate segment, even with a growth of R\$ 2.0 billion in the last twelve months, decreased from 35.7% in March 2005 to 30.3% in March 2006. The other representative segments (Retail and Companies) remained with a share practically steady in the period.

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Loan Operations per Activity Sector

|  | R\$ million   |              |               |              |               |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
|  | 2005          |              | 2005          |              | 2006          |              |
|  | March         | %            | December      | %            | March         | %            |
| <b>Public Sector</b>   | <b>571</b>    | <b>0.9</b>   | <b>891</b>    | <b>1.1</b>   | <b>1,089</b>  | <b>1.2</b>   |
| <b>Private Sector</b>  | <b>65,408</b> | <b>99.1</b>  | <b>80,239</b> | <b>98.9</b>  | <b>83,337</b> | <b>98.8</b>  |
| Industry   | 18,337        | 27.8         | 20,396        | 25.1         | 19,313        | 23.0         |
| Commerce   | 10,198        | 15.4         | 12,077        | 14.9         | 12,649        | 15.0         |
| Financial Intermediary   | 523           | 0.8          | 259           | 0.3          | 266           | 0.3          |
| Services   | 11,459        | 17.4         | 13,193        | 16.3         | 14,304        | 16.9         |
| Agribusiness, Fishing, Silviculture and<br>Forest Exploitation | 1,169         | 1.8          | 1,093         | 1.4          | 1,087         | 1.3          |
| Individuals  | 23,722        | 35.9         | 33,221        | 40.9         | 35,718        | 42.3         |
| <b>Total</b>   | <b>65,979</b> | <b>100.0</b> | <b>81,130</b> | <b>100.0</b> | <b>84,426</b> | <b>100.0</b> |

When distribution is concerned, by activity sector, the industry had a drop in the balance and in the share of the portfolio, due to the reduction of loans for the food and automobile industries, however remained with the highest loan volume (with 23.0% of the total portfolio), followed by Services (16.9%) and Commerce (15.0%).

We point out in the quarter the growth in the share and in the balance of the Services sector, mainly influenced by a short-term operation.

## Loan Operations per Type

|   | R\$ million   |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | 2004          |               | 2005          |               |
|   | December      | March         | December      | March         |
| Borrowings and Discount of Trade                                    |               |               |               |               |
| Receivables   | 27,791        | 29,435        | 36,483        | 38,048        |
| Financings  | 21,906        | 22,914        | 30,142        | 31,034        |
| Rural and Agribusiness Loans  | 6,082         | 5,919         | 6,403         | 6,651         |
| Leasing Operations  | 1,661         | 1,774         | 2,518         | 2,740         |
| Advances on Foreign Exchange Contracts                              | 4,796         | 5,298         | 5,017         | 5,443         |
| <b>Subtotal of Loan Operations</b>                                  | <b>62,236</b> | <b>65,340</b> | <b>80,563</b> | <b>83,916</b> |
| Other Loans   | 552           | 639           | 567           | 510           |
| <b>Total Loan Operations</b>  | <b>62,788</b> | <b>65,979</b> | <b>81,130</b> | <b>84,426</b> |
| <b>Sureties and Aval Guarantees Recorded in Memorandum Accounts</b> | <b>8,100</b>  | <b>9,085</b>  | <b>9,630</b>  | <b>10,737</b> |
| <b>Total Including Sureties and Aval Guarantees</b>                 | <b>70,888</b> | <b>75,064</b> | <b>90,760</b> | <b>95,163</b> |

The evolution of balance of operations with Sureties and Aval Guarantees rendered was recorded again, with a growth of 11.5% in the quarter, pointing out the operations carried out with clients of the Corporate segment.

## Loan Portfolio Quality

The change in the share of credits under the AA and C ratings, compared to the total portfolio, was already expected due to the change of its profile, as previously observed. This trend must remain during the next quarters, following the changes of distribution of credits among the business segments, offset by the higher profitability generated by these assets.

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## Loan Operations by Rating in percentage

Consistently with the growth of individual client operations, the total volume of allowance for doubtful accounts reached R\$ 5,315 million, presenting a slight increase in relative terms, when compared to the total loan portfolio (6.1% in December 2005 to 6.3% in March 2006), ensuring the maintenance of adequate levels of PDD coverage.

In this regard, we point out the strength 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 previous graph that are PDD coverage ratios on loan losses had comfortable margin over all the period analyzed. The trend for the next quarters is maintenance of the relation between the PDD coverage and the write-offs for loss.

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Delinquency up to 90 days x PDD

In the 1<sup>st</sup> quarter , it can be verified a growth of the general delinquency ratio, both due to the already mentioned change of the portfolio profile, with higher share in individual client operations, intensified by the seasonal increase normally verified in the 1<sup>st</sup> quarter of each year, and due to the slight deterioration of their payment capacity, noticed in all the National Financial System. For next months, a slight increase in the delinquency indicators is expected, already duly priced in our products and services.

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Distribution of the Loan Portfolio of Normal Course by Terms in percentage

The terms of loan operations, reflected by 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 represent 48.6% of total portfolio in March 2006, against 46.2% in twelve months.

Loan Portfolio Movement between March 2005 and 2006 R\$ million

At the same time Bradesco has tried to conquer new clients in the market, mainly among individuals, the concern of having the loyalty of those previously existing remains, by means of the offer of new financing lines and revaluation of current loan limits, maintaining the high quality of clients, as shown in the table below:

Loan Portfolio Movement between March 2005 and 2006

| Rating       | Borrowers Remaining from March 2005 |              | New Borrowers Between March 2005 and 2006 |              | Total Loans in March 2006 |              |
|--------------|-------------------------------------|--------------|---|--------------|---------------------------|--------------|
|              | R\$ million                         | %            | R\$ million                               | %            | R\$ million               | %            |
| AA C         | 62,054                              | 92.0         | 16,271                                    | 95.7         | 78,325                    | 92.8         |
| D            | 1,605                               | 2.4          | 222                                       | 1.3          | 1,827                     | 2.1          |
| E H          | 3,761                               | 5.6          | 513                                       | 3.0          | 4,274                     | 5.1          |
| <b>Total</b> | <b>67,420</b>                       | <b>100.0</b> | <b>17,006</b>                             | <b>100.0</b> | <b>84,426</b>             | <b>100.0</b> |

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Concentration of Loan Portfolio

The concentration of largest borrowers kept decreasing in March 2006, in relation to the status showed in the last 12 months, in spite of the slight growth in the quarter, as can be evidenced in the following table:

Concentration Loan Operations without Guarantee in percentage

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   | 2006     |        |
|   | December    | March  | December | March  |
| Total Loan Operations   | 62,788      | 65,979 | 81,130   | 84,426 |
| Individual  | 21,191      | 23,722 | 33,221   | 35,718 |
| Corporate   | 41,597      | 42,257 | 47,909   | 48,708 |
| Existing Provision  | 4,145       | 4,301  | 4,959    | 5,315  |
| Specific  | 1,785       | 1,867  | 2,288    | 2,703  |
| Generic   | 1,435       | 1,496  | 1,657    | 1,580  |
| Additional  | 925         | 938    | 1,014    | 1,032  |
| Specific Provision/Existing Provision (%)                         | 43.1        | 43.4   | 46.1     | 50.8   |
| Existing Provision/ Loan Operations (%)                           | 6.6         | 6.5    | 6.1      | 6.3    |
| AA - C Rated Loan Operations / Loan Operations (%)                | 92.3        | 92.5   | 93.2     | 92.8   |
| Operations Under Risk Management (D Rating) / Loan Operations (%) | 2.7         | 2.3    | 2.0      | 2.1    |
| E - H Rated Loan Operations / Loan Operations (%)                 | 5.0         | 5.2    | 4.8      | 5.1    |
| Loan Operations (D Rating)  | 1,693       | 1,524  | 1,578    | 1,827  |
| Existing Provision for D Rating Loan Operations                   | 454         | 347    | 407      | 482    |
| Provision/ D Rating Loan Operations (%)                           | 26.8        | 22.7   | 25.8     | 26.4   |
| D - H Rated Loan Operations overdue                               | 2,441       | 2,652  | 3,303    | 4,006  |
| Total Provision / D - H Rated Loan Operations overdue (%)         | 169.8       | 162.2  | 150.1    | 132.7  |
| E - H Rated Loan Operations                                       | 3,167       | 3,397  | 3,905    | 4,274  |
| Existing Provision for E - H Rated Loan Operations                | 2,741       | 2,952  | 3,401    | 3,720  |
| Provision/ E - H Rated Loan Operations (%)                        | 86.5        | 86.9   | 87.1     | 87.0   |
| E - H Rated Loan Operations overdue                               | 2,062       | 2,182  | 2,714    | 3,235  |
| Total Provision/E - H Rated Loan Operations overdue (%)           | 201.0       | 197.1  | 182.7    | 164.3  |
| Total Provision / Non Performing Loans (*) (%)                    | 193.7       | 192.9  | 183.5    | 162.0  |

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

In the 1<sup>st</sup> quarter, we noticed, in general, a slight growth of the delinquency ratios. The increase was already estimated, due to changes in the portfolio breakdown and to a slight increase in the delinquency of our clients, in particular of individuals, intensified by the seasonal trend in the period, as noticed in past years. Anyway, the preventive maintenance of high provision levels could absorb such fluctuations, maintaining all performance indicators with comfortable coverage indices.

For 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

| Deposits       | 2005          | 2006          |                     |                      |                    | Total         |
|----------------|---------------|---------------|---------------------|----------------------|--------------------|---------------|
|                | December      | March         |                     |                      |                    |               |
|                | Total         | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days |               |
| Demand         | 15,956        | 16,240        |                     |                      |                    | 16,240        |
| Savings        | 26,201        | 25,560        |                     |                      |                    | 25,560        |
| Interbank      | 146           | 69            | 59                  |                      |                    | 128           |
| Time           | 32,837        | 2,818         | 4,839               | 2,057                | 22,582             | 32,296        |
| Other Deposits | 266           | 258           |                     |                      |                    | 258           |
| <b>Total</b>   | <b>75,406</b> | <b>44,945</b> | <b>4,898</b>        | <b>2,057</b>         | <b>22,582</b>      | <b>74,482</b> |

Demand Deposits R\$ billion

## Checking Accounts

The balance of Checking Accounts of Bradesco Organization in the end of 1Q06 was R\$16.2 billion.

In conformity with the social-environmental responsibility policy, all models of statements (Checking and Savings Accounts) are being printed in a 100% recycled paper.

Quantity of Checking Accounts    Individuals and Corporate    in thousands

In March 2006, includes 170 thousand Individual client accounts and 14 thousand Corporate accounts of BEC

## Savings Accounts

The balance of Bradesco Organization Savings Accounts at the end of 1Q06, was R\$ 25.6 billion in deposits, corresponding to a 19.2% 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.

Traditionally in the 1<sup>st</sup> quarter the Savings Portfolio has a slight reduction due to common expenses at the beginning of the year such as IPVA, IPTU, school supply, among others.

Savings Account Deposits    R\$ billion

In March 2006, includes R\$ 544 million of the Savings Portfolio of BEC.

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

Number of Savings Accounts million

In March 2006, includes 391 thousand accounts of BEC.

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## Asset Management

Bradesco Investment Funds continue to be the best ones of the industry

The Investment Fund management of Bradesco was in the Agência Estado Fundos ranking, disclosed in March 2006. Made in partnership with Ibmecc São Paulo, the ranking appoints the best investment funds of 2005. Bradesco ranked third in the general rating and second in Fixed Income Fund management.

In the ranking disclosed in March 2006 by Investidor Individual magazine, Bradesco had a great rating with 28 five star funds, which ranked third among 61 managers evaluated.

### Highlights of the fund industry in Brazil in 1Q06

The investment fund industry in Brazil had a significant growth in the 1<sup>st</sup> quarter of 2006. The net funding reached about R\$ 39.8 billion in the first three months of the year, increasing the Assets of funds to R\$ 793 billion, according to data from ANBID. The net funding of the 1<sup>st</sup> quarter, compared to the same period of the previous year (R\$ 15.3 billion), had a growth of 160%. The categories of funds which had higher funding were Fixed Income (R\$ 16.7 billion) and Multimarket (R\$ 11.7 billion) benefited by the reduction of interest rates. We can also highlight the growth and consolidation of the FIDCs (Investment Funds in Credit Rights) industry, whose assets surpass R\$ 14 billion, starting to represent an excellent funding instrument for companies. Additionally, following the evolution of the Brazilian capital markets, we can point out the arising of several multimarket funds and stocks with differentiated investment policies. We can highlight Long/Short, PIBB, Dividends and Small Caps Funds.

### Stockholders Equity

|                         | <b>R\$ million</b> |                |                 |                |                 |              |
|-------------------------|--------------------|----------------|-----------------|----------------|-----------------|--------------|
|                         | <b>2004</b>        |                | <b>2005</b>     |                | <b>2006</b>     |              |
|                         | <b>December</b>    | <b>March</b>   | <b>December</b> | <b>March</b>   | <b>December</b> | <b>March</b> |
| Investment Funds        | 86,253             | 91,730         | 107,540         | 116,875        |                 |              |
| Managed Portfolios      | 8,243              | 7,458          | 8,162           | 8,468          |                 |              |
| Third-party Fund Quotas | 5,144              | 5,569          | 5,480           | 5,937          |                 |              |
| <b>Total</b>            | <b>99,640</b>      | <b>104,757</b> | <b>121,182</b>  | <b>131,280</b> |                 |              |

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### Asset Distribution

|  | <b>R\$ million</b> |              |                 |              |                 |              |
|--|--------------------|--------------|-----------------|--------------|-----------------|--------------|
|  | <b>2004</b>        |              | <b>2005</b>     |              | <b>2006</b>     |              |
|  | <b>December</b>    | <b>March</b> | <b>December</b> | <b>March</b> | <b>December</b> | <b>March</b> |

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|                         |               |               |                |                |                |
|-------------------------|---------------|---------------|----------------|----------------|----------------|
| Investment Funds        | Fixed Income  | 83,441        | 88,812         | 104,183        | 113,023        |
| Investment Funds        | Floating Rate | 2,812         | 2,918          | 3,357          | 3,852          |
| Investment Funds        | Third-Party   | 5,066         | 5,391          | 5,103          | 5,565          |
| <b>Total</b>            |               | <b>91,319</b> | <b>97,121</b>  | <b>112,643</b> | <b>122,440</b> |
| Managed Portfolio       | Fixed Income  | 5,922         | 5,583          | 6,340          | 6,478          |
| Managed Portfolio       | Floating Rate | 2,321         | 1,875          | 1,822          | 1,990          |
| Managed Portfolios      | Third-Party   | 78            | 178            | 377            | 372            |
| <b>Total</b>            |               | <b>8,321</b>  | <b>7,636</b>   | <b>8,539</b>   | <b>8,840</b>   |
| Total Fixed Income      |               | 89,363        | 94,395         | 110,523        | 119,501        |
| Total Floating Rate     |               | 5,133         | 4,793          | 5,179          | 5,842          |
| Total Third-Party Funds |               | 5,144         | 5,569          | 5,480          | 5,937          |
| <b>Total</b>            |               | <b>99,640</b> | <b>104,757</b> | <b>121,182</b> | <b>131,280</b> |

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

(\*) Considering third-party fund quotas.

Number of Funds, Portfolios and Quotaholders

|                    | March 2005 |                  | December 2005 |                  | March 2006 |                  |
|--------------------|------------|------------------|---------------|------------------|------------|------------------|
|                    | Quantity   | Quotaholders     | Quantity      | Quotaholders     | Quantity   | Quotaholders     |
| Investment Funds   | 503        | 2,715,998        | 516           | 3,392,016        | 516        | 3,378,207        |
| Managed Portfolios | 113        | 387              | 110           | 390              | 104        | 494              |
| <b>Total</b>       | <b>616</b> | <b>2,716,385</b> | <b>626</b>    | <b>3,392,406</b> | <b>620</b> | <b>3,378,701</b> |

## **4 - Operating Companies**

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

## Aggregated Balance Sheet (\*)

|  | R\$ million   |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 2004          | 2005          |               | 2006          |
|  | December      | March         | December      | March         |
| <b>Assets</b>  |               |               |               |               |
| <b>Current and Long-Term Assets</b>                            | <b>39,306</b> | <b>41,264</b> | <b>49,169</b> | <b>51,600</b> |
| Marketable Securities  | 36,778        | 38,621        | 46,423        | 48,742        |
| Insurance Premiums Receivable                                  | 951           | 941           | 1,041         | 1,102         |
| Other Receivables  | 1,577         | 1,702         | 1,705         | 1,756         |
| <b>Permanent Assets</b>  | <b>965</b>    | <b>705</b>    | <b>585</b>    | <b>825</b>    |
| <b>Total</b>   | <b>40,271</b> | <b>41,969</b> | <b>49,754</b> | <b>52,425</b> |
| <b>Liabilities</b>   |               |               |               |               |
| <b>Current and Long-Term Liabilities</b>                       | <b>37,195</b> | <b>37,745</b> | <b>43,880</b> | <b>46,041</b> |
| Tax, Civil and Labor Contingencies                             | 1,087         | 1,149         | 1,208         | 1,237         |
| Payables on Insurance, Private Pension Plans and Savings Bonds | 401           | 399           | 455           | 420           |
| Other Liabilities  | 2,075         | 869           | 1,355         | 1,829         |
| Technical Provisions for Insurance                             | 2,687         | 3,213         | 3,703         | 4,027         |
| Technical Provisions for Private Pension Plans                 | 28,960        | 30,080        | 35,020        | 36,353        |
| Technical Provisions for Savings Bonds                         | 1,985         | 2,035         | 2,139         | 2,175         |
| <b>Minority Interest</b>                                       | <b>35</b>     | <b>77</b>     | <b>83</b>     | <b>108</b>    |
| <b>Stockholders Equity</b>                                     | <b>3,041</b>  | <b>4,147</b>  | <b>5,791</b>  | <b>6,276</b>  |
| <b>Total</b>   | <b>40,271</b> | <b>41,969</b> | <b>49,754</b> | <b>52,425</b> |

(\*) 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                 |                      | 2006                 |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Net Premiums Written                       | 4,472                | 3,616                | 5,084                | 4,397                |
| Reinsurance Premiums and Redeemed Premiums | (635)                | (820)                | (780)                | (938)                |
|  | <b>3,837</b>         | <b>2,796</b>         | <b>4,304</b>         | <b>3,459</b>         |

**Insurance, Private Pension Plans and Savings Bonds Retained Premiums**

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Variation in Technical Provisions                           | (1,280)    | (94)       | (1,319)    | (579)      |
| Fee Income  | 88         | 95         | 110        | 127        |
| Retained Claims   | (1,318)    | (1,372)    | (1,533)    | (1,509)    |
| Expenses for Savings Bonds Draws and Redemptions            | (291)      | (247)      | (331)      | (285)      |
| Expenses for Private Pension Plans Benefits and Redemptions | (511)      | (745)      | (593)      | (727)      |
| Selling Expenses  | (236)      | (230)      | (267)      | (247)      |
| Operational Provision Expense for Health Insurance          |            | (324)      |            |            |
| Other Operating Income (Expenses)                           | (4)        | (3)        | (77)       | (75)       |
| Personnel and Administrative Expenses                       | (229)      | (220)      | (269)      | (244)      |
| Tax Expenses  | (40)       | (39)       | (52)       | (48)       |
| Financial Result  | 432        | 500        | 688        | 708        |
| <b>Operating Income</b>                                     | <b>448</b> | <b>117</b> | <b>661</b> | <b>580</b> |
| Non-Operating Income  | (28)       | 3          | (50)       | (5)        |
| Equity Result   | (90)       | 358        | (42)       | 103        |
| Minority Interest   | (2)        | 1          | (6)        | (2)        |
| <b>Income before Taxes and Contributions</b>                | <b>328</b> | <b>479</b> | <b>563</b> | <b>676</b> |
| Taxes and Contributions on Income                           | (16)       | (48)       | (191)      | (215)      |
| <b>Net Income</b>   | <b>312</b> | <b>431</b> | <b>372</b> | <b>461</b> |

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

Performance Ratios in percentage

|                                  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Claims Ratio (1)                 | 79.1                 | 79.9                 | 84.9                 | 78.7                 |                      |                      |
| Selling Ratio (2)                | 12.1                 | 11.5                 | 12.1                 | 11.0                 |                      |                      |
| Combined Ratio (3)               | 101.9                | 101.1                | 109.1                | 99.3                 |                      |                      |
| Expanded Combined Ratio (4)      | 92.8                 | 92.1                 | 91.8                 | 86.0                 |                      |                      |
| Administrative Expense Ratio (5) | 11.9                 | 11.0                 | 13.3                 | 10.9                 |                      |                      |

N.B.: For the purposes of comparison, in 1Q06 excluded the additional provisions for Health Insurance, at the amount of R\$ 149 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 (%)

In the insurance segment, according to information published by SUSEP and ANS data, up to February 2006, Bradesco secured R\$ 2.2 billion in premiums and maintained its leadership with a 25.2% market share. The insurance sector obtained a total of R\$ 8.9 billion in premiums up to February 2005.

## Growth in Insurance Technical Provisions (\*) R\$ million

(\*)Bradeco 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                 |                      | 2006                 |                      |
|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Health (*)     | 805                  | 836                  | 888                  | 925                  |                      |                      |
| Auto/RCF       | 436                  | 460                  | 525                  | 528                  |                      |                      |
| Life/AP/VGBL   | 325                  | 295                  | 300                  | 348                  |                      |                      |
| Basic Lines    | 93                   | 92                   | 92                   | 79                   |                      |                      |
| DPVAT          | 23                   | 53                   | 25                   | 66                   |                      |                      |
| <b>Total</b>   | <b>1,682</b>         | <b>1,736</b>         | <b>1,830</b>         | <b>1,946</b>         |                      |                      |

N.B.: for the purposes of comparison, in 1Q06 we excluded the additional provisions for Health Insurance, at the amount of R\$ 149 million.

In 1Q06, there was an increase of 12.1% 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 1Q06 we excluded the additional provisions for Health Insurance, at the amount of R\$ 149 million.



## Retained Claims by Insurance Line R\$ million

| Insurance Line | 2004                 | 2005                 |                      | 2006                 |
|----------------|----------------------|----------------------|----------------------|----------------------|
|                | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Health         | 749                  | 789                  | 854                  | 782                  |
| Auto/RCF       | 363                  | 337                  | 417                  | 379                  |
| Life/AP/VGBL   | 139                  | 158                  | 209                  | 230                  |
| Basic Lines    | 65                   | 64                   | 56                   | 57                   |
| DPVAT          | 14                   | 38                   | 17                   | 84                   |
| <b>Total</b>   | <b>1,330</b>         | <b>1,386</b>         | <b>1,553</b>         | <b>1,532</b>         |

## Breakdown of Loss Ratio by Insurance Line (%)

N.B.: for the purposes of comparison, in 1Q06 we excluded the additional provisions for Health Insurance, at the amount of R\$ 149 million.

## Insurance Selling Expenses by Insurance Line R\$ million

| Insurance Line | 2004                 | 2005                 |                      | 2006                 |
|----------------|----------------------|----------------------|----------------------|----------------------|
|                | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Health         | 25                   | 27                   | 26                   | 27                   |
| Auto/RCF       | 76                   | 81                   | 95                   | 95                   |
| Life/AP/VGBL   | 83                   | 73                   | 83                   | 76                   |
| Basic Lines    | 20                   | 19                   | 17                   | 17                   |
| DPVAT          |                      |                      | 1                    |                      |
| <b>Total</b>   | <b>204</b>           | <b>200</b>           | <b>222</b>           | <b>215</b>           |

## Selling Expenses by Insurance Line (%)

N.B.: for the purposes of comparison, in 1Q06 we excluded the additional provisions for Health Insurance, at the amount of R\$ 149 million.

Number of Insured in thousands

Until March 2006, there was an increase of 10.9% in the customer base compared to March, 2005.

When comparing 1Q06 to the same period of the prior year, Bradesco Saúde maintained its noteworthy market position (source: ANS). Brazilian companies are increasingly convinced that Health and Dental Insurance are the best alternatives for meeting their medical, hospital and dental care needs. At present, Bradesco Saúde has more than 2.5 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](http://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 February 2006, Bradesco maintained an outstanding position among the main insurance companies in the Brazilian Basic Line (RE) Insurance market, with a significant 8.3% share of total market sales in this area.

In the Asset Risks segment, Bradesco Auto/RE insures the assets of a significant number of large companies of the country related to the home-building, steel, petrochemical, pulp and paper, aircraft, automotive and food sectors by means of issuances 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, in addition to others, we point out that in the 1<sup>st</sup> quarter of 2006, we issued policies for the following insured companies: INFRAERO, Companhia Paulista de Fornecimento de Energia Elétrica - CPEL, Queiroz Galvão Perfurações, Special Vessel, Arsenal de Marinha, Industrias Nucleares Brasileira - INB, PETROBRAS etc. In the D&O segment we can highlight that Bradesco Auto/RE, in partnership with Chubb do Brasil, intensified the commercialization of insurance policies for executives' responsibility protection of many companies.

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In the area of Domestic and International Transport insurance, from the implementation of several visits to clients of the segments Corporate and Companies, mainly in the south, central-west and southeast, we got closer to some important corporate groups, such as: Assolan, Mabel, Maggi, Jolivan, etc.

Similarly, we adopted the strategy to intensify visits to brokers with potential in the transportation insurance portfolio for achievements of new accounts.

We are also being successful in the maintenance of our profitable policies and, as possible, excluding from the portfolio the accounts which are not adding a satisfactory result.

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

We achieved several insurance of business aircraft, in view of the larger disclosure and increase of products Bradesco Seguro Aeronáutico (Bradesco Aircraft Insurance). In the Maritime Hull area, we renewed the account of DOCENAVE's fleet.

We also point out that the relation of Bradesco Auto/RE with Bradesco Corporate and Bradesco Empresas (Middle Market), including with own structure, has allowed greater closeness with Bradesco's clients and enabled the achievement and renew of policies 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.

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 contributed 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 February, 2006 was 15.2% .

### **Awards/Recognition**

1. Bradesco Seguros was elected the most remembered one and the preferred one in the Insurance category in the eighth edition of Pesquisa Marcas de Quem Decide (Brand Research of Who Decides), conducted by Jornal do Comércio/RS in partnership with QualiData Institute. The research was carried out with 330 businessmen and professionals of Rio Grande do Sul and recognized as the most complete study about brands in the south region of the country.
- 2.

Bradesco Auto/RE received the Segurador Brasil 2006 Award, with highlights to the Auto segment. The award is promoted by Segurador Brasil magazine and has as purpose to acknowledge the leadership, performance and achievements of companies of the sector in 2005, besides showing the scenario involving the importance of companies and entities in the implementation and development of concepts, products and services for the Brazilian insurance market.

### **Sponsorships**

Bradesco Seguros was the official insurance company of the 19<sup>th</sup> edition of the International Book Biennial carried out in the Exposition Lodge of Anhembi, in São Paulo, in the period from March 9 to 19.

**Vida e Previdência (Private Pension Plans)**

## Balance Sheet

|   | R\$ million   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2004          |               | 2005          |               | 2006          |               |
|   | December      | March         | December      | March         | December      | March         |
|   |               |               |               |               |               |               |
| <b>Assets</b>   |               |               |               |               |               |               |
| <b>Current and Long-Term Assets</b>                           | <b>31,279</b> | <b>31,613</b> | <b>37,715</b> | <b>39,240</b> | <b>37,715</b> | <b>39,240</b> |
| Funds Available   | 6             | 34            | 12            | 32            | 12            | 32            |
| Marketable Securities   | 30,246        | 30,943        | 36,772        | 38,148        | 36,772        | 38,148        |
| Insurance Operations and Other Receivables                    | 1,027         | 636           | 931           | 1,060         | 931           | 1,060         |
| <b>Permanent Assets</b>                                       | <b>1,590</b>  | <b>819</b>    | <b>143</b>    | <b>145</b>    | <b>143</b>    | <b>145</b>    |
| <b>Total</b>  | <b>32,869</b> | <b>32,432</b> | <b>37,858</b> | <b>39,385</b> | <b>37,858</b> | <b>39,385</b> |
| <b>Liabilities</b>  |               |               |               |               |               |               |
| <b>Current and Long-Term Liabilities</b>                      | <b>31,144</b> | <b>31,040</b> | <b>36,541</b> | <b>37,817</b> | <b>36,541</b> | <b>37,817</b> |
| Tax and Social Security Contingencies                         | 723           | 555           | 942           | 1,118         | 942           | 1,118         |
| Operating Liabilities for Insurance and Private Pension Plans | 518           | 89            | 78            | 70            | 518           | 70            |
| Other Liabilities   | 943           | 316           | 501           | 276           | 943           | 276           |
| Technical Provisions  | 28,960        | 30,080        | 35,020        | 36,353        | 28,960        | 36,353        |
| <b>Stockholders' Equity</b>                                   | <b>1,725</b>  | <b>1,392</b>  | <b>1,317</b>  | <b>1,568</b>  | <b>1,317</b>  | <b>1,568</b>  |
| <b>Total</b>  | <b>32,869</b> | <b>32,432</b> | <b>37,858</b> | <b>39,385</b> | <b>37,858</b> | <b>39,385</b> |

## Statement of Income

|   | R\$ million          |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|   | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|   |                      |                      |                      |                      |                      |                      |
| Retained Premiums   | 322                  | 304                  | 311                  | 327                  | 322                  | 327                  |
| Variations in Premium Reserves                                | (28)                 | (11)                 | (10)                 | (17)                 | (28)                 | (17)                 |
| <b>Earned Premiums</b>  | <b>294</b>           | <b>293</b>           | <b>301</b>           | <b>310</b>           | <b>294</b>           | <b>310</b>           |
| Fee Income  | 88                   | 95                   | 110                  | 127                  | 88                   | 127                  |
| Retained Claims   | (136)                | (167)                | (192)                | (222)                | (136)                | (222)                |
| Expenses with Benefits VGBL                                   | (12)                 | (14)                 | (19)                 | (23)                 | (12)                 | (23)                 |
| Selling Expenses Insurance                                    | (66)                 | (57)                 | (63)                 | (61)                 | (66)                 | (61)                 |
| Other Operating Income (Expenses)                             | (10)                 | (10)                 | (55)                 | (65)                 | (10)                 | (65)                 |
| Income from Withholding Contributions and VGBL Premium        | 2,233                | 1,340                | 2,645                | 1,869                | 2,233                | 1,869                |
| Technical Provisions Variation Private Pension Plans and VGBL | (1,200)              | (11)                 | (1,258)              | (330)                | (1,200)              | (330)                |

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|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Benefits/Redemptions Expenses                   | (499)      | (731)      | (574)      | (704)      |
| Redemptions Expenses VGBL                       | (485)      | (606)      | (628)      | (732)      |
| Selling Expenses Private Pension Plans and VGBL | (43)       | (42)       | (58)       | (44)       |
| Personnel and administrative Expenses           | (67)       | (57)       | (102)      | (65)       |
| Tax Expenses                                    | (19)       | (12)       | (27)       | (28)       |
| Financial Income                                | 1,129      | 1,184      | 1,357      | 1,378      |
| Financial Expenses                              | (909)      | (925)      | (1,034)    | (1,026)    |
| Equity Income                                   | 141        | 407        | (55)       | 2          |
| Non-Operating Income                            | (16)       | (5)        | (15)       | (3)        |
| <b>Income before Taxes and Contributions</b>    | <b>423</b> | <b>682</b> | <b>333</b> | <b>383</b> |
| Taxes and Contributions on Income               | (97)       | (96)       | (104)      | (129)      |
| <b>Net Income</b>                               | <b>326</b> | <b>586</b> | <b>229</b> | <b>254</b> |

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

Source: SUSEP

In 1Q06, income from private pension plans totaled R\$ 1.869 billion.

Life Insurance Premiums and Personal Accidents Market Share (%)

Source: SUSEP

In 1Q06, income from net premiums written amounted to R\$ 349 million.

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Increase in Technical Provisions R\$ million

Total technical provisions of Bradesco Vida e Previdência in March 2006 of R\$ 36,353 million comprised R\$ 20,570 million for supplementary private pension plans, R\$ 14,499 million for VGBL, R\$ 1,888 million for life and personal accident, R\$ 92 million for DPVAT and R\$ 4 million for retroassignment.

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

Source: ANAPP

In March 2006, the Investment Portfolio reached R\$ 36,750 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 38.5% share of income from private pension plans and VGBL and a 15.5% share of life insurance premiums and personal accident.

Bradesco is also sole leader in VGBL plans with a 45.9% share and a 23.9% share in PGBL (source: ANAPP (Brazilian Association of Private Pension Plan) February/2006 data).

The number of Bradesco Vida e Previdência customers reached 15.4%, in March 2006, compared

to March 2005, surpassing the record of 1.7 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\$ 36.3 billion in March 2006, an increase of 20.9% as compared to March 2005. The portfolio of investments in private pensions and VGBL totaled R\$ 36.7 billion, comprising 43.4% of all market resources.

## Awards/Recognition

The quality of services rendered by Bradesco Vida e Previdência was recognized by the Segurados Brasil Award in March 2006, conquering the following awards:

- Performance/Category Highlight "Highest Leverage and Results Group Life"; and
- Marketing 10 Prev Jovem.
- Ranking 2005 "Best Performance in Private Pension Plan";

Savings Bonds Companies<sup>(1)</sup>

Balance Sheet R\$ million

|   | 2004         |              | 2005         |              | 2006     |       |
|---|--------------|--------------|--------------|--------------|----------|-------|
|   | December     | March        | December     | March        | December | March |
| <b>Assets</b>                             |              |              |              |              |          |       |
| <b>Current and Long-Term Assets</b>       | <b>2,916</b> | <b>2,613</b> | <b>2,847</b> | <b>2,813</b> |          |       |
| Marketable Securities                     | 2,844        | 2,536        | 2,768        | 2,719        |          |       |
| Accounts Receivable and Other Receivables | 72           | 77           | 79           | 94           |          |       |
| <b>Permanent Assets</b>                   | <b>31</b>    | <b>91</b>    | <b>16</b>    | <b>21</b>    |          |       |
| <b>Total</b>                              | <b>2,947</b> | <b>2,704</b> | <b>2,863</b> | <b>2,834</b> |          |       |
| <b>Liabilities</b>                        |              |              |              |              |          |       |
| Current and Long-Term Liabilities         | 2,583        | 2,287        | 2,535        | 2,441        |          |       |
| Tax and Labor Contingencies               | 179          | 190          | 198          | 210          |          |       |
| Other Liabilities                         | 419          | 62           | 198          | 56           |          |       |
| Technical Provisions                      | 1,985        | 2,035        | 2,139        | 2,175        |          |       |
| <b>Stockholders' Equity</b>               | <b>364</b>   | <b>417</b>   | <b>328</b>   | <b>393</b>   |          |       |
| <b>Total</b>                              | <b>2,947</b> | <b>2,704</b> | <b>2,863</b> | <b>2,834</b> |          |       |

Statement of Income R\$ million

|                                      | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Income from Savings Bonds            | 319                  | 284                  | 386                  | 326                  |                      |                      |
| Technical Provisions Variation       | 47                   | (14)                 | 10                   | (2)                  |                      |                      |
| <b>Draws and Redemption of Bonds</b> | <b>(292)</b>         | <b>(247)</b>         | <b>(332)</b>         | <b>(285)</b>         |                      |                      |

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|  |            |            |           |            |
|--|------------|------------|-----------|------------|
| Redemptions                                  | (276)      | (238)      | (320)     | (277)      |
| Draws  | (16)       | (9)        | (12)      | (8)        |
| Selling Expenses                             | (4)        | (4)        | (6)       | (3)        |
| Financial Result                             | 74         | 71         | 61        | 75         |
| Administrative Expenses/Taxes                | (21)       | (12)       | (16)      | (13)       |
| Equity Result                                | 33         | 49         |           | 5          |
| Non-Operating Income                         | (3)        |            | (7)       |            |
| <b>Income before Taxes and Contributions</b> | <b>153</b> | <b>127</b> | <b>96</b> | <b>103</b> |
| Taxes and Contributions on Income            | (41)       | (26)       | (31)      | (35)       |
| <b>Net Income</b>                            | <b>112</b> | <b>101</b> | <b>65</b> | <b>68</b>  |

(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 February 2006 published by SUSEP. The company's market share was of 29.9% in Amazonas and 26.3% 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, 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).

We can highlight the performance of products with a social-environmental character such as Pé Quente Bradesco SOS Mata Atlântica which, in addition to enabling the formation of a financial reserve, it contributes for reforestation projects of Fundação SOS Mata Atlântica and Pé Quente Bradesco GP Ayrton Senna, launched in July 2005, whose great differential is the destination of a percentage of the amount collected with securities to social projects of Instituto Ayrton Senna. Thus, in addition to competing for prizes, the product allows the client to help to develop the potential of new generations and participate in the construction of a better Brazil.

#### Rating

Bradesco Capitalização S.A. received from the risk rating agency Standard & Poor's, the brAA rating, with highlight to the solid financial and equity protection standard guaranteed to its clients.

#### Quality Management System

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

#### Income from Savings Bonds Certificates Market Share (%)

Source: SUSEP

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Technical Provisions    Market Share (%)

Growth in Technical Provisions    R\$ million

Due to the growing strengthening of Technical Provisions volume, Bradesco Capitalização reached the amount of R\$ 2.2 billion in March 2006 and according to February 2006 data, released by SUSEP, it holds 20.2% 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.

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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 1Q06 amounting to 2.4 million of clients.

Outstanding Savings Bonds Traditional in thousands

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Outstanding Savings Bonds With Transfer of Draw Participation Rights in thousands

Outstanding Savings Bonds in thousands

The outstanding savings bonds portfolio decreased from 11.7 million in March 2005 to 13.5 million in March 2006. Out of this total, 66.9% 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.

### **Award/Recognition**

Bradesco Capitalização received the Segurador Brasil 2006 Award, as a highlight in the Savings Bonds segment. The award is promoted by Segurador Brasil magazine and has as purpose to acknowledge the leadership, performance and achievements of the companies of the sector in 2005, in addition to showing a scenario involving the importance of companies and entities in the implementation and in the development of concepts, products and services for the Brazilian insurance market.



**Banco Finasa**

## Consolidated Balance Sheet

|   | <b>R\$ million</b> |               |                 |               |                 |              |
|---|--------------------|---------------|-----------------|---------------|-----------------|--------------|
|   | <b>2004</b>        |               | <b>2005</b>     |               | <b>2006</b>     |              |
|   | <b>December</b>    | <b>March</b>  | <b>December</b> | <b>March</b>  | <b>December</b> | <b>March</b> |
| <b>Assets</b>   |                    |               |                 |               |                 |              |
| <b>Current and Long-Term Assets</b>                           | <b>8,697</b>       | <b>9,949</b>  | <b>15,819</b>   | <b>16,619</b> |                 |              |
| Funds Available   | 9                  | 5             | 3               | 6             |                 |              |
| Interbank Investments   | 107                | 164           | 407             | 192           |                 |              |
| Marketable Securities and Derivative<br>Financial Instruments | 27                 | 167           | 50              | 54            |                 |              |
| Interbank Accounts  | 28                 | 17            | 32              | 26            |                 |              |
| Loan and Leasing Operations                                   | 8,114              | 9,155         | 14,837          | 15,833        |                 |              |
| Allowance for Doubtful Accounts                               | (253)              | (277)         | (501)           | (613)         |                 |              |
| Other Receivables and Other Assets                            | 665                | 718           | 991             | 1,121         |                 |              |
| <b>Permanent Assets</b>                                       | <b>1,640</b>       | <b>1,655</b>  | <b>1,800</b>    | <b>1,840</b>  |                 |              |
| <b>Total</b>  | <b>10,337</b>      | <b>11,604</b> | <b>17,619</b>   | <b>18,459</b> |                 |              |
| <b>Liabilities</b>  |                    |               |                 |               |                 |              |
| <b>Current and Long-Term Liabilities</b>                      | <b>9,837</b>       | <b>11,032</b> | <b>16,652</b>   | <b>17,435</b> |                 |              |
| Demand, Time and Interbank Deposits                           | 9,322              | 10,572        | 16,313          | 17,087        |                 |              |
| Borrowings and Onlendings                                     | 47                 | 47            | 7               | 6             |                 |              |
| Derivative Financial Instruments                              | 159                | 113           | 31              | 17            |                 |              |
| Other Liabilities   | 309                | 300           | 301             | 325           |                 |              |
| <b>Deferred Income</b>  | <b>36</b>          | <b>35</b>     | <b>43</b>       | <b>38</b>     |                 |              |
| <b>Stockholders Equity</b>                                    | <b>464</b>         | <b>537</b>    | <b>924</b>      | <b>986</b>    |                 |              |
| <b>Total</b>  | <b>10,337</b>      | <b>11,604</b> | <b>17,619</b>   | <b>18,459</b> |                 |              |

## Consolidated Statement of Income

|   | <b>R\$ million</b>         |                            |                            |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | <b>2004</b>                |                            | <b>2005</b>                |                            | <b>2006</b>                |                            |
|   | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| Income from Financial Intermediation                  | 667                        | 736                        | 1,159                      | 1,209                      |                            |                            |
| Financial Intermediation Expenses                     | (344)                      | (422)                      | (696)                      | (723)                      |                            |                            |
| <b>Financial Margin</b>                               | <b>323</b>                 | <b>314</b>                 | <b>463</b>                 | <b>486</b>                 |                            |                            |
| Allowance for Doubtful Accounts                       | (74)                       | (78)                       | (150)                      | (207)                      |                            |                            |
| <b>Gross Income from Financial<br/>Intermediation</b> | <b>249</b>                 | <b>236</b>                 | <b>313</b>                 | <b>279</b>                 |                            |                            |
| Other Operating Income (Expenses)                     | (134)                      | (150)                      | (219)                      | (214)                      |                            |                            |
| <b>Operating Income</b>                               | <b>115</b>                 | <b>86</b>                  | <b>94</b>                  | <b>65</b>                  |                            |                            |

|  |            |           |           |           |
|--|------------|-----------|-----------|-----------|
| Non-Operating Income                         | 1          | 1         |           | (1)       |
| <b>Income before Taxes and Contributions</b> | <b>116</b> | <b>87</b> | <b>94</b> | <b>64</b> |
| Taxes and Contributions on Income            | (19)       | (15)      | (17)      | (4)       |
| <b>Net Income</b>                            | <b>97</b>  | <b>72</b> | <b>77</b> | <b>60</b> |

#### Profile

Banco Finasa commercializes financings of direct loan to consumer for acquisition of light vehicles, transportation and other goods and services, in addition to leasing and personal loan operations, operating as the financing company of Bradesco.

Thus, Banco Finasa relies on the services of Finasa Promotora de Vendas Ltda., its wholly-owned subsidiary, responsible for the business prospect, through its 260 branches established nationwide, enlarging its networking with business partners, represented in March, 2006 by 17,718 auto dealers and 23,347 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 quarter, Finasa Promotora de Vendas recorded 4,082 employees, 74% of which were directly performing in new businesses prospect.

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In addition to Bradesco's solid operation in the granting of financing, maintained its innovative policy to enter into operational agreements with large car makers, auto and truck resale, associations and important 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, Microsoft, Casas Bahia, Salfer, Dudony, Ponte Irmão, Eletrozema and GREleto-Vesle. In this quarter, an agreement was entered into with Lojas Gabryella, located in the northeast region of the country, in the city of São Luis, State of Maranhão.

The material fact in the 1<sup>st</sup> quarter was the transfer of the headquarters of Finasa Promotora to Alameda Santos, 1,420, which, in its modern facilities, totally planned to receive the board of Executive Officers and Commercial and Operational Managers, represented one more important step towards the sustained growth of businesses in this segment.

Operating Performance

The differentiated form of trading of products, with a specialized and focused team, provided Finasa with a loan portfolio growth of 72.9% in the last twelve months. The production of new businesses increased, on average, from R\$ 815 million/ month in the 1<sup>st</sup> quarter of 2005 to R\$ 1,272 million/month in 2006, with a growth of 56.1% .

The balances of Bradesco's loan operations in March 2006, in all lines of business, when compared to 2005, showed growth higher than the Market (source: Central Bank of Brazil), according to the table as follows:

Finasa Portfolio (R\$ million)

| Line of Business     | March        |               | Evolution (%) |             | Share |
|----------------------|--------------|---------------|---------------|-------------|-------|
|                      | 2005         | 2006          | Finasa        | Market (1)  |       |
| <b>Individual</b>    | <b>8,320</b> | <b>14,168</b> | <b>70.3</b>   | <b>37.7</b> |       |
| CDC Vehicles         | 7,663        | 11,556        | 50.8          | 34.8        | 21.3% |
| CDC Other Assets     | 406          | 1,946         | 379.0         | 36.7        | 20.6% |
| CP                   | 172          | 529           | 207.6         | 36.0        |       |
| Leasing              | 78           | 137           | 75.6          | 78.2        |       |
| <b>Corporate</b>     | <b>835</b>   | <b>1,664</b>  | <b>99.2</b>   | <b>36.9</b> |       |
| CDC                  | 718          | 1,115         | 55.3          | 36.0        |       |
| Vehicles             | 657          | 928           | 41.2          |             |       |
| Other Assets         | 61           | 187           | 206.6         |             |       |
| Leasing              | 117          | 549           | 368.4         | 37.8        |       |
| <b>Overall Total</b> | <b>9,155</b> | <b>15,832</b> | <b>72.9</b>   | <b>37.5</b> |       |

Market Evolution: source BACEN - Reference march, 2006

The share of balance of Allowance for Doubtful Accounts on Loan and Leasing Operations, in March 2006, was 3.9%, above the 3.0% reached in the same period of 2005, due to the larger share of products of Personal Loan and Other Assets and Services in the portfolio composition, to the market behavior in the first 3 months of 2006 and to the provision policy of the Organization, above the minimum required by BACEN.

In the 1<sup>st</sup> quarter of 2006, the Bank reached a Net Result of R\$ 60.3 million against the R\$ 72.0 million recorded in the same period of 2005, which considers the impact of strong investments made in acquisitions and physical expansion last year, which naturally provided a return in the medium and long term and the policy of the Organization concerning additional provisions constituted on loan operations, above the minimum required by BACEN.

Finasa ended 1Q06 with a stockholders' equity of R\$ 986 million, which included, in addition to the capitalization of the result, 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, Banco Bradesco.

**Leasing Companies**

On March 31, 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 financial statements.

## Aggregated Balance Sheet

|  | <b>R\$ million</b> |              |                 |               |
|--|--------------------|--------------|-----------------|---------------|
|  | <b>2004</b>        | <b>2005</b>  |                 | <b>2006</b>   |
|  | <b>December</b>    | <b>March</b> | <b>December</b> | <b>March</b>  |
| <b>Assets</b>  |                    |              |                 |               |
| <b>Current and Long-Term Assets</b>  | <b>5,227</b>       | <b>5,439</b> | <b>18,546</b>   | <b>19,246</b> |
| Funds Available  |                    |              | 8               |               |
| Interbank Investments  | 2,548              | 2,607        | 15,310          | 15,865        |
| Marketable Securities and Derivative Financial Instruments                       | 649                | 751          | 760             | 792           |
| Leasing Operations   | 1,513              | 1,578        | 1,964           | 2,054         |
| Allowance for Doubtful Accounts  | (99)               | (82)         | (94)            | (94)          |
| Other Receivables and Other Assets   | 616                | 585          | 598             | 629           |
| Permanent Assets   | 93                 | 87           | 92              | 91            |
| <b>Total</b>   | <b>5,320</b>       | <b>5,526</b> | <b>18,638</b>   | <b>19,337</b> |
| <b>Liabilities</b>   |                    |              |                 |               |
| <b>Current and Long-Term Liabilities</b>   | <b>3,209</b>       | <b>3,264</b> | <b>16,238</b>   | <b>16,882</b> |
| Funds obtained in the Open Market and Funds Received from Issuance of Securities | 1,907              | 1,987        | 14,798          | 15,398        |
| Borrowings and Onlendings  | 191                | 188          | 185             | 188           |
| Derivative Financial Instruments   | 8                  | 6            | 1               | 1             |
| Subordinated Debt  | 625                | 626          | 627             | 626           |
| Other Liabilities  | 478                | 457          | 627             | 669           |
| Stockholders' Equity   | 2,111              | 2,262        | 2,400           | 2,455         |
| <b>Total</b>   | <b>5,320</b>       | <b>5,526</b> | <b>18,638</b>   | <b>19,337</b> |

## Aggregated Statement of Income

|                                      | <b>R\$ million</b>         |                            |                            |                            |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                      | <b>2004</b>                | <b>2005</b>                |                            | <b>2006</b>                |
|                                      | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| Income from Financial Intermediation | 382                        | 403                        | 1,010                      | 994                        |
| Financial Intermediation Expenses    | (292)                      | (277)                      | (866)                      | (869)                      |
| <b>Financial Margin</b>              | <b>90</b>                  | <b>126</b>                 | <b>144</b>                 | <b>125</b>                 |

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|   |           |            |            |            |
|---|-----------|------------|------------|------------|
| Allowance for Doubtful Accounts                   | (4)       | (15)       | (3)        |            |
| <b>Gross Income from Financial Intermediation</b> | <b>86</b> | <b>111</b> | <b>141</b> | <b>125</b> |
| Other Operating Income (Expenses)                 | (14)      | (15)       | (46)       | (39)       |
| <b>Operating Income</b>                           | <b>72</b> | <b>96</b>  | <b>95</b>  | <b>86</b>  |
| Non-Operating Income                              | (4)       |            | (3)        | 1          |
| <b>Income Before Taxes and Contributions</b>      | <b>68</b> | <b>96</b>  | <b>92</b>  | <b>87</b>  |
| Taxes and Contributions on Income                 | (22)      | (33)       | (40)       | (31)       |
| <b>Net Income</b>                                 | <b>46</b> | <b>63</b>  | <b>52</b>  | <b>56</b>  |

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Leasing Performance Aggregated Bradesco

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

On March 31, leasing operations brought to present value totaled R\$ 2.7 billion, with a balance of R\$ 8.0 million receivable in operating leases.

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: February 2006). This good performance is rooted in its Branch Network integrated operations and the maintenance of its diversified business strategies in various market segments, in particular, the implementation of operating agreements with major industries, mainly in the carriers vehicles and machinery/equipment industries.

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

Portfolio by Type of Asset

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

## Balance Sheet

|  | R\$ thousand  |               |                |                |
|--|---------------|---------------|----------------|----------------|
|  | 2004          | 2005          |                | 2006           |
|  | December      | March         | December       | March          |
| <b>Assets</b>                                  |               |               |                |                |
| <b>Current and Long-Term Assets</b>            | <b>76,381</b> | <b>94,638</b> | <b>158,824</b> | <b>169,570</b> |
| Funds Available                                | 5             | 36            |                | 24             |
| Marketable Securities                          | 74,709        | 93,860        | 154,138        | 167,935        |
| Other Receivables                              | 1,667         | 742           | 4,686          | 1,611          |
| <b>Permanent Assets</b>                        | <b>782</b>    | <b>734</b>    | <b>1,618</b>   | <b>2,011</b>   |
| <b>Total</b>                                   | <b>77,163</b> | <b>95,372</b> | <b>160,442</b> | <b>171,581</b> |
| <b>Liabilities</b>                             |               |               |                |                |
| <b>Current and Long-Term Liabilities</b>       | <b>23,252</b> | <b>25,215</b> | <b>50,681</b>  | <b>37,404</b>  |
| Amounts Refundable to Former Groups Now Closed | 5,853         | 5,980         | 6,330          | 6,478          |
| Other Liabilities                              | 17,399        | 19,235        | 44,351         | 30,926         |
| <b>Stockholders Equity</b>                     | <b>53,911</b> | <b>70,157</b> | <b>109,761</b> | <b>134,177</b> |
| <b>Total</b>                                   | <b>77,163</b> | <b>95,372</b> | <b>160,442</b> | <b>171,581</b> |

## Statement of Income

|  | R\$ thousand         |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 | 2005                 |                      | 2006                 |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Fee Income   | 28,676               | 29,794               | 45,666               | 44,019               |
| Taxes Payable  | (1,722)              | (2,912)              | (4,761)              | (4,583)              |
| Financial Income                                       | 2,466                | 3,320                | 6,435                | 6,427                |
| Administrative Expenses (Including Personnel Expenses) | (4,162)              | (3,313)              | (6,667)              | (5,395)              |
| Selling Expenses                                       | (8,624)              | (2,336)              | (9,530)              | (4,332)              |
| Other Operating (Expenses) Income                      | 291                  | 430                  | 973                  | 960                  |
| <b>Income Before Taxes and Contributions</b>           | <b>16,925</b>        | <b>24,983</b>        | <b>32,116</b>        | <b>37,096</b>        |
| Taxes and Contributions on Income                      | (4,068)              | (8,737)              | (10,982)             | (12,680)             |
| <b>Net Income</b>                                      | <b>12,857</b>        | <b>16,246</b>        | <b>21,134</b>        | <b>24,416</b>        |



**Consortium Groups**

## Balance Sheet

|                                   | <b>R\$ thousand</b> |                  |                   |                   |                 |              |
|-----------------------------------|---------------------|------------------|-------------------|-------------------|-----------------|--------------|
|                                   | <b>2004</b>         |                  | <b>2005</b>       |                   | <b>2006</b>     |              |
|                                   | <b>December</b>     | <b>March</b>     | <b>December</b>   | <b>March</b>      | <b>December</b> | <b>March</b> |
| <b>Assets</b>                     |                     |                  |                   |                   |                 |              |
| Current and Long-Term Assets      | 268,577             | 330,949          | 1,441,060         | 1,647,945         |                 |              |
| Amount Offset                     | 8,163,846           | 8,268,522        | 10,636,448        | 10,202,389        |                 |              |
| <b>Total</b>                      | <b>8,432,423</b>    | <b>8,599,471</b> | <b>12,077,508</b> | <b>11,850,334</b> |                 |              |
| <b>Liabilities</b>                |                     |                  |                   |                   |                 |              |
| Current and Long-Term Liabilities | 36,083              | 52,264           | 1,441,060         | 1,647,945         |                 |              |
| Stockholders' Equity              | 232,494             | 278,685          |                   |                   |                 |              |
| Amount Offset                     | 8,163,846           | 8,268,522        | 10,636,448        | 10,202,389        |                 |              |
| <b>Total</b>                      | <b>8,432,423</b>    | <b>8,599,471</b> | <b>12,077,508</b> | <b>11,850,334</b> |                 |              |

In the months of December 2005 and March 2006, amounts are shown as per Circular Letter 3,147/2004 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 its 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.

Remark: the market share of Itaú as of March 2005 was not disclosed.

Market Share Automobile Consortium in percentage

Source: Central Bank of Brazil.

Remark: the market share of Itaú as of March 2005 was not disclosed.

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 1Q06, 27 groups were inaugurated and 17.5 thousand consortium quotas were sold. On March 31, 2005, we recorded total accumulated sales exceeding 217.6 thousand consortium quotas, summing up sales exceeding R\$ 6.4 billion and recording 70.3 thousand draws, 46.7 thousand properties delivered and 1,176 active groups.

Active Quotes

Total Active Quotes

## 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 (Association of Sales and Marketing Managers of Brazil) award.

In the real estate segment, Bradesco ended March 2006 with 75,368 active quotas, according to Central Bank data. In the Automobile segment, Bradesco ended with 129,629 active quotas, surpassing consortium management companies associated with car makers, consolidated in the market, 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

Total Quotas Sold

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

Source: Central Bank of Brazil.

Remark: Itaú was not in the March 2005 ranking of the largest Management companies.

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

Source: Central Bank of Brazil.

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## Bradesco S.A. Corretora de Títulos e Valores Mobiliários

## Balance Sheet

|                             | R\$ thousand   |                  |                |                |          |       |
|-----------------------------|----------------|------------------|----------------|----------------|----------|-------|
|                             | 2004           |                  | 2005           |                | 2006     |       |
|                             | December       | March            | December       | March          | December | March |
|                             |                |                  |                |                |          |       |
| <b>Assets</b>               |                |                  |                |                |          |       |
| <b>Current Assets</b>       | <b>105,753</b> | <b>1,098,653</b> | <b>835,532</b> | <b>237,261</b> |          |       |
| Funds Available             | 38             | 43               | 42             | 59             |          |       |
| Interbank Investments       | 19,971         | 12,550           | 27,698         | 65,420         |          |       |
| Marketable Securities       | 42,141         | 45,258           | 51,667         | 58,109         |          |       |
| Other Loans                 | 43,603         | 1,040,739        | 756,069        | 113,623        |          |       |
| Other Assets                |                | 63               | 56             | 50             |          |       |
| <b>Long-Term Assets</b>     | <b>10,382</b>  | <b>9,541</b>     | <b>15,330</b>  | <b>15,527</b>  |          |       |
| Other Loans                 | 10,382         | 9,541            | 15,330         | 15,527         |          |       |
| <b>Permanent Assets</b>     | <b>23,773</b>  | <b>24,619</b>    | <b>31,016</b>  | <b>32,472</b>  |          |       |
| Investments                 | 21,650         | 22,392           | 29,043         | 30,516         |          |       |
| Property and Equipment      | 1,469          | 1,506            | 1,188          | 1,136          |          |       |
| Deferred Assets             | 654            | 721              | 785            | 820            |          |       |
| <b>Total</b>                | <b>139,908</b> | <b>1,132,813</b> | <b>881,878</b> | <b>285,260</b> |          |       |
| <b>Liabilities</b>          |                |                  |                |                |          |       |
| <b>Current Liabilities</b>  | <b>49,039</b>  | <b>1,036,083</b> | <b>761,741</b> | <b>155,343</b> |          |       |
| Other Liabilities           | 49,039         | 1,036,083        | 761,741        | 155,343        |          |       |
| Long-Term Liabilities       | 29,875         | 30,458           | 35,736         | 36,481         |          |       |
| Other liabilities           | 29,875         | 30,458           | 35,736         | 36,481         |          |       |
| <b>Stockholders' Equity</b> | <b>60,994</b>  | <b>66,272</b>    | <b>84,401</b>  | <b>93,436</b>  |          |       |
| <b>Total</b>                | <b>139,908</b> | <b>1,132,813</b> | <b>881,878</b> | <b>285,260</b> |          |       |

## Statement of Income

|  | R\$ thousand         |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|  |                      |                      |                      |                      |                      |                      |
| Income from Financial Intermediation         | 3,557                | 1,285                | 3,583                | 8,475                |                      |                      |
| Financial Intermediation Expenses            |                      |                      | (46)                 |                      |                      |                      |
| Other Operating Income (Expenses)            | 2,620                | 5,148                | 5,086                | 4,199                |                      |                      |
| <b>Operating Income</b>                      | <b>6,177</b>         | <b>6,433</b>         | <b>8,623</b>         | <b>12,674</b>        |                      |                      |
| <b>Non-Operating Income</b>                  |                      |                      | <b>(83)</b>          |                      |                      |                      |
| <b>Income before Taxes and Contributions</b> | <b>6,177</b>         | <b>6,433</b>         | <b>8,540</b>         | <b>12,674</b>        |                      |                      |
| Taxes and Contributions on Income            | (2,076)              | (2,978)              | (2,605)              | (4,482)              |                      |                      |

|                   |              |              |              |              |
|-------------------|--------------|--------------|--------------|--------------|
| <b>Net Income</b> | <b>4,101</b> | <b>3,455</b> | <b>5,935</b> | <b>8,192</b> |
|-------------------|--------------|--------------|--------------|--------------|

Bradesco Corretora ended 1Q06 in the 14<sup>th</sup> position of São Paulo Stock Exchange – BOVESPA of the 90 participant brokers. 21,988 investors were served in such period, executing 169,055 stock call and put orders, summing up a volume corresponding to R\$ 5,690 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 1Q06, Bradesco Corretora traded 511 thousand contracts at the Brazilian Mercantil & Futures Exchange – BM&F, with a financial volume of R\$ 47,461 million, reaching the 31<sup>st</sup> position in the ranking of top 70 participant brokers. It has been driving its efforts to proceed with the expansion of businesses, as well as to disseminate future markets. Concerning the agricultural sector, Bradesco Corretora has been directly acting in the main

producing regions of the country, through visits, lectures, and participation in agribusiness fairs and exhibitions. Jointly with BM&F, it has been sponsoring the clients' visit from various regions of the country to São Paulo, BM&F and Bradesco Corretora. It has also been receiving producers, teachers, opinion makers and dealers of goods physical market. It also takes part in the trading of future mini-contracts of Bovespa 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 1Q06 summed up 111,330 orders executed, with a volume of R\$ 873 million, accounting for 2.9% over total volume operated via Home Broker at BOVESPA, with Bradesco Corretora at the 5<sup>th</sup> position in the ranking. The customer base grew 18.4, with the acceptance of 6,995 new registrations in 1Q06, period in which we received 21,980 e-mails.

On January 9, 2006, Bradesco Corretora launched the new version of Home Broker, totally restructured, with more benefits, resources and safety for its clients.

Bradesco Corretora, in the 1<sup>st</sup> quarter of 2006, participated in a Public Offering for Share Purchase, Primary and Secondary Public Distribution and Special Operations, totaling a volume of R\$ 13.4 million.

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 2,689, as of January 26, 2000.

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

The net income recorded in the 1Q06 amounted to R\$ 8,192 thousand.

The Stockholders' Equity, at the end of 1Q06, amounted to R\$ 93,436 thousand and assets summed up R\$ 285,260 thousand.

#### Information Trading on BM&F and BOVESPA

|                                | 2004                 | 2005                 | 2006                 |
|--------------------------------|----------------------|----------------------|----------------------|
|                                | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>BM&amp;F</b>                |                      |                      |                      |
| Ranking                        | 22 <sup>nd</sup>     | 19 <sup>th</sup>     | 31 <sup>st</sup>     |
| Contracts Traded (thousand)    | 819                  | 877                  | 511                  |
| Financial Volume (R\$ million) | 89,706               | 106,371              | 47,461               |
| <b>Stock Exchange</b>          |                      |                      |                      |
| Ranking                        | 9 <sup>th</sup>      | 11 <sup>th</sup>     | 14 <sup>th</sup>     |
| Number of Investors            | 15,394               | 19,768               | 21,988               |
| Number of Orders Executed      | 180,030              | 141,579              | 169,055              |
| Volume Traded (R\$ million)    | 5,393                | 5,093                | 5,690                |

#### Home Broker



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| Ranking                     | 5 <sup>th</sup> | 7 <sup>th</sup> | 8 <sup>th</sup> | 5 <sup>th</sup> |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Registered Clients          | 27,781          | 30,633          | 37,973          | 44,968          |
| Orders Executed             | 62,403          | 72,999          | 75,344          | 111,330         |
| Volume Traded (R\$ million) | 378             | 460             | 510             | 873             |

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**Bradesco Securities, Inc.**

## Balance Sheet

|  | <b>R\$ thousand</b> |               |                 |               |                 |              |
|--|---------------------|---------------|-----------------|---------------|-----------------|--------------|
|  | <b>2004</b>         |               | <b>2005</b>     |               | <b>2006</b>     |              |
|  | <b>December</b>     | <b>March</b>  | <b>December</b> | <b>March</b>  | <b>December</b> | <b>March</b> |
| <b>Assets</b>  |                     |               |                 |               |                 |              |
| <b>Current and Long-Term Assets</b>                        | <b>60,348</b>       | <b>59,308</b> | <b>53,212</b>   | <b>49,155</b> |                 |              |
| Funds Available  | 1,671               | 216           | 7,758           | 7,415         |                 |              |
| Interbank Investments                                      | 5,771               | 8,189         |                 | 242           |                 |              |
| Marketable Securities and Derivative Financial Instruments | 52,890              | 50,852        | 45,412          | 41,402        |                 |              |
| Other Receivables and Other Assets                         | 16                  | 51            | 42              | 96            |                 |              |
| <b>Permanent Assets</b>                                    | <b>25</b>           | <b>22</b>     | <b>10</b>       | <b>24</b>     |                 |              |
| <b>Total</b>   | <b>60,373</b>       | <b>59,330</b> | <b>53,222</b>   | <b>49,179</b> |                 |              |
| <b>Liabilities</b>   |                     |               |                 |               |                 |              |
| <b>Current and Long-Term Liabilities</b>                   | <b>1,023</b>        | <b>985</b>    | <b>475</b>      | <b>461</b>    |                 |              |
| Other Liabilities  | 1,023               | 985           | 475             | 461           |                 |              |
| <b>Stockholders' Equity</b>                                | <b>59,350</b>       | <b>58,345</b> | <b>52,747</b>   | <b>48,718</b> |                 |              |
| <b>Total</b>   | <b>60,373</b>       | <b>59,330</b> | <b>53,222</b>   | <b>49,179</b> |                 |              |

## Statement of Income

|  | <b>R\$ thousand</b>        |                            |                            |                            |                            |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | <b>2004</b>                |                            | <b>2005</b>                |                            | <b>2006</b>                |                            |
|  | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| Gross Income from Financial Intermediation | 1,792                      | (751)                      | 514                        | 534                        |                            |                            |
| Other Operating Income (Expenses)          | (819)                      | (518)                      | (917)                      | (770)                      |                            |                            |
| Operating Income                           | 973                        | (1,269)                    | (403)                      | (236)                      |                            |                            |
| Net Income                                 | 973                        | (1,269)                    | (403)                      | (236)                      |                            |                            |

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 from the 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**

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## Corporate Organization Chart

### Major Stockholders

- (1) Bradesco's management (Board of Executive Officers and Board of Directors) comprises the Presiding Board of Fundação Bradesco, maximum Deliberative Body of this Entity. Reference: March 31, 2006

**Corporate Organization Chart**

Main Subsidiaries and Affiliated Companies

**Administrative Body**

Data-base: 10.4.2006

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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)       | <b>F1+(bra)</b> | 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         | <b>AA(bra)</b> | F2 (bra)        | Aa2                      | P-3        | Aa2                   |            |
| B/C                 | 4       | AA               | <b>B</b>   | AA             | <b>B</b>   | AA (bra)       | F3 (bra)        | Aa3                      | <b>NP</b>  | 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+              |            | <b>BB+</b>     |            | BB+ (bra)      |                 | Ba1                      |            | <b>Ba1</b>            |            |
|                     |         | BB               |            | BB             |            | BB (bra)       |                 | Ba2                      |            | Ba2                   |            |
|                     |         | <b>BB</b>        |            | BB             |            | BB (bra)       |                 | Ba3                      |            | Ba3                   |            |
|                     |         | B+               |            | B+             |            | B+ (bra)       |                 | <b>B1</b>                |            | 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 risk ratings are among the highest attributed to Brazilian Banks;

(\*) This is the first corporate governance rating granted in Latin America. The evaluation recognizes that Banco Bradesco adopts great corporate governance practices, with a relationship policy highlighted by a high quality, transparency and ethics level.



**Risk Ratings Insurance and Savings Bond Companies**

| Fitch Ratings   |                     | Standard & Poor's |                     | SR Rating      |                     | Savings Bonds  |                     |
|-----------------|---------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|
| Domestic Scale  | International Scale | Domestic Scale    | International Scale | Domestic Scale | International Scale | Domestic Scale | International Scale |
| AAA (bra)       | AAA                 | brAAA             | AAA <sup>SR</sup>   | brAAA          | brAAA               | brAAA          | brAAA               |
| AA+ (bra)       | AA+                 | brAA+             | AA+ <sup>SR</sup>   | <b>brAA+</b>   | brAA+               | brAA+          | brAA+               |
| <b>AA (bra)</b> | AA                  | <b>brAA</b>       | AA <sup>SR</sup>    | brAA           | <b>brAA</b>         | brAA           | <b>brAA</b>         |
| AA (bra)        | AA                  | brAA              | AA <sup>SR</sup>    | brAA           | brAA                | brAA           | brAA                |
| A+ (bra)        | A+                  | brA+              | A+ <sup>SR</sup>    | brA+           | brA+                | brA+           | brA+                |
| A (bra)         | A                   | brA               | A <sup>SR</sup>     | brA            | brA                 | brA            | brA                 |
| A (bra)         | A                   | brA               | A <sup>SR</sup>     | brA            | brA                 | brA            | brA                 |
| BBB+ (bra)      | BBB+                | brBBB+            | BBB+ <sup>SR</sup>  | brBBB+         | brBBB+              | brBBB+         | brBBB+              |
| BBB (bra)       | BBB                 | brBBB             | BBB <sup>SR</sup>   | brBBB          | brBBB               | brBBB          | brBBB               |
| BBB (bra)       | BBB                 | brBBB             | BBB <sup>SR</sup>   | brBBB          | brBBB               | brBBB          | brBBB               |
| BB+ (bra)       | BB+                 | brBB+             | BB+ <sup>SR</sup>   | brBB+          | brBB+               | brBB+          | brBB+               |
| BB (bra)        | <b>BB</b>           | brBB              | BB <sup>SR</sup>    | brBB           | brBB                | brBB           | brBB                |
| BB (bra)        | BB                  | brBB              | BB <sup>SR</sup>    | brBB           | brBB                | brBB           | brBB                |
| B+ (bra)        | B+                  | brB+              | B+ <sup>SR</sup>    | brB+           | brB+                | brB+           | brB+                |
| B (bra)         | B                   | brB               | B <sup>SR</sup>     | brB            | brB                 | brB            | brB                 |
| B (bra)         | B                   | brB               | B <sup>SR</sup>     | brB            | brB                 | brB            | brB                 |
| CCC (bra)       | CCC                 | brCCC             | CCC <sup>SR</sup>   | brCCC          | brCCC               | brCCC          | brCCC               |
| CC (bra)        | CC                  | brCC              | CC <sup>SR</sup>    | brCC           | brCC                | brCC           | brCC                |
| C (bra)         | C                   | brC               | C <sup>SR</sup>     | brC            | brC                 | brC            | brC                 |
|                 | DDD                 | brD               | D <sup>SR</sup>     | brD            | brD                 | brD            | brD                 |
|                 | DD                  |                   |                     |                |                     |                |                     |
|                 | D                   |                   |                     |                |                     |                |                     |

**Major Rankings**

| Source  | Criterion            | Position                      | Reference Dates |
|---|----------------------|-------------------------------|-----------------|
| Forbes the World's Leading Companies Research | Banks/Forbes 2000*   | 2 <sup>nd</sup> (Brazil)      | March 2006      |
| Forbes the World's Leading Companies Research | Banks/Forbes 2000*   | 40 <sup>th</sup> (Worldwide)  | March 2006      |
| Forbes the World's Leading Companies Research | Overall/Forbes 2000* | 3 <sup>rd</sup> (Brazil)      | March 2006      |
| Forbes the World's Leading Companies Research | Overall/Forbes 2000* | 187 <sup>th</sup> (Worldwide) | March 2006      |

(\*) Forbes 2000: companies comprising World's Leading Companies list are rated based on a combination of criteria which takes into consideration income, profit, assets and market value.



## **Market Segmentation**

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 Markets 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 during two years, 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

## **Bradesco Corporate**

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.

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, became 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 and 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\$ 64.8 billion.

## **Target Market**

The 1,252 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 370 Relationship Managers, who are included in the ANBID Certification Program, serving on average 30 economic groups per Manager, on a tailor-made concept, encompassing 20,828 companies from all sectors of the economy.

## **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, 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**

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

Bradesco Prime's 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 improving processes and pursuing 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 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 200 exclusive Branches throughout Brazil. Furthermore, 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:

- 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 remoteconnected 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.



## **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 more than 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.

Number of Branches Inaugurated (accumulated)

Number of Transactions Made at Banco Postal in thousands

## Bradesco Expresso

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

For clients and community in general, Bradesco Expresso offers a convenient banking service, closer to the residence or workplace. For Bradesco, this is the best way to reach low income clients, especially the population deprived of bank services, and promoting the 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

|                            | 2005         |            |              |              |              |              | 2006         |              |              |
|----------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                            | March        |            |              | December     |              |              | March        |              |              |
|                            | Branches     | PABs       | PAEs         | Branches     | PABs         | PAEs         | Branches     | PABs         | PAEs         |
| <b>Consolidated</b>        | <b>2,959</b> | <b>884</b> | <b>1,464</b> | <b>2,921</b> | <b>1,001</b> | <b>1,450</b> | <b>2,999</b> | <b>1,022</b> | <b>1,477</b> |
| Bradesco                   | 2,958        | 884        | 1,464        | 2,920        | 1,001        | 1,450        | 2,928        | 1,008        | 1,439        |
| Banco Finasa               | 1            |            |              | 1            |              |              | 1            |              |              |
| BEC                        |              |            |              |              |              |              | 70           | 14           | 38           |
| <b>Banco Postal</b>        | <b>5,389</b> |            |              | <b>5,461</b> |              |              | <b>5,502</b> |              |              |
| <b>Branches Abroad</b>     | <b>4</b>     |            |              | <b>3</b>     |              |              | <b>3</b>     |              |              |
| <b>Subsidiaries Abroad</b> | <b>5</b>     |            |              | <b>5</b>     |              |              | <b>5</b>     |              |              |

|  |               |               |               |
|--|---------------|---------------|---------------|
| <b>ATMs</b>  | <b>22,060</b> | <b>23,036</b> | <b>23,232</b> |
| <b>ATM Network Assisted<br/>Terminals</b>                        |               |               |               |
| <b>Banco24Horas<br/>(24-hour bank)</b>                           |               | <b>2,559</b>  | <b>2,589</b>  |
| <b>ATM Network<br/>Outplaced Terminals</b>                       | <b>1,974</b>  | <b>2,235</b>  | <b>2,294</b>  |
| <b>ATM Equipment<br/>Banco 24Horas</b>                           |               | <b>2,748</b>  | <b>2,769</b>  |
| <b>Finasa Promotora de<br/>Vendas</b>                            | <b>121</b>    | <b>239</b>    | <b>260</b>    |
| PAB (Corporate Site Branch) and PAE (Electronic Banking Branch). |               |               |               |

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**Customer Service Network**

Customer Service Network    Branches

Client/Branch Ratio    thousand

## Bradesco and Market Share

| Region/State        | March 2005   |                           |                  | March 2006   |                           |                  |
|---------------------|--------------|---------------------------|------------------|--------------|---------------------------|------------------|
|                     | Bradesco     | Total Banks in Market (1) | Market Share (%) | Bradesco     | Total Banks in Market (1) | Market Share (%) |
| <b>North</b>        |              |                           |                  |              |                           |                  |
| Acre                | 5            | 32                        | 15.6             | 5            | 35                        | 14.3             |
| Amazonas            | 58           | 133                       | 43.6             | 59           | 150                       | 39.3             |
| Amapá               | 4            | 23                        | 17.4             | 4            | 26                        | 15.4             |
| Pará                | 49           | 276                       | 17.8             | 49           | 289                       | 17.0             |
| Rondônia            | 18           | 88                        | 20.5             | 18           | 90                        | 20.0             |
| Roraima             | 2            | 17                        | 11.8             | 2            | 19                        | 10.5             |
| Tocantins           | 13           | 84                        | 15.5             | 13           | 114                       | 11.4             |
| <b>Total</b>        | <b>149</b>   | <b>653</b>                | <b>22.8</b>      | <b>150</b>   | <b>723</b>                | <b>20.7</b>      |
| <b>Northeast</b>    |              |                           |                  |              |                           |                  |
| Alagoas             | 12           | 125                       | 9.6              | 11           | 126                       | 8.7              |
| Bahia               | 223          | 746                       | 29.9             | 208          | 771                       | 27.0             |
| Ceará               | 29           | 363                       | 8.0              | 98(2)        | 401                       | 24.4             |
| Maranhão            | 67           | 225                       | 29.8             | 67           | 227                       | 29.5             |
| Paraíba             | 17           | 174                       | 9.8              | 17           | 175                       | 9.7              |
| Pernambuco          | 65           | 473                       | 13.7             | 63           | 504                       | 12.5             |
| Piauí               | 9            | 116                       | 7.8              | 8            | 116                       | 6.9              |
| Rio Grande do Norte | 13           | 143                       | 9.1              | 14           | 155                       | 9.0              |
| Sergipe             | 13           | 159                       | 8.2              | 12           | 163                       | 7.4              |
| <b>Total</b>        | <b>448</b>   | <b>2,524</b>              | <b>17.7</b>      | <b>498</b>   | <b>2,638</b>              | <b>18.9</b>      |
| <b>Mid-West</b>     |              |                           |                  |              |                           |                  |
| Distrito Federal    | 31           | 303                       | 10.2             | 32(3)        | 329                       | 9.7              |
| Goiás               | 106          | 550                       | 19.3             | 106          | 568                       | 18.7             |
| Mato Grosso         | 62           | 239                       | 25.9             | 62           | 250                       | 24.8             |
| Mato Grosso do Sul  | 56           | 224                       | 25.0             | 56           | 230                       | 24.3             |
| <b>Total</b>        | <b>255</b>   | <b>1,316</b>              | <b>19.4</b>      | <b>256</b>   | <b>1,377</b>              | <b>18.6</b>      |
| <b>Southeast</b>    |              |                           |                  |              |                           |                  |
| Espírito Santo      | 40           | 326                       | 12.3             | 40           | 372                       | 10.8             |
| Minas Gerais        | 281          | 1,837                     | 15.3             | 277          | 1,904                     | 14.5             |
| Rio de Janeiro      | 260(1)       | 1,643                     | 15.8             | 255(4)       | 1,832                     | 13.9             |
| São Paulo           | 1,086        | 5,597                     | 19.4             | 1,081        | 6,208                     | 17.4             |
| <b>Total</b>        | <b>1,667</b> | <b>9,403</b>              | <b>17.7</b>      | <b>1,653</b> | <b>10,316</b>             | <b>16.0</b>      |

|                      |              |               |             |              |               |             |
|----------------------|--------------|---------------|-------------|--------------|---------------|-------------|
| <b>South</b>         |              |               |             |              |               |             |
| Paraná               | 174          | 1,262         | 13.8        | 172          | 1,331         | 12.9        |
| Rio Grande do Sul    | 158          | 1,414         | 11.2        | 159          | 1,504         | 10.6        |
| Santa Catarina       | 108          | 830           | 13.0        | 111          | 881           | 12.6        |
| <b>Total</b>         | <b>440</b>   | <b>3,506</b>  | <b>12.5</b> | <b>442</b>   | <b>3,716</b>  | <b>11.9</b> |
| <b>Overall Total</b> | <b>2,959</b> | <b>17,402</b> | <b>17.0</b> | <b>2,999</b> | <b>18,770</b> | <b>16.0</b> |

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

(2) It includes 69 BEC s branches

(3) It includes 1 BEC s branch

(4) 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 23,232 machines on 3.31.2006, as well as shared access to the Banco24Horas (24-hour Bank) network for withdrawal, composed of 2,769 machines as of 3.31.2006, for balance and bank statement transactions.

### **Distribution of Own ATM Network Productivity in 1Q06**

ATM Network Number of Transactions thousands



ATM Network Financial Volume Evolution R\$ million

ATM Network Highlights millions

| Items                        | 2004                 | 2005                 | 2006                 |
|------------------------------|----------------------|----------------------|----------------------|
|                              | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. |
| Cash Withdrawal Transactions | 117.5                | 107.5                | 118.1                |
| Deposit Transactions         | 51.7                 | 47.2                 | 49.5                 |

| Items   | 2004     | 2005  | 2006     |
|---|----------|-------|----------|
|   | December | March | December |
| Banking Service Outlets (nationwide network)              | 7,020    | 7,033 | 7,399    |
| Outplaced Terminals (excluding branches, PABs and PAEs)   | 1,945    | 1,974 | 2,235    |
| Banking Service Outlets Banco24Horas (nationwide network) |          |       | 2,559    |

**1Q06 Highlights**

439.5 million transactions, with a growth of 4.9% compared to the same period of 2005, with a daily average of 5.0 million;

The financial volume turned over was R\$ 56.7 billion, representing an increase of 6.4% compared to the same period of 2005, with a daily average of R\$ 655.7 million;

Growth of 26.2% in the quantity and of 32.8% in the amounts of personal loans compared to the same period of 2005;

Replacement of 785 machines for technological update and increase in the number of machines by 196; and

In the Banco24Horas Network 4.8 million transactions were made by Bradesco 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

### 1Q06 Highlights

70.9 million calls, representing a growth of 12.4% in the total volume of calls compared to the same period of 2005;

100.1 million transactions, with a growth of 2.3% compared to the same period of 2005; and

The financial volume turned over was R\$ 1,906 million, representing an increase of 30.5% compared to the same period of 2005.

Bradesco Day and Night Internet

Bradesco Day and Night Internet Banking 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 its clients 647 different services, of which 370 for individuals and 227 for corporate clients, which can be accessed around-the-clock, seven days a week from anywhere.

Internet Banking thousands of registered users

Internet Number of Transactions in thousands (\*)

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

Internet Financial Volume R\$ million (\*)

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

**Services**

**1<sup>st</sup> Quarter of 2006**

|   |   |
|---|---|
| <b>Bradesco Internet Banking</b><br>(www.bradesco.com.br) | 7.2 million registered users.<br>76.6 million transactions carried out.           |
| <b>ShopInvest Bradesco</b><br>(www.shopinvest.com.br)     | 1,093 thousand registered users.<br>237.7 million transactions carried out.       |
| <b>ShopCredit</b><br>(www.shopcredit.com.br)              | 3.4 million transactions/operations carried out.                                  |
| <b>Bradesco Net Empresa</b><br>(www.bradesco.com.br)      | 379,637 registered companies.<br>8.7 million transactions/operations carried out. |
| <b>Bradesco Cards</b><br>(www.bradescocartoes.com.br)     | 9.4 million transactions carried out.   |
| <b>Net Empresa WebTA</b><br>(Web File Transmission)       | 93.7 million transactions/operations carried out.                                 |
| <b>Bradesco Cidadetran</b><br>(www.cidadetran.com.br)     | 1.4 million transaction/operations.   |

**1Q06 Highlights**

New Savings Account and CDB Rooms, reformulation and availability of new services of the Stock Room in the website Bradesco ShopInvest;

Implementation of new Card Services in Bradesco Net Empresa (Statement, change of address of the holder and of the company, change of the maturity date, issuance of slips, revolving credit and temporary block);

Availability of Information to the public Nikkei in the Mobile Banking Channel (WAP and Pocket);

New version of the Exchange website;

Implementation of Bradesco Safety Key via cell phone; and

New service in ShopCredit - Simulation of Consigned Loan Private Sector.



## 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        |              |              |              |              | 1 <sup>st</sup> Qtr. |
|                       | 2001         | 2002         | 2003         | 2004         | 2005         | 2006                 |
| Infrastructure        | 509          | 613          | 469          | 230          | 245          | 53                   |
| IT/Telecommunications | 743          | 947          | 1,225        | 1,302        | 1,215        | 333                  |
| <b>Total</b>          | <b>1,252</b> | <b>1,560</b> | <b>1,694</b> | <b>1,532</b> | <b>1,460</b> | <b>386</b>           |

## 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 the New Capitals Agreement (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 Organization.

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 the follow-up and the participation of the Top Management in the major facts and decisions referring to credit risk;

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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, 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 5° 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 Standardized Approach (ASA) was again verified, according to the table as follows:

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 indexes 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.

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| Risk Factors                       | R\$ thousand  |               |               |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                    | 2005          |               |               |               | 2006          |
|                                    | March         | June          | September     | December      | March         |
| Pre-fixed                          | 8,806         | 18,621        | 7,172         | 13,589        | 4,527         |
| IGP-M                              | 2,689         | 3,808         | 3,942         | 2,152         | 12,038        |
| IPCA                               | 731           | 624           | 975           | 21,866        | 40,900        |
| TR                                 | 5,226         | 3,297         | 12,481        | 10,961        | 7,223         |
| Exchange Coupon                    | 33,051        | 11,673        | 44,659        | 28,767        | 3,410         |
| Foreign Currency                   | 9,699         | 3,100         | 7,133         | 10,129        | 8,331         |
| Variable Income                    | 839           | 773           | 183           | 149           | 2,053         |
| Sovereign/Eurobonds and Treasuries | 57,844        | 30,361        | 26,456        | 36,695        | 32,251        |
| Other                              | 810           | 436           | 775           | 5,267         | 3,413         |
| Correlated Effect                  | (41,466)      | (24,862)      | (39,901)      | (59,897)      | (50,799)      |
| <b>VaR</b>                         | <b>78,229</b> | <b>47,831</b> | <b>63,875</b> | <b>69,678</b> | <b>63,347</b> |
| <b>Average VaR in the Quarter</b>  | <b>70,082</b> | <b>58,896</b> | <b>63,357</b> | <b>69,371</b> | <b>60,495</b> |
| <b>Minimum VaR in the Quarter</b>  | <b>59,765</b> | <b>36,923</b> | <b>43,873</b> | <b>58,796</b> | <b>44,856</b> |
| <b>Maximum VaR in the Quarter</b>  | <b>78,229</b> | <b>78,036</b> | <b>80,911</b> | <b>82,457</b> | <b>74,138</b> |

Investments abroad protected by hedge operations are not considered in the VaR calculation, since these are strategically managed differently, with amounts taking into account the tax effects, which minimize the sensitivity to risks and corresponding impacts on results, as well as foreign securities positions, which are funding-matched.

Besides the follow-up and control via VaR, a Sensitivity 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.





- SPB Management Brazilian Payment System, with the purpose of ensuring the execution of the messages among the Banks of the Organization and all the entities participating in this system. The activity is supported by monitoring tools of the Organization's information systems, aligned with the continuous training and professional qualification, with the purpose of ensuring full operability and availability of the system. Additionally, the Organization has a PCN Operational Continuity Plan for SPB, documented in a specific tool and with corporate access, comprising predefined scenarios and actions, which enables the reduction of systemic unavailability risk. The areas involved in the process also count on a physical environment located in Alphaville, for operational continuity of the SPB processes, in the occurrence of a possible claim (fire, landslide, strike etc.), in the facilities of the Headquarters or Nova Central, which hinder the performance of activities. PCN SPB is continuously tested and the evidences are published in standard reports disclosed in our corporate intranet.
- 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;
  - 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; and
  - 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).

Capital Adequacy Ratio (Basel) March 2006 R\$ million

Calculation

| Calculation Basis   | Consolidated<br>Financial <sup>(1)</sup> | Total <sup>(2)</sup><br>Consolidated |
|---|--|--------------------------------------|
| <b>Stockholders' Equity</b>                                       | <b>20,375,426</b>                        | <b>20,375,426</b>                    |
| <b>Minority Interest/Other</b>                                    | <b>16,085</b>                            | <b>71,002</b>                        |
| Decrease in Tax Credits BACEN Resolution 3,059                    | (149,154)                                | (149,154)                            |
| <b>Reference Stockholders Equity Level I</b>                      | <b>20,242,357</b>                        | <b>20,297,274</b>                    |
| <b>Reference Stockholders Equity Level II (Subordinated Debt)</b> | <b>8,549,093</b>                         | <b>8,550,095</b>                     |
| <b>Total Reference Stockholders Equity (Level I + Level II)</b>   | <b>28,791,450</b>                        | <b>28,847,369</b>                    |
| <b>Risk-Weighted Assets</b>                                       | <b>151,192,276</b>                       | <b>172,288,320</b>                   |
| <b>Capital Adequacy Ratio (%)</b>                                 |  |                                      |
| Tier I  | 13.39                                    | 11.78                                |
| Tier II   | 5.65                                     | 4.96                                 |

**Ratio Variation %**

|   |              |              |
|---|--------------|--------------|
| <b>Ratio in March 2005</b>                                      | <b>17.11</b> | <b>14.97</b> |
| <b>Movement in Stockholders Equity:</b>                         |              |              |
| Net Income for the Year   | 4.50         | 3.93         |
| Interest on Own Capital/Dividends                               | (1.58)       | (1.38)       |
| Mark-to-Market Adjustment Marketable Securities and Derivatives | 0.19         | 0.17         |
| Subordinated Debt   | 2.16         | 1.89         |
| Other   | (0.20)       | (0.18)       |

**Variation in Weighted Assets:**

|   |              |              |
|---|--------------|--------------|
| Marketable Securities                                   | 0.50         | (0.33)       |
| Loan Operations   | (2.52)       | (1.82)       |
| Tax Credit  | 0.25         | 0.23         |
| Risk (Swap, Market, Interest Rate and Foreign Exchange) | (0.25)       | (0.20)       |
| Memorandum Accounts                                     | (0.24)       | (0.19)       |
| Other Assets  | (0.88)       | (0.35)       |
| <b>Ratio in March 2006</b>                              | <b>19.04</b> | <b>16.74</b> |

(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 and Corporate) and by the Departments (Corporate and Exchange), 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:

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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                 |                      | 2006                 |                      |
|                                  | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Number of Cards</b>           | <b>46.4</b>          | <b>46.8</b>          | <b>47.6</b>          | <b>50.2</b>          |                      |                      |
| Credit                           | 7.6                  | 7.5                  | 8.6                  | 9.2                  |                      |                      |
| Debit                            | 38.8                 | 39.3                 | 37.4                 | 38.2                 |                      |                      |
| Private Label / Hybrid           |                      |                      | 1.6                  | 2.8                  |                      |                      |
| <b>Average Amount Billed R\$</b> | <b>6,186.8</b>       | <b>5,864.9</b>       | <b>7,847.7</b>       | <b>7,388.9</b>       |                      |                      |
| Credit                           | 3,146.8              | 3,117.8              | 3,967.4              | 3,954.0              |                      |                      |
| Debit                            | 3,040.0              | 2,746.6              | 3,747.5              | 3,288.2              |                      |                      |
| Private Label / Hybrid           |                      | 0.5                  | 132.8                | 146.7                |                      |                      |
| <b>Number of Transactions</b>    | <b>119.1</b>         | <b>113.1</b>         | <b>141.9</b>         | <b>135.2</b>         |                      |                      |
| Credit                           | 51.4                 | 50.5                 | 60.5                 | 61.1                 |                      |                      |
| Debit                            | 67.7                 | 62.6                 | 79.5                 | 72.2                 |                      |                      |

|                        |     |     |
|------------------------|-----|-----|
| Private Label / Hybrid | 1.9 | 1.9 |
| Credit Cards           |     |     |

In 1Q06, Bradesco increased 22.7% its credit card base and the number of transactions climbed 21.0% .

Sales for 1Q06 reached the amount of R\$ 3,954.0 million, a growth of 26.8% as compared to the same period in 2005, with a market share of 13.1% of cards under the Visa and MasterCard flags.

Banco Bradesco, Fidelity National Information Services, Inc. and Banco ABN AMRO Real entered into an agreement to make a partnership with the purpose of providing card processing services, creating a new company which will be called Fidelity Processadora e Serviços S. A. This partnership will make Fidelity one of the country's largest card processing companies.

In this quarter Banco Bradesco entered into a partnership with American Express Company, to take over its credit card operations and similar activities in Brazil.

The partnership comprises the transfer of subsidiaries of American Express in Brazil which operate in the credit card segment and similar. Bradesco will have the exclusivity right for a minimum period of 10 years, for the issuance of Credit Cards of the Centurion line in Brazil, including the Membership Rewards Program and management the network of establishments for the acceptance of American Express Cards in Brazil.

In 2005, American Express reached a revenue of R\$ 8.9 billion with a base of 1.2 million cards of high consumption power. The price of the operation is US\$ 490 million.



American Express deeply knows the credit card market and is considered one of the world's most valuable brands, with large international prestige. It has an excellent operational platform in Brazil and counts on a team of professionals highly qualified.

The partnership represents an important strategic step for Bradesco and enables the expansion of its client base in a segment of large competitiveness, in addition to complementing its position in the card market and providing greater commodity to its clients. Additionally it will enable important gains of scale adding value to the stockholders of both institutions.

The operation is subordinated to the approval of competent authorities and it is estimated that the finalization will take place at the end of the 1<sup>st</sup> half of 2006.

Credit Cards Base    million

Credit Cards Sales    R\$ million

Cards    Private Label / Hybrid

In this market, Bradesco operates in the segments of supermarkets through partnerships with the stores Comper and Dois Irmãos; in the segment of Retail stores with the partnerships Casas Bahia, LeaderCard and Lojas Esplanada (Grupo Deib Otoch); and in the Clothing segment with the partnership Lojas Hering.

This quarter, it entered into a partnership with the Supermarket Chain Carone, with 6 stores located in Vitória and Vila Velha.

It closed the 1<sup>st</sup> quarter of 2006 with 2.8 million cards, a revenue of R\$ 146.7 million and 1.9 million transactions.

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Debit Cards

Bradesco started the 1<sup>st</sup> quarter of 2006 with a base of 37.4 million Debit Cards, closing the period with 38.2 million, representing a growth of 2.1%, pointing out the client base of Banco BEC.

The debugging process of the base, started in the previous quarter and which resulted in the exclusion of inactive Eletron cards, is showing a better quality of the base. The average quantity of transactions per card grew 18.7%, and the total quantity of transactions made by debit card in 1Q06 was 72.2 million, a 15.3% growth compared to 1Q05.

In terms of sales results, in 1Q06, there was an increase of 19.7% over the same period of 2005. The financial volume reached R\$ 3,288.2 million versus R\$ 2,746.6 million in 1Q05.

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

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.

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.

In the 1<sup>st</sup> quarter of 2006 Bradesco had a base of 1.0 million Visa Vale cards, representing a growth of 16.9% compared to the same period of 2005, increasing its share from 45.3% to 45.6% . Revenue in the quarter added up to R\$ 372.5 million, a growth of 43.8% compared to the same period of 2005.

## 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 March 2006, Visanet had more than 900 thousand affiliated establishments throughout Brazil, present in more than 4,600 Brazilian cities.

## Income from Credit Cards

Card services revenue reached, in the 1<sup>st</sup> quarter of 2006, R\$ 349.3 million, with a growth of 20.3% compared to the same period of 2005, mainly in revenues of commissions on purchases made with Credit and Debit Cards and several fees of services provided to clients which are card holders and affiliated establishments.

In the 1<sup>st</sup> quarter of 2006, financial revenues increased 29.8% compared to the same period of 2005, reaching R\$ 282.3 million.

## Credit Card Assets

In 1Q06 2006, Credit Card assets, which include financings to the bearer, advances to establishments and credits for cash purchases and by installments increased 47.1% compared to the same period in 2005, ending the quarter with R\$ 4,610.6 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.  |
| Luxemburg    | Banco Bradesco Luxembourg S.A. |
| Tokyo        | Bradesco Services Co., Ltd.    |
| Grand Cayman | Cidade Capital Markets Ltd.    |

### 12 Operational Units in Brazil

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.

After the end of 1Q06, Bradesco Organization, by means of its International Area, reaffirms once again the commitment assumed in the past years for the expansion, strengthening and consolidation of the Brazilian foreign trade.

The figures reached in the 1<sup>st</sup> quarter show this commitment.

Export exchange closings carried out by Bradesco from January to March 2006, reached US\$ 7.7 billion, recording an evolution of 31.7% compared to the same period of 2005, while the evolution shown by the market stood at 24.6% . This performance enabled the International Area to set a new record in export exchange closings in a single month with US\$ 2.8 billion in March.

The market share in the period, record for a quarter, stood at 23.5%, surpassing by 3.5% the 22.7% reached in the 1<sup>st</sup> quarter of 2004.

In line with the export market, the closings of import exchange agreements by Bradesco added up to US\$ 2.7 billion in 1Q06, representing an evolution of 16.8% compared to January to March 2005. In this market, the market share stood at 14.7% .

The International Area ends the quarter recording in its Foreign Trade Portfolio the expressive balance of US\$ 5.8 billion when taking into account the balances of Export and Import Financing, Foreign Collateral provided and loans to Brazilian companies abroad. Compared to the same period of 2005, the amount had an evolution of 42.0%, representing a new record for the International Area in the amounts granted of financing in these categories.

Volume of Foreign Currency Trade    US\$ billion



Export Market

Import Market

With the clear purpose of offering a larger support to companies operating in the exchange market and foreign trade or those that try to operate in this market, Bradesco is investing in the expansion of its structure, creating exchange platforms in the main export centers of the country. These platforms are located jointly with the segment Bradesco Empresas and count on professionals specialized in exchange and foreign trade.

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

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The portfolios of Export and Import Financing, Foreign Collateral provided and Loans to Brazilian companies headquartered abroad ended 1Q06 recording the following balances:

| Foreign Trade Portfolio                                      | March 2005     |                 | March 2006     |                 |
|--|----------------|-----------------|----------------|-----------------|
|  | US\$ million   | R\$ million     | US\$ million   | R\$ million     |
| <b>Export Financing</b>                                      |                |                 |                |                 |
| Advance on Foreign Exchange Contracts Undelivered Bills      | 1,363.9        | 3,634.6         | 1,966.6        | 4,272.2         |
| Advance on Foreign Exchange Contracts Delivered Bills        | 640.3          | 1,706.6         | 654.3          | 1,421.4         |
| Export Prepayments   | 1,104.3        | 2,944.3         | 1,425.4        | 3,096.6         |
| Onlending of Funds Borrowed from BNDES/EXIM                  | 244.8          | 652.6           | 531.6          | 1,154.8         |
| Exports Credit Note NCE                                      |                |                 | 110.9          | 240.9           |
| Documentary Drafts and Bills of Exchange in Foreign Currency | 7.3            | 19.5            | 4.7            | 10.2            |
| Indirect Exports   | 6.1            | 16.1            |                |                 |
| <b>Total Export Financing</b>                                | <b>3,366.7</b> | <b>8,973.7</b>  | <b>4,693.5</b> | <b>10,196.1</b> |
| <b>Import Financing</b>                                      |                |                 |                |                 |
| Foreign Currency   | 254.9          | 679.5           | 284.6          | 618.2           |
| Imports Draft Discounted                                     | 181.3          | 483.3           | 110.4          | 239.8           |
| Open Import Credit   | 47.2           | 125.7           | 72.3           | 157.1           |
| <b>Total Import Financing</b>                                | <b>483.4</b>   | <b>1,288.5</b>  | <b>467.3</b>   | <b>1,015.1</b>  |
| <b>Collateral</b>  |                |                 |                |                 |
| Foreign Collateral Provided                                  | 136.7          | 364.4           | 380.0          | 825.6           |
| <b>Total Foreign Collateral Provided</b>                     | <b>136.7</b>   | <b>364.4</b>    | <b>380.0</b>   | <b>825.6</b>    |
| <b>Total Foreign Trade Portfolio</b>                         | <b>3,986.8</b> | <b>10,626.6</b> | <b>5,540.8</b> | <b>12,036.8</b> |
| Loans via Branches Abroad                                    | 122.4          | 326.4           | 297.8          | 647.0           |
| <b>Overall Total</b>   | <b>4,109.2</b> | <b>10,953.0</b> | <b>5,838.6</b> | <b>12,683.8</b> |

The support to financings of the foreign exchange portfolio is financed by credit lines obtained with correspondent banks abroad and at the end of March this year, 86 U.S., European and Asian Banks had extended credit lines to Bradesco.

The spreads paid by Bradesco in this 1<sup>st</sup> quarter are between 13 and 23 basis points above Libor for a period between 180 days and 360 days, respectively.

Compared to the same period of 2005, it was noticed a decrease which totaled approximately 12 basis points on average, evidencing a substantial improvement in the international market perception towards the country risk.

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

US\$ million



| Foreign Branches and Subsidiaries        | 3.31.2005      |                     | 3.31.2006       |                     |
|--|----------------|---------------------|-----------------|---------------------|
|  | Total Assets   | Stockholders Equity | Total Assets    | Stockholders Equity |
| Bradesco New York                        | 962.9          | 143.5               | 1,231.6         | 152.2               |
| Bradesco Grand Cayman (*)                | 6,706.6        | 1,614.0             | 8,413.4         | 2,646.6             |
| Boavista Nassau (*)                      | 249.1          | 92.3                | 10.5            | 8.5                 |
| Cidade Capital Markets Ltd. Grand Cayman | 30.9           | 30.9                | 32.6            | 32.6                |
| Bradesco Services Co., Ltd. Tóquio       | 0.3            | 0.2                 | 0.5             | 0.5                 |
| Banco Bradesco Argentina S.A.            | 18.5           | 16.6                | 18.8            | 16.6                |
| Banco Bradesco Luxembourg S.A.           | 319.4          | 131.6               | 420.4           | 138.6               |
| <b>Total</b>                             | <b>8,287.7</b> | <b>2,029.1</b>      | <b>10,127.8</b> | <b>2,995.6</b>      |

(\*) With the closure of Boavista Banking Ltd. Nassau and Boavista Grand Cayman, the amounts until then totaled in Boavista Nassau were transferred to Bradesco Grand Cayman.

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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.

In the end of 1Q06, besides the short-term funds obtained with correspondent banks for foreign trade financing, Bradesco Organization obtained the amount of US\$ 140.0 million in the international capital markets by means of public and private, medium and long-term placements, earmarked for foreign trade financing and working capital loans.

Foreign Public Issuances Outstanding Reference Date March/2006 (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\$ 225.9 million) (1)             | R\$      | 577,7    | 12.10.2004  | 12.10.2007 |
| FxRN BRL (US\$ 100.0 million)                 | R\$      | 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\$     | 182,9    | 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\$     | 2.627,6  |             |            |
| Private Issuance                              | US\$     | 396,2    |             |            |
| Total (in US\$)                               | US\$     | 3.023,8  |             |            |

(1) This includes the issuance as of 1.30.2006 in the amount of R\$ 116.0 million.

(\*) International Diversified Payment Rights Company

(\*\*) Perpetual Non-cumulative Junior Subordinated Securities

### Capital Markets

#### Underwriting Transactions

During 1Q06, Bradesco coordinated important stock and debentures transactions, which amounted to R\$ 3.8 billion. This volume accounts for 30.05% of the total amount of stock, debentures and promissory notes issuance recorded by

(CVM) in the same period.

Among the operations we took part, we can highlight the public offerings of stocks of Rossi Residencial S.A., in the amount of R\$ 862.5 million and the public offerings of debentures of Panamericano Arrendamento Mercantil S.A., in the amount of R\$ 250.0 million, Petroflex Indústria e Comércio S.A., in the amount of R\$ 160.0 million, Companhia Piratininga de Força e Luz, in the amount of R\$ 400.0 million and Telemar Norte Leste S.A., in the amount of R\$ 2.2 billion.

In addition to the local market, Bradesco also operates in the international capital markets, originating and structuring underwriting transactions of fixed income (commercial papers, notes and bonds) for placement with foreign investors.

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## 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 the 1<sup>st</sup> quarter of 2006, two important operations assisted by the Capital Markets Department were concluded: the acquisition of activities of American Express in Brazil by Bradesco and the merger operation between the fuel distributors Satélite and ALE, creating the sixth largest company of this competitive segment.

## Project Finance Operations

Bradesco has a solid track record being the financial structuring company and advisor for several greenfield projects in the categories Project and Corporate Finance. The team of specialists has a close relationship with BNDES and several development bodies.

In the 1<sup>st</sup> quarter of 2006, Bradesco was chosen as the financial advisor for projects in the category Public-Private Partnerships (PPP).

## 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; 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 1Q06 we can highlight the FIDCs Quero-Quero Financeiro, in the amount of R\$ 51.0 million and of Cemig FIDC Conta CRC, in the amount of R\$ 900.0 million and Built to Suit Financing of Confidere Imobiliária e Incorporadora Ltda., in the amount of R\$ 97.0 million.

## Cash Management Solutions

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 cryptography) standards.

The innovations have secured the preference of more and more 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.

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

## **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.

### **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**

### **Pag-For (Suppliers Payment), Bradesco Net Empresa and PTRB (Electronic Payment of Taxes)**

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 1Q06, payment solutions accounted for R\$ 121.9 billion, corresponding to 32.9 million payment transactions, enabling the management of Accounts Payable of more than 374 thousand companies.

## **Corporate Solutions**

### **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.

## **Government Authority Solutions**

The activities of the Government Authority area is to serve federal, state and local bodies in a differentiated manner, identifying business opportunities and structuring customized solutions, also counting on a portal in the Internet ([www.bradescopoderpublico.com.br](http://www.bradescopoderpublico.com.br)).

### Statistical Data

|                                       | R\$ billion          |                      |                      |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | 2004                 | 2005                 | 2006                 |                      |
|                                       | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Receipt Solutions (1)                 | 230.3                | 216.2                | 241.5                | 233.9                |
| Payment Solutions                     | 114.3                | 111.5                | 124.6                | 121.9                |
| <b>Total</b>                          | <b>344.6</b>         | <b>327.7</b>         | <b>366.1</b>         | <b>355.8</b>         |
| Taxes                                 | 25.7                 | 27.7                 | 30.6                 | 29.9                 |
| Water, Electricity, Telephone and Gas | 5.3                  | 5.2                  | 5.8                  | 5.8                  |
| Social Security Payments              | 7.2                  | 5.6                  | 8.0                  | 6.1                  |
| <b>Total Public Sector (*)</b>        | <b>38.2</b>          | <b>38.5</b>          | <b>44.4</b>          | <b>41.8</b>          |

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

(\*) Includes public and privatized utility service concessionaires.

## Number of transactions millions

|                                       | 2004                 |                      | 2005                 |                      | 2006                 |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Receipt Solutions (1)                 | 230,6                | 221,1                | 228,6                | 227,3                |                      |                      |
| Payment Solutions                     | 31,0                 | 29,8                 | 34,1                 | 32,9                 |                      |                      |
| <b>Total</b>                          | <b>261,6</b>         | <b>250,9</b>         | <b>262,7</b>         | <b>260,2</b>         |                      |                      |
| Taxes                                 | 16,7                 | 20,9                 | 17,4                 | 22,0                 |                      |                      |
| Water, Electricity, Telephone and Gas | 35,0                 | 34,9                 | 37,7                 | 39,2                 |                      |                      |
| Social Security Payments (2)          | 11,4                 | 12,8                 | 13,2                 | 13,2                 |                      |                      |
| Total Public                          | <b>63,1</b>          | <b>68,6</b>          | <b>68,3</b>          | <b>74,4</b>          |                      |                      |

**Sector (\*)**

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

(2) Total of beneficiaries: more than 4.404 million of retirees and pensioners (corresponds to 18.12% of the population subject to INSS).

(\*) Includes public and privatized utility service concessionaires.

N.B.: Payments by means of automatic debit.

12.732 million from January to March, 2005.

12.735 million from January to March, 2006.

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. We point out in this quarter, the share of Bradesco in the going public operations, issuance of debentures and promissory notes, which reached in the period more than 50% of market share in the segment.

#### Main Indicators in 1Q06:

|  |  |
|--|--|
| Book-Entry Stocks                              | 173 companies, with market value of R\$ 287.7 billion, combining 2.4 million stockholders. |
| Book-Entry Debentures                          | 46 companies, with restated amount of R\$ 39.4 billion.                                    |
| Book-Entry Quotas                              | 29 funds, with restated amount of R\$ 5.4 billion.   |
| Brazilian Depository Receipt – BDR 2 Programs, | with market value of R\$ 187.1 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

Targeted at Companies, Assets, Foundations, Insurance Companies and Private Pension Plan Entities, the provision of service for this segment has continuously grown. Part of this growth may be verified in the evolution graphic of Assets under Custody, whose increase was 12.66% in the quarter.

#### Main Indicators in 1Q06:

|                |   |
|----------------|---|
| Custody        | R\$ 202.0 billion in assets under custody (Funds, Portfolios, DR and Receivable Funds). |
| Controllership | R\$ 251.9 billion distributed in 628 Assets under Management.                           |

Depository Receipt DR

R\$ 49.1 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

## Edgar Filing: BANK BRADESCO - Form 6-K

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

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.

Bradesco Organization has 8 certifications:

- 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.

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## 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 the 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.

## 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.

## 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 74 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.

## Acknowledgments

Bradesco Brand was considered the most valuable one of the Brazilian private bank sector, with its value estimated at R\$ 4 billion. This is the result of the evaluation of brands of Brazilian companies made by Finance, one of the largest experts of the segment based in London. The ranking was prepared having as basis several indicators along with a group of consumers.

Bradesco won two categories in the IR Global Rankings (IRGR), known as the Oscar of Investor Relations, which evaluates Investor Relations (IR) websites of companies all around the world. In Latin America, Bradesco won the TOP5 Websites category, for the second consecutive time, as one of the best IR websites. It was also acknowledged as one of the best in TOP5 Disclosure of Quarterly Results.

Bradesco Seguros e Previdência was elected the most remembered company and the favorite one in the

Insurance category in the eighth edition of the Brand Research of Who Decides, conducted by Jornal do Comércio/RS in partnership with QualiData Institute. The research was carried out with 330 businessmen and professionals of Rio Grande do Sul and it is acknowledged as the most complete study about brands in southern Brazil.

Bradesco Vida e Previdência received the Segurador Brazil 2006 Award, in three categories: the main one was the Life and Private Pension Plan segment, for Highest Leverage and Results in Group Life and for Prev Jovem Private Pension Plan Campaign. The award is promoted by Segurador Brasil magazine and has as purpose to acknowledge the leadership, performance and achievements of companies of the sector in 2005. Bradesco Auto/RE also received an award in the Auto segment and Bradesco Capitalização in the Savings Bonds segment.





## **6 - Social-environmental Responsibility**

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## 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 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.

#### Human Resources Management Policy of Bradesco Organization

We reaffirmed the commitment with our employees formalizing guidelines for the management and development of our human resources, by means of the Human Resources Management Policy of Bradesco Organization. Basic assumptions:

- To comply with all the requirements, regulating rules and legal conventions concerning work relations and environment, applicable to our activities;
- To assume the public commitment of defense and protection of Human Rights, Children's Rights and Labor Fundamental Rights, in line with national and international Principles, Standards and Treaties;

## Human Resources

- To respect the diversity and dignity of the human being, preserving the individuality and privacy, not admitting the practice of discriminatory acts of any nature in the work environment in all our relations, with the internal and external public;
- To ensure the good relationship among all professionals of the Organization, maintain a safe and healthy work environment and provide conditions for great performance and productivity levels;
- To contribute to the improvement in the quality of life of employees, offering conditions for the balance among work, health and family;
- To encourage our professionals to surpass their limits and stimulate creativity in search for solutions, aiming at the self-achievement, clients' satisfaction and business expansion;
- To promote the constant development and improvement of technical and behavioral potentialities of our employees and make available favorable mechanisms which allow them to manage their personal and professional plan, in order to ensure the continuous improvement of management processes; and
- To ensure opportunity priority for the professional growth of people, by the permanent investment and development of internal competences, by the valuation and respect to knowledge and professional qualification acquired during the career.

### 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 in video containing institutional messages and technical guidance.

The annual goals and strategies are disclosed at meetings with the Presidency, where Directors, Regional Managers and Managers of Branches and Departments of the Organization take part. All the issues are referred to respective teams.

### People Management

Bradesco maps the Organization's human capital and currently records 14,000 employees' profiles.

Based on this knowledge, leaders and employees are given 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 of 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 782 disabled people.

At Bradesco's Website, in the link Career Opportunities, the Company emphasizes the collection of disabled people's curriculums.

## Ethnical Groups

Bradesco entered into a partnership with the Faculdade Cidadania Zumbi dos Palmares - Unipalmares, by means of a professional qualification program which aims to contract interns, to work in important business areas of Bradesco.

Unipalmares' mission, by means of ONG Afrobrás, is to promote the inclusion of black people into higher education of the country.

The 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.

The program which started with 30 interns, was increased for more 30 students.

## Opportunities for Women

Bradesco ended March 2006 with a quota of 34,838 women employees, corresponding to 47% of the functional staff.

In the Prime segment, 72% of staff is women.

In leading positions, Bradesco has 14,932 women, including in the Board of Executive Officers and the Board of Directors.

## Internship Program

Aiming at providing 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 665 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, all students approved in the selection process have been contracted.

Bradesco developed in 2005 a traineeship program specific for Bradesco Prime business area, aiming at the qualification of future Relationship Managers of this segment.

Started in 2006, the program has a 8-month estimated duration and counts on 25 participants.

#### Youth Apprentice Program

The Youth Apprentice Program was implemented by Bradesco Organization in 2004, executed in partnership with Fundação Bradesco and other qualified entities, encompassing the administrative centers throughout the country.

The program estimates the contracting of youngsters from 14 to 18 years old, having as purpose to provide personal and professional development to adolescents.

We ended March 2008 with 597 Apprentices.

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## 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.

Currently we count on 184 contracted youngsters.

## 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 situations related to psychological and emotional needs.

## Benefits

Besides the aspects provided for by the law, 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 the 1<sup>st</sup> quarter, there were 908,314 medical/hospital consultations and 155,079 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

Bradesco carries out a vaccination campaign against influenza, offering the vaccination free of charge to all its employees and at subsidized prices to their dependents.

## 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 in the 13<sup>th</sup> salary.

The plan guarantees coverage to the retiree, the retiree'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 emergency.

Services are offered in most varied situations: medical treatment, accidents, decease in the family and release of special loans.

Such initiative shows Bradesco's concern with its employees' well-being when facing personal problems.

## 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 the policy, with subsidized costs.

## Snack Supply

Bradesco's employees receive snacks on a free basis all working days.

In the 1<sup>st</sup> quarter of 2006, we distributed 6.0 million snacks.

## Credit Facilities for Acquisition of Computers, Vehicles, Real Properties and Personal Expenses

Bradesco offers loans to its employees with subsidized fees for acquisition of computers, vehicles and personal expenses. Employees and their first relatives may also finance the acquisition of residential real properties with lower interest rates.

#### 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, by which Bradesco negotiates special discounts directly with various products suppliers.

#### Social Loan

By means of Caixa Beneficente (Benefits Fund), the Company offers financial assistance to its employees, granting loans with subsidized fees, destined to emergency conditions, education expenditures, acquisition of orthopedic instruments, glasses, funerals, psychologists, psychiatrists, phonoaudiologists, among others.

#### Leisure Activities

Bradesco maintains in Cidade de Deus, in the city of Osasco, an area with swimming pools, racetrack, soccer field, basketball, volleyball, tennis and squash courts, destined to leisure and recreation activities to employees and dependents.

Human Resources March 2006

On March 31, 2006, Bradesco's employees, including staff at the subsidiaries, totaled 74,940. The following table presents the variation of Bradesco's headcount:

|                           | December      |               |               |               |               | March         |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                           | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Banco Bradesco</b>     | <b>51,633</b> | <b>53,732</b> | <b>59,430</b> | <b>62,013</b> | <b>61,347</b> | <b>61,466</b> |
| Subsidiaries              | 6,943         | 8,729         | 9,407         | 11,631        | 12,534        | 12,643        |
| <b>Subtotal Bradesco</b>  | <b>58,576</b> | <b>62,461</b> | <b>68,837</b> | <b>73,644</b> | <b>73,881</b> | <b>74,109</b> |
| <b>Banco BCN</b>          | <b>5,857</b>  | <b>6,105</b>  | <b>5,203</b>  |               |               |               |
| Subsidiaries              | 1,280         | 1,504         | 1,741         |               |               |               |
| <b>Subtotal BCN</b>       | <b>7,137</b>  | <b>7,609</b>  | <b>6,944</b>  |               |               |               |
| <b>Banco Mercantil</b>    |               | <b>3,970</b>  |               |               |               |               |
| Subsidiaries              |               | 353           |               |               |               |               |
| <b>Subtotal Mercantil</b> |               | <b>4,323</b>  |               |               |               |               |
| <b>BEC</b>                |               |               |               |               |               | <b>831</b>    |
| <b>Total</b>              | <b>65,713</b> | <b>74,393</b> | <b>75,781</b> | <b>73,644</b> | <b>73,881</b> | <b>74,940</b> |

#### March 2006

| By Age          | By Gender | By Educational Background | By Years of Service with Bradesco | By Managerial Position |     |
|-----------------|-----------|---------------------------|-----------------------------------|------------------------|-----|
| Younger than 30 | 46%       | High School               | 21%                               | Less than 5 years      | 42% |
| From 31 to 40   | 33%       | Men                       | 53%                               | University             | 78% |
| From 41 to 50   | 18%       | Women                     | 47%                               | Other                  | 1%  |
| Older than 50   | 3%        |                           |                                   | From 6 to 10 years     | 14% |
|                 |           |                           |                                   | From 11 to 20 years    | 32% |
|                 |           |                           |                                   | More than 20 years     | 12% |
|                 |           |                           |                                   | Non-commissioned       | 51% |
|                 |           |                           |                                   | Commissioned           | 49% |

#### Personnel Expenses

In the first quarter of 2006, Bradesco's personnel expenses reached R\$ 1,419 million, including in such total expenses related to salaries, social charges, benefits, training, employees' profit sharing etc.

The following pie graph shows the percentage share of each item in relation to total Bradesco personnel expenditure in the quarters.

#### 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 training programs meet Bradesco's commitment to provide development opportunities to all its independent employees of the hierarchical level, essential for Bradesco's generation of results.

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 actions of training, reinforcing its commitment to contributing to the development and appreciation of the staff and the employees.

For 2006, a budget of R\$ 63.7 million was made available, 26% higher than the average of investments in the past 5 years, to continue with the main training programs targeted at several areas of the Organization and at the implementation of new programs aimed at meeting corporate business strategies.

In this different context of knowledge management Bradesco Organization has strongly invested in training programs that contribute to the strengthening of internal competences and to the development of talents, as a support to the mission described in the internal policy of people management.

Recognizing that people are the sustaining basis of our business, we have as mission to attract, develop, recognize, manage, esteem and stimulate Bradesco Organization's talents, by means of the permanent construction of an integrated value relation among corporate activities.

In this 1<sup>st</sup> quarter, training had 588,200 participations in the 322 different courses made available and investments in the several media added up to R\$ 8 million.

## Presence Courses

In the first three months of the year there were 15 thousand presence participations, mainly actions for Retail comprising nearly 4 thousand participants in courses such as Client Management, which comprises themes such as relationship and analysis of clients potential for the increase of assets and results of Branches, the Loan in Retail program, in partnership with Sebrae, focused on loan concession for micro and small-sized companies, the Real Estate Loan course, providing conceptual knowledge for the sale of the product, as well as operating aspects of contracting, to achieve goals of investment of funds proposed by the Organization, as well as the increase of results of branches, among others.

The process of qualifying Managers of the Prime segment continued with the Managerial Development Program which comprises, among other aspects, the improvement of the business management process, the optimization of funds and the leverage of results for the segments. Bradesco also started the Trainee Assistant Managers Program, promoting integration of participants at Bradesco Organization/Prime Segment, in order to facilitate the understanding of culture and several focuses of operation in the market and in the segment and qualify participants for the development of activities related to their attributions, by means of the improvement of skills and technical and behavioral competences.

The assistance to Departments and Affiliated Companies was also shown by means of attendances in external events, made available by specialized companies, which offer vacancies to the general public, with 2,053 participations.

Training for Information Technology areas continued in this 1<sup>st</sup> quarter of 2006, with some highlights such as: TI Improvement Project, with technical, operational and behavioral training, comprising themes about service management, commitment and alignment of professionals, in the implementation of this large project of the Organization, which may assist 1,240 participations and OBB PLUS training, which aims to qualify professionals in the new architecture tool of Office Banking Bradesco and which comprises 228 employees. Also in the IT areas, the certification processes were implemented, maintaining the staff qualification and qualifying them among the most modern techniques of the market. In this context, we can highlight the Software Quality Certification, which is new in the country and has several software engineering techniques and concepts about product quality, involving 40 professionals, and the Specialist in Function Points Certification, which qualifies employees for measurement of systems according to the standard technique of the international market, in which 35 employees have already been certified.

## Partnership with University and Colleges

Since 1996, in partnership with educational institutions, such as FIA, FIPE, FIPECAFI, FGV and IBMEC, 1,237 Bradesco's employees obtained MBAs, Post-Graduate, Specialization courses and Masters Degree certificates, important for the maintenance of quality of information provided and for the qualification of the staff to be aligned with the most modern management practices. Two classes of MBA Negócios Bancários (FGV) and one class of MBA Negócios Bancários on-line (FGV-RJ), are in progress, in groups made exclusively for Bradesco, and we are starting a new MBA Controller (FIPECAFI) class, amounting to 130 professionals of different areas of the Organization.



## Insurance Group

Projects for Bradesco Seguros e Previdência are in progress supported by the UniverSeg (Insurance Knowledge Universe) brand, which aims to provide all the training for employees, insurance brokers and dealerships, targeted at the insurance segment, as a single, corporate project, contributing to the Insurance Company to be the best place for the broker set his/her production, the best place for the insured insure his/her life, health, assets and the best place to work for. This quarter more than 2,000 professionals were qualified.

New Projects are under development for Universeg with highlights to UNIVERSEG ON THE STAGE, using the interactive theater methodology, which works with themes connected to the performance of insurance brokers and dealerships that sell products of Bradesco Seguros within the scope of our branches. The outcome of the project has been surprising and significant, for it meets all the goals proposed by the Insurance Company and in view of this experience, this program may be offered to the internal public, focusing actions on quality of assistance and on the improvement of professional performance.

## Certification in Investment Products

Programs that prepare for the exam of Certification in Investment Products are in progress and, in this 1<sup>st</sup> quarter, one more certification exam was carried out with the participation of 1,106 employees, with a 73% approval index.

The approval index reached by Bradesco in all exams was 81.2%, while the market index stood at 72.3% . This fact consolidates the concern the Organization has to adequately prepared professionals and also the involvement shown by employees during the certification process.

These figures enabled the certification, until the end of this quarter, of more than 8,300 professionals directly involved in the assistance to clients of the Network of Branches and to qualified investors in conformity with the compliance with the Resolution 3,158/03, of the Brazilian Monetary Council.

## Incorporation of BEC

In March Bradesco started incorporation training of employees of former BEC, Banco do Estado do Ceará, for the appropriate operationalization of Bradesco system, client assistance and performance of businesses, by means of the understanding of concepts, techniques and business policies of the Organization, which will involve the participation of 434 employees.

## On-line training

Bradesco is pleased to announce that it surpassed the record of more than 1.2 million participations in TreiNet Training through the Internet, in the 62 courses available, since its implementation in 2000. By means of a methodology that enables dissemination of new knowledge indistinctly, TreiNet is a differential for our employees, which meets the Organization's interests, and makes them be able to plan their learning actions according to their needs, respecting their personal time and place preferences and absorption of the content. In partnership with Fundação Bradesco, TreiNet courses are available for clients who hold a Bradesco University Account. Furthermore, by means of the website 100% broker of Bradesco Seguros e Previdência, TreiNet is also available for brokers and dealerships that sell the Organization's insurance products.



On-line training is also used in the implementation of new business or back-office tools, for example the recent implementation of SAP, which in this 1st quarter recorded nearly 480 thousand participations in the several courses made available for the use of the tool. It would not be possible to adequately train 73 thousand presence employees in the same period and the use of other distance training media, such as videotraining or even brochures, would not allow the same results.

In English learning, on-line training has been a differential, enabling the participation of around 1,000 employees in courses from basic to advanced level.

#### Brochures and Videotraining

Based on the demands of Bradesco areas of standard and operational issues, with a view at the awareness of employees, in this period we made available two Brochures, one about the Alert System (SALE), with the purpose of providing employees with a basic view of the Alert Systems, in order to facilitate the understanding of how the system organizes information coming from the data base and how to use this information for loan analysis and management. The other brochure is about the Management of Administrative Expenses, mainly the importance of the effective follow-up and control of administrative expenses in all premises of Bradesco.

Other two new videotrainings were also launched: A Matter of Posture, which makes employees aware of the importance of posture in the prevention of occupational diseases and the video Code of Defense of the Bank Client New Edition, which was reedited with the purpose of training employees about the main rules and procedures defined in the Resolution 2878 Code of Defense of the Bank Client.

#### Social and Corporate Responsibility

We continued with the projects that focus on human valuation such: Youth Apprentice Program, Young Citizen Program and Internship Programs, 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**

In the 1<sup>st</sup> quarter of 2006, Bradesco took part in the Summer Festival and in the Carnival in Salvador, BA , in the musical event Planeta Atlântida, held in Porto Alegre, RS, and in Florianópolis, SC, and in the National Grape Party, in Caxias do Sul, RS. It also participated in the Coopavel Rural Show, in Cascavel, PR , in Expogrande Agricultural Exposition of Campo Grande, MS and in Expodireto Cotrijal Agribusiness, in Não-Me-Toque, RS.

In the cultural area, Bradesco sponsored, among other projects, the concert Jazz Sinfônica and Toquinho, in Campos do Jordão, SP, the theater play Bibi Ferreira In Concert Pop, in São Paulo, SP, the play for kids O Pequeno Príncipe, in São Paulo, SP, and the launch of the CD Orquestra Acadêmica Festival de Inverno de Campos do Jordão, in São Paulo, SP.

Bradesco Seguros e Previdência was the official insurance company of the 19<sup>th</sup> edition of the Book International Biennial held in the Exposition Lodge of Anhembi, in São Paulo (SP).

## **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 was known by its seriousness and has become a benchmark for assistance in the education of young people, using volleyball and basketball 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 High School 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 Teleeducation and the Virtual Classroom site.

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## Areas and Methods of Action

### Basic Education

Basic Education comprises the Kindergarten, Primary School (first to eight grades) and High School, consisting more than 43.61% 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 continued education opportunities to educators, 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.

### 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 100 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, once the classrooms are taken up to the companies, respecting the different working hours and 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 social-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 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.

## Material Facts

The support to *Alfabetização Solidária* was renewed with investments of R\$ 1 million. In 2006, nearly six thousand students and 240 teachers will be benefited with funds from Fundação Bradesco in 16 cities of the northeast region with high illiteracy levels.

Among 700 finalists, from schools all over the Country, five students from Fundação Bradesco from the school units of Boa Vista, Cacoal, Paragominas, Rio Branco and São Luís were chosen to participate in the II Youth Environment Conference. The students helped to write the *Letter of Responsibilities about the Environment* delivered to the President of Brazil.

On March 19, all the school units of Fundação Bradesco promoted the National Day of Voluntary Action. More than 1 million services were rendered in the citizenship, education, leisure, sports and environment areas. Such action gathered approximately 21 thousand volunteers in more than 150 service centers which include the public schools, Digital Inclusion Centers - CIDs and Fundação's schools.

## Main Acknowledgments

Two compositions written by students from São João Del Rei were rated in the V Composition Contest *Reading is Needed*, promoted by Ayrton Senna and Ecofuturo Institutes, which has as purpose to encourage and value creativity among children and youngsters by means of writing. More than 5,800 schools participated with 21 thousand compositions. The 60 best texts were published in the book *We are and we want*.

Projects from students of the 8<sup>th</sup> grade of the Middle School, High School and Technical Courses from public and private school from all over Brazil participated in the IV FEBRACE, Brazilian Science and Engineering Fair, promoted by USP - São Paulo University with the purpose of encouraging new vocations in Sciences and Engineering by means of creative and innovative projects. Fundação Bradesco was represented with ten projects that achieved important awards, such as the right to attend an international science fair in Mexico.

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## Schools 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 attend at these schools.

| Schools  | Students | Schools                              | Students       |
|--|----------|--------------------------------------|----------------|
| Aparecida de Goiânia GO                            | 2,251    | Maceió AL                            | 2,270          |
| Bagé RS  | 2,181    | Manaus AM                            | 2,429          |
| Boa Vista RR                                       | 2,387    | Marília SP                           | 3,200          |
| Bodoquena MS                                       | 1,197    | Natal RN                             | 2,245          |
| Cacoal RO  | 2,370    | Paragominas PA                       | 2,295          |
| Campinas SP  | 4,618    | Paranavaí PR                         | 1,889          |
| Canuanã TO   | 1,287    | Pinheiro MA                          | 2,156          |
| Caucaia CE   | 2,230    | Propriá SE                           | 2,127          |
| Ceilândia DF                                       | 3,180    | Registro SP                          | 2,321          |
| Cidade de Deus Osasco SP                           |          | Rio Branco AC                        | 2,826          |
| Unit I   | 4,099    | Rio de Janeiro RJ                    | 4,118          |
| Unit II  | 2,816    | Rosário do Sul RS                    | 1,072          |
| Education Centers of Youngsters and Adults         | 7,816    | Salvador BA                          | 2,159          |
| Preliminary and Continued Qualification of Workers | 4,500    | São João Del Rei MG                  | 2,224          |
| Conceição do Araguaia PA                           | 2,532    | São Luis MA                          | 2,400          |
| Cuiabá MT  | 2,530    | Teresina PI                          | 2,280          |
| Feira de Santana BA                                | 808      | Vila Velha ES                        | 2,071          |
| Garanhuns PE                                       | 843      |                                      |                |
| Gravataí RS  | 3,450    |                                      |                |
|  |          | <b>Preliminary and Continued</b>     |                |
| Irecê BA   | 2,494    | <b>Qualification of</b>              |                |
|  |          | <b>Workers Rural Area Artificial</b> |                |
| Itajubá MG   | 2,656    | <b>Insemination</b>                  |                |
| Jaboatão PE  | 2,517    |                                      |                |
| Jardim Conceição SP                                | 2,695    | Campo Grande MS                      | 200            |
| João Pessoa PB                                     | 2,240    |                                      |                |
| Laguna SC  | 2,073    |                                      |                |
| Macapá AP  | 2,028    | <b>Total (*)</b>                     | <b>108,080</b> |

(\*) Assistance estimate for 2006.

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.

|   |                     |
|---|---------------------|
| <b>Investments in the last 10 years</b> | R\$ 1.164 billion   |
| <b>Investments in 2005</b>              | R\$ 167.061 million |
| <b>Investments estimated for 2006</b>   | R\$ 184.011 million |

Courses Grades

|  | <b>Assistance Estimate<br/>for 2006</b> |                   |
|--|---|-------------------|
|  | <b>Students</b>                         | <b>% of total</b> |
| Kindergarten                                       | 488                                     | 0.45              |
| Elementary School                                  | 33,398                                  | 30.90             |
| High School  | 13,247                                  | 12.26             |
| Youth and Adult Education                          | 21,705                                  | 20.08             |
| Preliminary and Continued Qualification of Workers | 35,576                                  | 32.92             |
| High School Technical Professional Education       | 3,666                                   | 3.39              |
| <b>Total</b>                                       | <b>108,080</b>                          | <b>100%</b>       |

Student Profile in percentage

Increase in the Number of Students

## **Bradesco Organization and Social-environmental Responsibility**

Bradesco believes that successful companies are those that generate good results for all the community and that adopt long-term policies whose purpose is the country's sustained development and the better wealth distribution, thus it understands that environmental preservation and social inclusion are currently great and potential challenges for the human development and for the corporate continuity.

In conformity with these premises and sensible to this condition, Bradesco undertakes to consolidate its social-environmental policy that shows the concern with the sustainable growth of the planet, the ecosystems, the respect to human dignity and dissemination of a social-environmental responsibility culture.

Bradesco Organization's Social-environmental Responsibility Corporate Policy has as:

### **1. Purpose**

- a) to define the Social-environmental guidelines which must be complied with in Bradesco Organization environment;
- b) to be a permanent consultation source for implementation of all and any measure or action that may impact the social-environmental matter, by means of ensuring principles adopted by the Organization; and
- c) to be a guidance source to our staff, as well as its awareness as to Bradesco Organization's social-environmental role.

### **2. Principles**

#### **2.1. As to Sustainable Development**

- a) Bradesco Organization, aware of the importance of the country's development, is aligned with the best world practices of sustainability and corporate governance. Thus, it considers sustainable growth, represented by economic, environmental and social development, an important component of corporate responsibility, adding value in corporate management and fomenting Social-environmental Responsibility.
- b) Bradesco Organization shows its firm commitment to practicing, encouraging and valuing Social-environmental Responsibility, searching for convergence of its corporate goals with the desires and interests of the community in which it has a presence, exercising sustainable growth in a healthy environment and using ethical and transparent methods.
- c) Bradesco Organization will make all efforts for the preservation of the ecosystems and for the optimization of the use of resources, mainly non-renewable ones.

#### **2.2. As to Social-environmental Responsibility**

##### **a) Values**

Bradesco Organization considers Social-environmental Responsibility one of its corporate values.

##### **b) Vocation / Citizenship**

- b.1) Bradesco Organization exercises its corporate citizenship to value Social-environmental Responsibility.

b.2) Valuation of educational, sport and social work activities are really important for Bradesco Organization, for instance the work done by Fundação Bradesco, reaching different regions of the country, providing children, youngsters and adults with free and professional education, being a social-cultural reference to the communities where it has a presence.

b.3) Bradesco Organization repudiates slave and child labor.

### 2.3. As to Social-environmental Legislation

Bradesco Organization considers as a fundamental responsibility the compliance with the applicable legislation.

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#### 2.4. As to Social-environmental Commitments

Bradesco Organization also considers indispensable the compliance with the commitments, guidelines and safeguards set forth in national and international Principles , Protocols , Agreements and Treaties , related to social environmental responsibility, to which Bradesco Organization has been signatory or has adhered to their terms.

#### 3. Guidelines

The Guidelines in the Principles already detailed, which must guide all social-environmental actions or measures at Bradesco Organization are:

- a) to search for convergence of its business goals with social-environmental responsibility aspects, adding value to all interested parties;
- b) to develop and sell products and services, as well as offer credit facilities to clients who respect the social-environmental awareness spirit, in order to ratify the Organization's corporate responsibility commitment;
- c) to encourage partnerships, supports and cooperation with governmental entities, NGOs and market entities aiming at developing and promoting social-responsibility actions in several segments of the civil society;
- d) to consider, when choosing suppliers and service providers, those who are engaged and practice social-environmental responsibility, in conformity with the principles defined in this document;
- e) to maintain and promote an ethical and transparent posture in all levels of activities and business relationships, repudiating and fighting against any means of illegality, such as corruption or bribery;
- f) to ensure conformity of the applicable legislation with the social-environmental issues in the development of Bradesco Organization's economic activities;
- g) to adopt responsible policies of loan concession to clients and respective internal procedures, imposing, when deemed necessary, preventive or repairing measures of environmental impacts, rating, in these cases, risks in financing of business projects;
- h) to stipulate, for borrowers of funds whose projects have potential social-environmental risks, the obligation to maintain an action plan of risk mitigation, following the stages of the project while the respective financing lasts;
- i) to adopt internal policies with a view to rationalizing the use of non-renewable resources, use recycled material, give and adequate treatment to scrap and disposable material and encourage the environment preservation;
- j) to make employees aware and train them and guide service providers for social-environmental issues, reinforcing citizenship, ecology and responsibility concepts;
- k) to make all efforts for the society to share globalization benefits, by means of a more inclusive and equal market;
- l) to defend social justice principles and human rights, repudiating exploitation of people through labor, in particular child labor;
- m) to support education and professionalization of children, youngsters and adults, increasing job opportunities and citizenship;

n) to adopt internal policies of diversity valuation, aiming at promoting balance in the Organization's relations with its different publics;

o) to propagate, value and support projects targeted at the practice of sport activities in the communities it has a presence, providing, through sport, respect to each other, union, teamwork, dedication, persistence and overcoming;

p) to develop, implement and maintain a social-environmental management system that normalizes, dimensions and follows the performance of social-environmental actions of Bradesco Organization; and



q) to disclose its achievements by means of the social balance sheet and make available to interested parties information related to possible happenings and social and environmental actions carried out by the Organization.

And, ratifying the premises of its policy, Bradesco structured the Social-environmental Responsibility Executive Committee, which is permanent and has decision-making powers.

This Committee is comprised of nine (9) Directors and representatives of the following Facilities: Fiscal Audit Department; Risk Management and Compliance Department; General Inspectorate Department;

Organization and Methods Department; Assets Department; Human Resources Department; General Secretariat; and Fundação Bradesco.

The Social-environmental Responsibility Area, which comprises the Market Relations Department, was created to assist the Executive Committee and has as mission to interact and integrate the several Areas of Bradesco Organization in order to sensitize them as to social-environmental issues, in addition to encouraging and following initiatives related to Social-environmental Responsibility, considering the premises of Bradesco Organization's Social-environmental Responsibility Corporate Policy and the best market practices.

#### 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, 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 2005, 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, 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 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 115,000m<sup>2</sup> 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 and OHSAS 18001 Certifications Building

Bradesco is under a pre-analysis phase to obtain the ISOs 14001 and OHSAS 18001 certificates for the building Avenida Paulista, in the city of São Paulo. This is a 12-story building with three basements totally refurbished and adapted, aiming at complying with all the specifications and rules required for the referred certificates.

## Equator Principles

In September 2004, Bradesco adhered to Equator Principles, a set of rules that establishes environmental and social responsibility criteria developed by the International Finance Corporation (IFC), World Bank's arm for granting of loan to projects exceeding the amount of US\$ 50 million.

It is important to point out that the adoption of these principles is voluntary, with no dependence or support of IFC or the World Bank. Thus, the institutions which will adopt them must take them as basis for the development of practices and internal and individual policies.

By adhering to Equator Principles, Bradesco increases its commitment to the sustainable development and reaffirms its role as one of the largest financing companies of the country's economic activity, besides providing significant opportunities for a responsible environmental management.

## Bradesco's Contributions to Social Issues

### 1 Global Compact

Banco Bradesco S.A., at the beginning of November 2005, aligned with the corporate responsibility guidelines, supported Global Compact principles, assuming the commitment to promote actions to contribute for the development of a more inclusive and sustainable economy, increasing its performance within the social-environmental scope.

Global Compact is a result of an invitation made by the Secretary-General of the UN, Kofi Annan, at the World Economic Forum in Davos, in January 1999, to companies, NGOs and other governmental and civil entities, to follow and disclose the ten principles that guide it, concerning Human and Labor Rights, Environmental Protection and Anticorruption.

### 2 BOVESPA Social Stock Exchange Program

The Program was launched in June 2003 by BOVESPA and its brokers as a social initiative to raise funds for non-governmental organizations, being acknowledged by UNESCO as the first one in the world. The idea is to gather institutions of the Third Sector that need funds and investors (donors) willing to provide them. Thus, the NGOs get stronger and develop investments as social profit, that is, result in a fairer society, where thousands of children and youngsters may have better opportunities.



**Social Report 1st Quarter 2006 and 2005**

## 1) Calculation basis

|                       | <b>1st Quarter of 2006</b> | <b>R\$ thousand</b> | <b>1st Quarter of 2005</b> | <b>R\$ thousand</b> |
|-----------------------|----------------------------|---------------------|----------------------------|---------------------|
| Net revenue (RL) (1)  |                            | 4,322,485           |                            | 3,364,433           |
| Operating income (RO) |                            | 2,497,472           |                            | 1,583,811           |
| Gross payroll (FPB)   |                            | 1,419,009           |                            | 1,220,723           |

## 2) Internal social indicators

|   | <b>R\$</b>      |                 |                | <b>R\$</b>      |                 |                |
|---|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
|   | <b>thousand</b> | <b>% on FPB</b> | <b>% on RL</b> | <b>thousand</b> | <b>% on FPB</b> | <b>% on RL</b> |
| Meals                                     | 120,283         | 8.5             | 2.8            | 112,445         | 9.2             | 3.3            |
| Compulsory social charges                 | 247,341         | 17.4            | 5.7            | 234,384         | 19.2            | 7.0            |
| Private pension plans                     | 79,098          | 5.6             | 1.8            | 64,786          | 5.3             | 1.9            |
| Healthcare insurance                      | 68,525          | 4.8             | 1.6            | 60,899          | 5.0             | 1.8            |
| Occupational health and safety            |                 |                 |                |                 |                 |                |
| Education                                 |                 |                 |                |                 |                 |                |
| Culture                                   |                 |                 |                |                 |                 |                |
| Professional qualification and training   | 8,101           | 0.6             | 0.2            | 7,867           | 0.6             | 0.2            |
| On-site child care and child-care benefit | 10,233          | 0.7             | 0.2            | 11,077          | 0.9             | 0.3            |
| Employee profit sharing                   | 99,633          | 7.0             | 2.3            | 65,205          | 5.3             | 2.0            |
| Other                                     | 24,065          | 1.7             | 0.6            | 21,732          | 1.8             | 0.6            |
| <b>Total Internal social indicators</b>   | <b>657,279</b>  | <b>46.3</b>     | <b>15.2</b>    | <b>578,395</b>  | <b>47.3</b>     | <b>17.1</b>    |

## 3) External social indicators

|  | <b>R\$</b>      |                |                | <b>R\$</b>      |                |                |
|--|-----------------|----------------|----------------|-----------------|----------------|----------------|
|  | <b>thousand</b> | <b>% on RO</b> | <b>% on RL</b> | <b>thousand</b> | <b>% on RO</b> | <b>% on RL</b> |
| Education                              | 408             |                |                | 13              |                |                |
| Culture                                | 963             |                |                | 850             | 0.1            |                |
| Health and basic sanitation            | 314             |                |                | 104             |                |                |
| Sports                                 |                 |                |                |                 |                |                |
| Prevention of hunger and food security |                 |                |                | 100             |                |                |
| Other                                  | 1,858           | 0.1            |                | 1,009           | 0.1            |                |
| <b>Total contribution to society</b>   | <b>3,543</b>    | <b>0.1</b>     |                | <b>2,076</b>    | <b>0.2</b>     |                |
| Taxes (excluding social charges)       | 1,371,564       | 54.9           | 31.7           | 734,955         | 46.4           | 21.8           |



|   |                  |             |             |                |             |             |
|---|------------------|-------------|-------------|----------------|-------------|-------------|
| <b>Total External social indicators</b> | <b>1,375,107</b> | <b>55.0</b> | <b>31.7</b> | <b>737,031</b> | <b>46.5</b> | <b>21.8</b> |
|---|------------------|-------------|-------------|----------------|-------------|-------------|

4) Environmental indicators

|  | R\$ thousand                 | % on RO                | % on RL               | R\$ thousand                 | % on RO                | % on 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% | ( ) complies 0 to 50% | ( ) has no established goals | ( ) complies 51 to 75% | ( ) complies 0 to 50%   |
|  |                              |                        |                       |                              |                        | ( ) complies 76 to 100% |

5) Employees indicators

|  | 1 <sup>st</sup> Quarter of 2006 | 1 <sup>st</sup> Quarter of 2005 |
|--|---------------------------------|---------------------------------|
| Employees at the end of the period                 | 74,940                          | 72,619                          |
| Admissions during the period                       | 1,949                           | 1,014                           |
| Outsourced employees                               | 8,159                           | 7,169                           |
| Trainees/interns                                   | 1,320                           | 464                             |
| Employees older than 45                            | 6,685                           | 5,527                           |
| Women employees                                    | 34,838                          | 33,438                          |
| % of management positions held by women            | 41.5                            | 40.5                            |
| Black employees                                    | 9,049                           | 5,838                           |
| % of management positions held by blacks           | 12.9                            | 7.2                             |
| Disabled employees or employees with special needs | 787                             | 716                             |

6) Significant information regarding the level of business citizenship

|  | 1 <sup>st</sup> Quarter of 2006                              | 1 <sup>st</sup> Quarter of 2007                              |
|--|--|--|
| Ratio between maximum and minimum salary                             | 20,7   | N/A  |
| Total number of occupational accidents                               | 81   | 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 |
| Occupational safety and health standards were defined                | ( ) directors ( ) all employees ( x ) all + Cipa             | ( ) directors ( ) all employees ( x ) all + Cipa             |

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|   |   |   |
|---|---|---|
| by:   |   |   |
| As regards freedom of trade union activities, collective bargaining rights and internal employee representation, the company: | ( x ) does not interfere ( ) complies with OIT rules<br>( ) encourages activities and complies with OIT rules | ( x ) does not interfere ( ) complies with OIT rules<br>( ) encourages activities and complies with OIT rules |
| Private pension plans are offered to:   | ( ) directors ( ) directors and managers<br>( x ) all employees   | ( ) directors ( ) directors and managers<br>( x ) all employees   |
| The company's profit sharing plan is distributed to:  | ( ) directors ( ) directors and managers<br>( x ) all employees   | ( ) directors ( ) directors and managers<br>( x ) all employees   |
| When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the company:              | ( ) are not ( ) are suggested ( x ) are considered required   | ( ) are not ( ) are suggested ( x ) are required considered   |
| As regards the participation of employees in voluntary work programs, the company:  | ( ) does not interfere ( x ) gives support<br>( ) organizes and encourages participation                      | ( ) does not interfere ( x ) gives support<br>( ) organizes and encourages participation                      |
| Total number of consumer s 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 (in R\$ thousand):  | <b>1<sup>st</sup> Quarter of 2006: R\$ 4,423,174</b>  | <b>1<sup>st</sup> Quarter of 2005: R\$ 3,203,556</b>  |
| Distribution of added value (DVA):  | 37.2% government 28.2% taxpayers<br>12.2% stockholders 22.4% withheld   | 29.1% government 33.3% taxpayers<br>11.4% stockholders 26.2% withheld   |

7) Other information

The information contained in the Social Report was reviewed by PriceWaterhouseCoopers Auditores Independentes.

(1) Net Income is considered Gross Income from Financial Intermediation.

N/D Not available  
N/A Non-applicable

## **7 - Independent Auditors Report**

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(A free translation from the original in Portuguese)

**Report of Independent Auditors on Limited Review of Supplementary Information**

To the Board of Directors  
Banco Bradesco S.A.

1. In connection with our limited review of the Quarterly Information of Banco Bradesco S.A. and its subsidiaries (consolidated) as of March 31, 2006, on which we issued a report without exceptions dated May 5, 2006, we performed a review of the supplementary information contained in the Report on Economic and Financial Analysis and in the Statement of Social Responsibility. This supplementary information was prepared by the Bank's management for the purpose of additional analysis and is not a required part of the Quarterly Information.
2. Our review was performed in accordance with the specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), for the purpose of reviewing the supplementary accounting information presented in the Report on Economic and Financial Analysis and in the Statement of Social Responsibility and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank and its subsidiaries with regard to the main criteria used for the preparation of this accounting information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank and its subsidiaries.
3. Based on our review, we are not aware of any material modifications which should be made to the supplementary information, referred to above, in order for such information to be fairly presented in all material respects in relation to the Quarterly Information, referred to in paragraph 1, taken as a whole.
4. The Quarterly Information referred to in paragraph 1 also includes accounting information, presented for comparison purposes, for the quarters ended March 31, 2005 and December 31, 2005. The limited reviews of the Quarterly Information for these quarters, as well as the audit of the financial statements for the year ended December 31, 2005 were conducted by other independent auditors, whose reports on the limited reviews dated May 6, 2005 and February 21, 2006, respectively and audit report dated February 21, 2006, were issued without exceptions.

São Paulo, May 5, 2006

Auditores Independentes  
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti  
Contador  
CRC 1SP172940/O-6

**8 - Financial Statements, Independent Auditors' Report, Summary of the Audit Committee Report and Report of the Fiscal Council**

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## Management Report

Dear Stockholders,

We are pleased to present the Consolidated Financial Statements of Banco Bradesco S.A. for the quarter ended on March 31, 2006, pursuant to the Brazilian Corporation Law.

Among the material events in the first quarter of 2006 at Bradesco Organization, we point out the following:

- **On March 20, a partnership was entered into with American Express Company**, by means of which Bradesco takes over its credit card operations and similar activities in Brazil, and starts having the exclusivity right for the issuance of cards of the Centurion line in the Country, for a minimum period of 10 years, and the management of the network of establishments using Amex Cards.
- **On March 24, a 15% increase in the amount of Monthly Interest on Own Capital, to be paid as of May/2006**, increasing it from R\$0.028500000 to R\$ 0.032775000 (net of income tax R\$ 0.027858750), related to common stocks, and from R\$ 0.031350000 to R\$ 0.036052500 (net of income tax R\$ 0.030644625), to preferred stocks, both per stock, paid in advance to stockholders, in conformity with the Monthly Compensation System, on the account of the result reached at the end of the year.
- **On March 28, a partnership was entered into among Bradesco, Fidelity National Information Services, Inc. and Banco ABN AMRO Real S.A.**, with the creation of Fidelity Processadora e Serviços S.A., which will provide services related to card activities, pointing out processing, Call Center management, back office support, risk management and collection services.

In the 1<sup>st</sup> quarter, Bradesco recorded a Net Income of R\$ 1.530 billion, equivalent to R\$ 1.56 per stock and an annualized profitability of 33.60% on the final Stockholders Equity and of 34.58% on the average Stockholders Equity. The annualized return on Total Assets was 2.86%, compared to 2.54% in the same period of the previous year.

Due to the main activities developed by Bradesco Organization, taxes and contributions, including social security ones, paid or provisioned, in the period, added up to R\$ 1.619 billion, equivalent to 105.77% of the Net Income.

The strict control of administrative expenses, jointly with the permanent effort for the increase in revenues, reflected on the improvement of the Operating Efficiency Ratio IEO, accumulated for 12 months, from 44.80%, in December 2005, to 42.90%, in March 31.

At the end of the quarter, the realized Capital Stock was R\$ 13 billion. Added up to Equity Reserves of R\$ 7.375 billion, the Stockholders Equity amounted to R\$ 20.375 billion, with a growth of 23.20% compared to the same period of the previous year, corresponding to the equity amount of R\$ 20.81 per stock.

It is important to point out that the Managed Stockholders Equity represents 9.45% of the consolidated Assets, which added up to R\$ 216.391 billion, an increase of 13.12% over March/2005. Thus, the capital adequacy ratios reached 19.04% in the financial consolidated and 16.74% in the economic-financial consolidated, therefore higher than the minimum of 11% set forth by Resolution 2,099, as of 8.17.1994, of the National Monetary Council, in conformity with the Basel Committee. At the end of the quarter, the permanent assets to stockholders' equity ratio, compared to the Consolidated Reference Stockholders Equity, was 42.62% in the financial consolidated and 13.94% in the economic-financial consolidated, placed in the maximum limit of 50%.

Relatively to the provision in the Article 8 of the Circular 3,068, as of 11.8.2001, of the Central Bank of Brazil, Bradesco states it has financial capacity and intention to hold to maturity securities rated in the securities held to maturity category.

On March 31, global funds raised and managed by Bradesco Organization recorded a growth of 17.40% compared to the same period of the previous year, totaling R\$ 324.920 billion, distributed as follows:

- R\$ 98.519 billion in Demand Deposits, Time Deposits, Interbank Deposits, Other Deposits, Open Market and Savings Accounts;

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- R\$ 131.280 billion in assets under management, comprising Investment Funds, Managed Portfolios and Quotas of Third-Party Funds, 25.32% higher than March/2005;
- R\$ 46.815 billion recorded in 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\$ 42.555 billion recorded in Technical Provisions for Insurance, Supplementary Private Pension Plans and Savings Bonds, with an increase of 20.46% when compared to the previous year;
- R\$ 5.751 billion in Foreign Funding, by means of public and private issuances, Subordinated Debt and Securitization of Future Financial Flows.

The balance of loan operations added up to R\$ 84.426 billion at the end of the period, including in this amount:

- R\$ 5.443 billion in Advances on Foreign Exchange Contracts, for a total Portfolio of US\$ 4.693 billion of Export Financing;
- US\$ 467.305 million of operations in Import Financing in Foreign Currencies;
- R\$ 2.740 billion in Leasing;
- R\$ 6.651 billion in businesses in the Rural Area;
- R\$ 29.568 billion in Consumer Financing;
- R\$ 8.136 billion referring to onlending operations of external and internal funds, mainly coming from BNDES Brazilian Development Bank.

For activities of Real State Loan, the Organization destined in the quarter funds in the amount of R\$ 462.225 million for house construction and acquisition, corresponding to 3,217 properties.

In the Capital Markets Area, in support to the capitalization of companies, Bradesco intermediated the public placement of stocks and debentures, and also took part in structured operations, pointing out Credit Right Funds, which, in the period, added up to R\$ 4.784 billion, corresponding to 32.25% of the total volume of issuances of stocks, debentures, promissory notes and FIDCs registered at the CVM Brazilian Securities and Exchange Commission. Bradesco also assisted special operations, comprising mergers and acquisitions, Project Finance and corporate and financial restructurings.

Grupo Bradesco de Seguros e Previdência, with a strong operation in the Insurance, Supplementary Pension Plans and Savings Bonds areas, recorded on March 31 a Net Income of R\$ 461.021 million and a Stockholders Equity of R\$ 6.276 billion. The net premiums issued reached R\$ 4.397 billion, with a growth of 21.60% compared to the same period of the previous year.

Bradesco Organization Network, made available for clients and users, at the end of the quarter was comprised of 13,562 branches with 23,232 machines of the Bradesco Dia & Noite Self-Service Network, 21,796 of them working even on the weekends and holidays. In addition, there were 2,769 machines of Banco 24Horas (24-hour Bank) made available for Bradesco Clients for withdrawal operations, issuance of statements and balance consultation.

2,999 Branches in the Country (2,928 Bradesco, 70 Banco BEC and 1 Banco Finasa);



3

Branches Overseas, 1 in New York (Bradesco), 1 in Grand Cayman (Bradesco) and 1 in Nassau, in Bahamas (Boavista);

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|       |   |
|-------|---|
| 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);              |
| 5,502 | Banco Postal Branches;  |
| 2,499 | Corporate Site Branches (2,447 Bradesco and 52 Banco BEC);  |
| 2,294 | Outplaced Terminals of Bradesco Dia & Noite Self-Service Network;   |
| 260   | Branches of Finasa Promotora de Vendas, a company present in 17,718 car dealers and 23,347 stores trading furniture and home décor, tourism, autoparts, information technology programs and equipment, home building material, clothing and footwear, among others. |

In compliance with the Instruction 381, of the Brazilian Securities and Exchange Commission, it is worth pointing out that, in the quarter, Bradesco Organization neither contracted nor had services provided by PricewaterhouseCoopers Auditores Independentes not related to external audit in levels higher than 5% of the total costs thereto. The policy adopted observes the principles that preserve the Auditor's independence, pursuant to internationally accepted criteria, i.e., the auditor must neither audit his/her own work nor carry out management duties in his/her client or promote his/her interests. In the social area, the Organization continues with its important work by means of the educational and assistance program developed by Fundação Bradesco, which maintains 40 Schools set up mainly in regions with social-economic needs, in all Brazilian States and in the Federal District. The program provides more than 108 thousand students with totally free education, including education courses targeted at youngsters and adults and initial and continued education of workers. Out of these, more than 50 thousand students of the elementary, middle and high schools and technical professional courses receive, also on a free basis, food, uniform, school supply and medical and dental assistance.

In the Human Resources Area, the focus continues on the professional qualification and development of the staff, by means of an intense training program, with more and more positive results in the improvement of assistance and in the efficiency of services provided. The assistance benefits, which try to ensure welfare, the improvement in the quality of life and safety of employees and their dependents, comprised, at the end of the quarter, 172,856 lives.

The performance and the results achieved ensure our commitment to offer always the best. In this sense, the support and trust of our stockholders and clients and the dedicated work of our employees and other collaborators were really important. We thank you all.

Cidade de Deus, May 5, 2006

**Board of Directors  
and Board of Executive Officers**

(A free translation from the original in  
Portuguese)**Consolidated Balance Sheet** R\$ thousand

|   | 2006               | 2005               |                    |
|---|--------------------|--------------------|--------------------|
|   | March 31           | December 31        | March 31           |
| <b>Assets</b>   |                    |                    |                    |
| <b>Current assets</b>   | <b>164,978,265</b> | <b>157,441,469</b> | <b>146,222,222</b> |
| <b>Funds available (note 6a)</b>  | <b>3,012,703</b>   | <b>3,363,041</b>   | <b>3,012,703</b>   |
| <b>Interbank investments (notes 3b and 7)</b>   | <b>23,347,982</b>  | <b>24,531,483</b>  | <b>20,900,000</b>  |
| Open market investments   | 15,550,118         | 19,615,744         | 15,900,000         |
| Interbank deposits  | 7,797,865          | 4,916,051          | 5,000,000          |
| Allowance for losses  | (1)                | (312)              | (1)                |
| <b>Marketable securities and derivative financial instruments (notes 3c, 3d, 8 and 32b)</b> | <b>54,842,521</b>  | <b>49,687,290</b>  | <b>51,222,222</b>  |
| Own portfolio   | 52,194,097         | 47,808,982         | 42,800,000         |
| Subject to repurchase agreements  | 47,360             | 75,692             | 1,900,000          |
| Derivative financial instruments  | 1,517,457          | 426,658            | 1,500,000          |
| Restricted deposits Brazilian Central Bank  | 313,897            | 667,735            | 3,400,000          |
| Privatization currencies  | 1                  | 1                  | 1                  |
| Subject to collateral provided  | 766,632            | 708,222            | 1,500,000          |
| Securities purpose of unrestricted purchase and sale commitments                            | 3,095              | -                  | -                  |
| <b>Interbank accounts</b>   | <b>16,547,833</b>  | <b>16,536,263</b>  | <b>16,000,000</b>  |
| Unsettled receipts and payments   | 325,459            | 39,093             | 300,000            |
| Restricted credits: (note 9)  |                    |                    |                    |
| Restricted deposits Brazilian Central Bank  | 16,173,653         | 16,444,866         | 15,600,000         |
| National Treasury rural funding   | 578                | 578                | 578                |
| SFH   | 9,821              | 10,187             | 2,000,000          |
| Correspondent banks   | 38,322             | 41,539             | 2,000,000          |
| <b>Interdepartmental accounts</b>   | <b>325,342</b>     | <b>172,831</b>     | <b>120,000</b>     |
| Internal transfer of funds  | 325,342            | 172,831            | 120,000            |
| <b>Loan Operations (notes 3e, 10 and 32b)</b>   | <b>47,711,270</b>  | <b>45,702,437</b>  | <b>36,800,000</b>  |
| Loan operations:  |                    |                    |                    |
| Public sector   | 253,121            | 205,302            | 300,000            |
| Private sector  | 51,077,791         | 48,826,756         | 39,200,000         |
| Allowance for doubtful accounts (notes 3e, 10f, 10g and 10h)                                | (3,619,642)        | (3,329,621)        | (2,800,000)        |
| <b>Leasing operations (notes 2, 3e, 10 and 32b)</b>   | <b>1,328,297</b>   | <b>1,247,560</b>   | <b>1,000,000</b>   |
| Leasing receivables:  |                    |                    |                    |
| Public sector   | 28,566             | 13,217             | 20,000             |
| Private sector  | 2,634,856          | 2,498,772          | 1,900,000          |
| Leasing receivables   | (1,279,854)        | (1,212,355)        | (900,000)          |
| Provision for leasing losses (notes 3e, 10f, 10g and 10h)                                   | (55,271)           | (52,074)           | (400,000)          |
| <b>Other receivables</b>  | <b>16,704,810</b>  | <b>15,122,737</b>  | <b>16,000,000</b>  |
| Receivables on guarantees honored (note 10a-2)  | 10                 | -                  | -                  |
| Foreign exchange portfolio (note 11a)   | 8,999,580          | 6,937,144          | 8,600,000          |
| Receivables   | 237,884            | 181,369            | 200,000            |
| Negotiation and intermediation of securities  | 366,589            | 1,082,467          | 1,200,000          |
| Insurance premiums receivable   | 1,088,376          | 1,073,002          | 900,000            |
| Sundry (note 11b)   | 6,146,636          | 5,990,720          | 5,100,000          |
| Allowance for other doubtful accounts (notes 3e, 10f, 10g and 10h)                          | (134,265)          | (141,965)          | (140,000)          |

|   |                  |                  |               |
|---|------------------|------------------|---------------|
| <b>Other assets (note 12)</b>                 | <b>1,157,507</b> | <b>1,077,827</b> | <b>99,680</b> |
| Other assets                                  | 366,013          | 359,082          | 40,000        |
| Provision for mark-to-market adjustments      | (178,814)        | (179,394)        | (22,000)      |
| Prepaid expenses (note 3g)                    | 970,308          | 898,139          | 70,000        |
| Long-term receivables                         | 46,605,063       | 46,883,596       | 40,300        |
| <b>Interbank investments (notes 3b and 7)</b> | <b>411,353</b>   | <b>474,675</b>   | <b>70,000</b> |
| Interbank deposits                            | 411,353          | 474,675          | 70,000        |
| Allowance for losses                          |                  |                  |               |

| Assets   | 2006              |                   | 2005              |  |
|--|-------------------|-------------------|-------------------|--|
|  | March 31          | December 31       | March 31          |  |
| <b>Securities and derivative financial instruments (notes 3c, 3d, 8 and 32b)</b> | <b>13,826,609</b> | <b>14,763,518</b> | <b>13,588,148</b> |  |
| Own portfolio  | 10,340,488        | 11,515,876        | 10,417,603        |  |
| Subject to repurchase agreements   | 629,164           | 975,973           | 2,115,062         |  |
| Derivative financial instruments   | 82,900            | 47,830            | 79,085            |  |
| Restricted deposits Brazilian Central Bank                                       | 1,522,512         | 1,838,437         | 505,173           |  |
| Privatization currencies   | 58,752            | 98,141            | 91,765            |  |
| Subject to collateral provided   | 1,084,083         | 287,261           | 379,460           |  |
| Securities purpose of unrestricted purchase and sale commitments                 | 108,710           |                   |                   |  |
| <b>Interbank accounts</b>  | <b>388,433</b>    | <b>385,902</b>    | <b>228,256</b>    |  |
| Restricted credits: (note 9)   |                   |                   |                   |  |
| SFH  | 388,433           | 385,902           | 228,256           |  |
| <b>Loan Operations (notes 3e, 10 and 32b)</b>                                    | <b>22,966,106</b> | <b>22,626,365</b> | <b>17,402,764</b> |  |
| Loan operations :  |                   |                   |                   |  |
| Public sector  | 804,360           | 616,428           | 183,483           |  |
| Private sector   | 23,597,543        | 23,378,874        | 18,430,304        |  |
| Allowance for doubtful accounts (notes 3e, 10f, 10g and 10h)                     | (1,435,797)       | (1,368,937)       | (1,211,023)       |  |
| <b>Leasing operations (notes 2, 3e, 10 e 32b)</b>                                | <b>1,296,062</b>  | <b>1,163,739</b>  | <b>674,296</b>    |  |
| Leasing receivables:   |                   |                   |                   |  |
| Public sector  | 87,275            | 53,020            |                   |  |
| Private sector   | 2,633,473         | 2,397,945         | 1,542,891         |  |
| Unearned income from leasing   | (1,364,471)       | (1,232,241)       | (821,377)         |  |
| Allowance for leasing losses (notes 3e, 10f, 10g and 10h)                        | (60,215)          | (54,985)          | (47,218)          |  |
| <b>Other assets</b>  | <b>7,203,025</b>  | <b>6,983,276</b>  | <b>7,357,429</b>  |  |
| Receivables  | 2,341             | 1,646             | 6,054             |  |
| Insurance premiums receivable  | 38,920            | 41,730            |                   |  |
| Sundry (note 11b)  | 7,171,798         | 6,950,967         | 7,362,133         |  |
| Allowance for other doubtful accounts (notes 3e, 10f, 10g and 10h)               | (10,034)          | (11,067)          | (10,758)          |  |
| <b>Other assets (note 12)</b>  | <b>513,475</b>    | <b>486,121</b>    | <b>395,525</b>    |  |
| Other assets   | 8,370             | 8,606             | 14,888            |  |
| Provision for mark-to-market adjustments   | (1,547)           | (1,547)           | (4,563)           |  |
| Prepaid expenses (note 3g)   | 506,652           | 479,062           | 385,200           |  |
| <b>Permanent assets</b>  | <b>4,808,022</b>  | <b>4,357,865</b>  | <b>4,711,926</b>  |  |
| <b>Investments (notes 3h, 13 and 32b)</b>  | <b>922,327</b>    | <b>984,970</b>    | <b>1,108,638</b>  |  |
| Ownership in affiliated and subsidiary companies:                                |                   |                   |                   |  |
| Local  | 402,443           | 438,819           | 461,658           |  |
| Other investments  | 885,596           | 895,836           | 1,014,864         |  |
| Allowance for losses   | (365,712)         | (349,685)         | (367,884)         |  |
| <b>Property, plant and equipment in use (notes 3i and 14)</b>                    | <b>1,992,733</b>  | <b>1,985,571</b>  | <b>2,160,519</b>  |  |
| Buildings in use   | 1,127,496         | 1,115,987         | 1,297,623         |  |
| Other property, plant and equipment  | 3,626,524         | 3,644,874         | 3,599,124         |  |
| Accumulated depreciation   | (2,761,287)       | (2,775,290)       | (2,736,228)       |  |
| <b>Leased assets (note 14)</b>   | <b>11,094</b>     | <b>9,323</b>      | <b>15,133</b>     |  |
| Leased assets  | 26,313            | 23,161            | 47,600            |  |
| Accumulated depreciation   | (15,219)          | (13,838)          | (32,467)          |  |

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| <b>Deferred charges (notes 2, 3j and 15)</b>                            | <b>1,881,868</b>   | <b>1,378,001</b>   | <b>1,427,636</b>   |
| Organization and expansion costs  | 1,371,218          | 1,315,881          | 1,185,260          |
| Accumulated amortization  | (816,550)          | (785,364)          | (703,867)          |
| Goodwill on acquisition of subsidiaries, net of amortization (note 15a) | 1,327,200          | 847,484            | 946,243            |
| <b>Total</b>  | <b>216,391,350</b> | <b>208,682,930</b> | <b>191,298,907</b> |

The Notes are an integral part of the Financial Statements.

|  | <b>2006</b>        |                    |
|--|--------------------|--------------------|
| <b>Liabilities</b>   | <b>March 31</b>    | <b>December 31</b> |
| <b>Current liabilities</b>   | <b>124,335,003</b> | <b>124,738,1</b>   |
| <b>Deposits (notes 3k and 16a)</b>   | <b>51,900,775</b>  | <b>54,566,7</b>    |
| Demand deposits  | 16,240,015         | 15,955,5           |
| Savings deposits   | 25,560,295         | 26,201,4           |
| Interbank deposits   | 128,014            | 145,6              |
| Time deposits (note 32b)   | 9,714,205          | 11,997,8           |
| Other deposits   | 258,246            | 266,3              |
| <b>Funds obtained in the open market (notes 3k and 16b)</b>  | <b>12,926,466</b>  | <b>14,708,5</b>    |
| Own portfolio  | 1,795,532          | 2,760,6            |
| Third-party portfolio  | 11,030,935         | 11,947,9           |
| Unrestricted portfolio   | 99,999             |                    |
| <b>Issuance of securities (notes 16c and 32b)</b>  | <b>1,839,053</b>   | <b>1,406,9</b>     |
| Mortgage notes   | 843,013            | 847,2              |
| Debentures   | 181,065            | 72,7               |
| Securities issued abroad   | 814,975            | 486,9              |
| <b>Interbank accounts</b>  | <b>157,194</b>     | <b>139,1</b>       |
| Correspondent banks  | 157,194            | 139,1              |
| Interdepartmental accounts   | 1,267,803          | 1,900,9            |
| Third-party funds in transit   | 1,267,803          | 1,900,9            |
| <b>Borrowings (notes 17a and 32b)</b>  | <b>5,606,876</b>   | <b>6,560,8</b>     |
| Local borrowings - official institutions   | 328                | 3                  |
| Local borrowings - other institutions  | 7                  |                    |
| Borrowings abroad  | 5,606,541          | 6,560,5            |
| <b>Local onlendings - official institutions (notes 17b and 32b)</b>                                  | <b>3,860,397</b>   | <b>3,412,7</b>     |
| National Treasury  | 14,402             | 52,3               |
| BNDES  | 1,928,559          | 1,369,9            |
| CEF  | 9,162              | 8,6                |
| FINAME   | 1,907,573          | 1,981,3            |
| Other institutions   | 701                | 4                  |
| <b>Foreign onlendings (notes 17b and 32b)</b>  | <b>374</b>         | <b>1</b>           |
| Foreign onlendings   | 374                | 1                  |
| <b>Derivative financial instruments (notes 3d and 32)</b>  | <b>1,126,052</b>   | <b>232,7</b>       |
| Derivative financial instruments   | 1,126,052          | 232,7              |
| <b>Technical provisions for insurance, private pension plans and savings bonds (notes 3l and 21)</b> | <b>30,730,349</b>  | <b>29,751,9</b>    |
| <b>Other liabilities</b>   | <b>14,919,664</b>  | <b>12,057,2</b>    |
| Collection of taxes and other contributions  | 1,516,773          | 156,0              |
| Foreign exchange portfolio (note 11a)  | 3,878,459          | 2,206,9            |
| Social and statutory payables  | 1,713,847          | 1,254,6            |
| Fiscal and pension plans (note 20a)  | 1,508,770          | 1,386,4            |
| Negotiation and intermediation of securities   | 404,945            | 893,9              |
| Financial and Development Funds  | 1,768              |                    |
| Subordinated debts (notes 19 and 32b)  | 117,125            | 69,4               |
| Sundry (note 20b)  | 5,777,977          | 6,089,7            |
| <b>Long-term liabilities</b>   | <b>71,529,055</b>  | <b>64,425,3</b>    |
| <b>Deposits (notes 3k and 16a)</b>   | <b>22,581,722</b>  | <b>20,838,8</b>    |
| Time deposits (note 32b)   | 22,581,722         | 20,838,8           |





|  | <b>2006</b>        |                    |
|--|--------------------|--------------------|
| <b>Liabilities</b>   | <b>March 31</b>    | <b>December 31</b> |
| <b>Funds obtained in the open market (notes 3k and 16b)</b>  | <b>11,110,156</b>  | <b>9,930,300</b>   |
| Own portfolio  | 11,110,156         | 9,930,300          |
| <b>Funds from issuance of securities (notes 16c and 32b)</b>   | <b>4,468,206</b>   | <b>4,796,900</b>   |
| Mortgage loans   | 300                | 2,000              |
| Debentures   | 2,552,100          | 2,552,100          |
| Liabilities of marketable securities abroad  | 1,915,806          | 2,244,500          |
| <b>Borrowings (notes 17a and 32b)</b>  | <b>436,670</b>     | <b>574,400</b>     |
| Local borrowings – official institutions   | 684                | 7,000              |
| Local borrowings – other institutions  | 9                  | 0                  |
| Borrowings abroad  | 435,977            | 573,600            |
| <b>Local onlendings – official institutions (notes 17b and 32b)</b>                                  | <b>5,706,582</b>   | <b>6,014,800</b>   |
| BNDES  | 2,415,061          | 2,868,000          |
| CEF  | 53,916             | 50,900             |
| FINAME   | 3,235,685          | 3,093,800          |
| Other institutions   | 1,920              | 1,900              |
| <b>Derivative financial instruments (notes 3d and 32)</b>  | <b>2,361</b>       | <b>5,700</b>       |
| Derivative financial instruments   | 2,361              | 5,700              |
| <b>Technical provisions for insurance, private pension plans and savings bonds (notes 3l and 21)</b> | <b>11,824,824</b>  | <b>11,110,000</b>  |
| <b>Other liabilities</b>   | <b>15,398,534</b>  | <b>11,153,000</b>  |
| Fiscal and pension plans (note 20a)  | 4,617,358          | 3,654,800          |
| Subordinated debts (notes 19 and 32b)  | 9,496,614          | 6,649,800          |
| Sundry (note 20b)  | 1,284,562          | 848,900            |
| <b>Deferred income</b>   | <b>79,863</b>      | <b>52,100</b>      |
| Deferred income  | 79,863             | 52,100             |
| <b>Minority interest in subsidiary companies (note 22)</b>   | <b>72,003</b>      | <b>58,000</b>      |
| <b>Stockholders' equity (note 23)</b>  | <b>20,375,426</b>  | <b>19,409,200</b>  |
| Capital:   |                    |                    |
| Local residents  | 11,947,791         | 11,914,300         |
| Foreign residents  | 1,052,209          | 1,085,600          |
| Capital reserves   | 36,223             | 36,000             |
| Income reserves  | 6,883,896          | 5,895,200          |
| Mark-to-market adjustment – marketable securities and derivatives                                    | 490,657            | 507,900            |
| Treasury Stock (notes 23e and 32b)   | (35,350)           | (29,900)           |
| <b>Stockholders' equity managed by parent company</b>  | <b>20,447,429</b>  | <b>19,467,300</b>  |
| <b>Total</b>   | <b>216,391,350</b> | <b>208,682,900</b> |

The Notes are an integral part of the Financial Statements.

**Consolidated Statement of Income** R\$ thousand

(A free translation from the original in Portuguese)

|  | 2006                 |                      | 2005                 |
|--|----------------------|----------------------|----------------------|
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Revenues from financial intermediation</b>  | <b>9,081,254</b>     | <b>9,940,353</b>     | <b>8,311,111</b>     |
| Loan operations (note 10i)   | 4,517,466            | 5,220,326            | 3,911,111            |
| Leasing operations (note 10i)  | 133,898              | 128,647              | 128,647              |
| Marketable Securities (note 8f)  | 1,047,959            | 2,236,854            | 1,047,959            |
| Financial result on insurance, private pension plans and savings bonds (note 8f)   | 1,832,569            | 1,748,960            | 1,832,569            |
| Derivative financial instruments (note 8f)   | 1,085,497            | (55,559)             | 1,085,497            |
| Foreign exchange results (note 11a)  | 114,242              | 296,868              | 114,242              |
| Compulsory deposits (note 9b)  | 349,623              | 364,257              | 349,623              |
| <b>Expenses from financial intermediation</b>  | <b>4,758,769</b>     | <b>6,281,088</b>     | <b>4,758,769</b>     |
| Funding operations (note 16d)  | 2,536,410            | 3,713,534            | 2,536,410            |
| Price-level restatement and interest on technical provisions for insurance, private pension plans and savings bonds (note 16d) | 1,042,648            | 1,050,944            | 1,042,648            |
| Borrowings and onlendings (note 17c)   | 239,736              | 744,611              | 239,736              |
| Leasing operations (note 10i)  | 1,533                | 1,439                | 1,533                |
| Allowance for doubtful accounts (notes 3e, 12g and 12h)  | 938,442              | 770,560              | 938,442              |
| <b>Gross result from financial intermediation</b>  | <b>4,322,485</b>     | <b>3,659,265</b>     | <b>3,552,342</b>     |
| Other operating income (expenses)  | (1,825,013)          | (1,785,723)          | (1,825,013)          |
| Fee Income (note 24)   | 2,040,548            | 2,009,563            | 2,040,548            |
| Retained premiums from insurance, private pension plans and saving bonds (notes 3i and 21d)                                    | 3,458,354            | 4,303,785            | 3,458,354            |
| Net premiums written   | 4,396,541            | 5,083,889            | 4,396,541            |
| Reinsurance premiums and redeemed premiums   | (938,187)            | (780,104)            | (938,187)            |
| Change in technical provisions for insurance, private pension plans and saving bonds (note 3i)                                 | (579,158)            | (1,318,642)          | (579,158)            |
| Retained claims (note 3i)  | (1,508,635)          | (1,533,502)          | (1,508,635)          |
| Savings bonds draws and redemptions (note 3i)  | (284,553)            | (331,479)            | (284,553)            |
| Insurance, private pension plans and savings bonds selling expenses (note 3i)  | (243,125)            | (263,324)            | (243,125)            |
| Expenses with private pension plans benefits and redemptions (note 3i)   | (727,341)            | (593,746)            | (727,341)            |
| Personnel expenses (note 25)   | (1,419,009)          | (1,361,355)          | (1,419,009)          |
| Other administrative expenses (note 26)  | (1,317,459)          | (1,439,655)          | (1,317,459)          |
| Tax expenses (note 27)   | (543,798)            | (501,240)            | (543,798)            |
| Equity in the earnings of affiliated companies (note 13c)  | 4,694                | 7,281                | 4,694                |
| Other operating income (note 28)   | 254,716              | 299,948              | 254,716              |
| Other operating expenses (note 29)   | (960,247)            | (1,063,357)          | (960,247)            |
| <b>Operating income</b>  | <b>2,497,472</b>     | <b>1,873,542</b>     | <b>1,873,542</b>     |
| <b>Non-operating income (note 30)</b>  | <b>(31,826)</b>      | <b>(69,388)</b>      | <b>(31,826)</b>      |
| <b>Income before taxes on profit and interest</b>  | <b>2,465,646</b>     | <b>1,804,154</b>     | <b>1,841,716</b>     |
| <b>Income tax and social contribution (notes 34a and 34b)</b>  | <b>(930,108)</b>     | <b>(336,772)</b>     | <b>(930,108)</b>     |
| <b>Minority interest in subsidiaries</b>   | <b>(5,279)</b>       | <b>(4,829)</b>       | <b>(5,279)</b>       |
| <b>Net income</b>  | <b>1,530,259</b>     | <b>1,462,553</b>     | <b>1,462,553</b>     |

The Notes are an integral part of the Financial Statements.



**Statement of Changes in Stockholder's Equity** R \$  
thousand

(A free translation from the original in Portuguese)

| Events  | Paid-Up Capital   |                       | Capital Reserves                     |               | Income Reserves  |                  | Mark-To-Market<br>Adjustment-<br>Marketable<br>Securities And<br>Derivatives |                                   | Treas-<br>Stoc |
|---|-------------------|-----------------------|--------------------------------------|---------------|------------------|------------------|--|-----------------------------------|----------------|
|   | Capital Stock     | Unrealized<br>Capital | Tax Incentives<br>From<br>Income Tax | Others        | Legal            | Statutory        | Own  | Affiliated<br>and<br>Subsidiaries |                |
| <b>Balances as of<br/>12.31.2004</b>  | <b>7,700,000</b>  | <b>(700,000)</b>      | <b>2,103</b>                         | <b>8,750</b>  | <b>1,067,637</b> | <b>6,678,076</b> | <b>(48,013)</b>  | <b>506,093</b>                    |                |
| Capital<br>increase by<br>subscription  |                   | 700,000               |                                      |               |                  |                  |  |                                   |                |
| Capital<br>increase by<br>stock merger  | 11,856            |                       |                                      |               |                  |                  |  |                                   |                |
| Capital<br>increase with<br>reserves  | 2,288,144         |                       |                                      |               | (308,451)        | (1,979,693)      |  |                                   |                |
| Exchange<br>membership<br>certificates<br>restatements                        |                   |                       |                                      | 421           |                  |                  |  |                                   |                |
| Treasury<br>stocks  |                   |                       |                                      |               |                  |                  |  |                                   | (29,           |
| Premium in<br>stocks<br>subscription  |                   |                       |                                      | 24,250        |                  |                  |  |                                   |                |
| Mark-to-market<br>adjustment -<br>marketable<br>securities and<br>derivatives |                   |                       |                                      |               |                  |                  | (43,024)   | (179,287)                         |                |
| Net income<br>Allocations:  |                   |                       |                                      |               |                  |                  |  |                                   |                |
| Reserves  |                   |                       |                                      |               | 60,271           | 778,923          |  |                                   |                |
| Interest on<br>own capital  |                   |                       |                                      |               |                  |                  |  |                                   |                |
| <b>Balances as of<br/>3.31.2005</b>   | <b>10,000,000</b> |                       | <b>2,103</b>                         | <b>33,421</b> | <b>819,457</b>   | <b>5,477,306</b> | <b>(91,037)</b>  | <b>326,806</b>                    | <b>(29,</b>    |
| <b>Balances as of<br/>09.30.2005</b>  | <b>10,000,000</b> |                       | <b>2,103</b>                         | <b>33,781</b> | <b>961,762</b>   | <b>7,010,328</b> | <b>(86,619)</b>  | <b>503,257</b>                    | <b>(163,</b>   |

|   |                   |              |               |                  |                  |                 |                |                 |
|---|-------------------|--------------|---------------|------------------|------------------|-----------------|----------------|-----------------|
| Capital increase with reserves stock bonus              | 3,000,000         |              |               |                  | (3,000,000)      |                 |                |                 |
| Exchange membership certificates restatements           |                   | 148          |               |                  |                  |                 |                |                 |
| Treasury stocks   |                   |              |               |                  |                  |                 |                | (62,000)        |
| Cancellation of treasury stocks                         |                   |              |               |                  | (195,429)        |                 |                | 195,429         |
| Mark-to-market adjustment securities available for sale |                   |              |               |                  |                  | 15,522          | 75,799         |                 |
| Net income Allocations:                                 |                   |              |               |                  |                  |                 |                |                 |
| Reserves  |                   |              |               | 73,128           | 1,045,425        |                 |                |                 |
| Dividends   |                   |              |               |                  |                  |                 |                |                 |
| <b>Balances as of 12.31.2005</b>                        | <b>13,000,000</b> | <b>2,103</b> | <b>33,929</b> | <b>1,034,890</b> | <b>4,860,324</b> | <b>(71,097)</b> | <b>579,056</b> | <b>(29,000)</b> |
| Exchange membership certificates restatements           |                   |              | 191           |                  |                  |                 |                |                 |
| Purchase of treasury stocks                             |                   |              |               |                  |                  |                 |                | (7,000)         |
| Mark-to-market adjustment securities available for sale |                   |              |               |                  |                  | (3,022)         | (14,280)       |                 |
| Cancellation of treasury stocks                         |                   |              |               |                  | (2,577)          |                 |                | 2,577           |
| Net income Allocations:                                 |                   |              |               |                  |                  |                 |                |                 |
| Reserves  |                   |              |               | 76,513           | 914,746          |                 |                |                 |
| Interest on own capital                                 |                   |              |               |                  |                  |                 |                |                 |
| <b>Balances as of 03.31.2006</b>                        | <b>13,000,000</b> | <b>2,103</b> | <b>34,120</b> | <b>1,111,403</b> | <b>5,772,493</b> | <b>(74,119)</b> | <b>564,776</b> | <b>(35,000)</b> |

The Notes are an integral part of the Financial Statements.



**Consolidated Statement of Changes in Financial Position** R\$ thousand

(A free translation from the original in Portuguese)

|   | 2006                 |                      | 2005                 |  |
|---|----------------------|----------------------|----------------------|--|
|   | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |  |
| <b>Financial resources were provided by:</b>                                | <b>12,954,923</b>    | <b>11,530,077</b>    | <b>9,909,053</b>     |  |
| Net income  | 1,530,259            | 1,462,553            | 1,205,425            |  |
| <b>Adjustments to net income</b>  | <b>266,180</b>       | <b>320,385</b>       | <b>255,335</b>       |  |
| Depreciation and amortization   | 109,257              | 133,871              | 115,535              |  |
| Goodwill amortization   | 118,673              | 182,536              | 96,114               |  |
| Provision (reversal) for interbank investment losses                        | 15,716               | 8,160                | 7,432                |  |
| Equity in the earnings of affiliated companies                              | (4,694)              | (7,281)              | 5,641                |  |
| Other   | 27,228               | 3,099                | 30,613               |  |
| <b>Change in deferred income</b>  | <b>27,731</b>        | <b>(3,140)</b>       | <b>(774)</b>         |  |
| <b>Change in minority interest</b>  | <b>13,944</b>        | <b>4,069</b>         | <b>(18,747)</b>      |  |
| <b>Mark-to-market adjustment securities available for sale</b>              | <b>(17,302)</b>      | <b>91,321</b>        | <b>(222,311)</b>     |  |
| <b>Stockholders</b>   |                      |                      | <b>736,106</b>       |  |
| Capital increase through subscription                                       |                      |                      | 700,000              |  |
| Capital increase by stock merger  |                      |                      | 11,856               |  |
| Premium in stocks subscription  |                      |                      | 24,250               |  |
| <b>Third parties' funds provided by:</b>                                    |                      |                      |                      |  |
| Increase in liabilities sub-items   | 9,811,181            | 8,623,319            | 7,046,795            |  |
| Deposits  |                      | 4,310,145            | 2,728,576            |  |
| Funds obtained in the open market   |                      | 100,801              |                      |  |
| Funds from issuance of securities   | 103,373              | 42,871               |                      |  |
| Interbank accounts  | 18,001               |                      |                      |  |
| Interdepartmental accounts  |                      | 219,988              |                      |  |
| Borrowings and onlendings   |                      | 1,321,740            |                      |  |
| Derivative financial instruments  | 889,940              |                      | 1,311,785            |  |
| Technical provisions for insurance, private pension plans and savings bonds | 1,692,618            | 2,627,774            | 1,659,705            |  |
| Other receivables   | 7,107,249            |                      | 1,346,729            |  |
| <b>Decrease in assets sub-items</b>   | <b>1,247,134</b>     | <b>850,098</b>       | <b>749,637</b>       |  |
| Marketable securities and derivative financial instruments                  | 1,247,134            |                      | 727,944              |  |
| Interbank accounts  |                      |                      | 20,509               |  |
| Insurance premiums receivable   |                      |                      | 1,184                |  |
| Other assets  |                      | 850,098              |                      |  |
| Sale (write-off) of assets and investments                                  | 33,674               | 165,602              | 127,299              |  |
| Non-operating assets  | 28,370               | 59,488               | 30,844               |  |
| Property, plant and equipment in use and leased assets                      | 4,480                | 95,293               | 76,410               |  |
| Investments   | 784                  | 10,440               | 20,045               |  |
| Sale (write-off) of deferred charges  | 40                   | 381                  |                      |  |
| Interest on own capital and dividends received from affiliated companies    | 42,122               | 15,870               | 30,288               |  |
| <b>Financial resources were used for</b>                                    | <b>13,305,261</b>    | <b>10,767,003</b>    | <b>9,490,801</b>     |  |
| <b>Interest on own capital and dividends paid and/or declared</b>           | <b>539,000</b>       | <b>344,000</b>       | <b>366,231</b>       |  |

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| <b>Stock buyback</b>                                       | <b>7,996</b>     | <b>62,341</b>    | <b>29,764</b>    |
| <b>Capital expenditures in</b>                             | <b>151,325</b>   | <b>168,830</b>   | <b>169,430</b>   |
| Non-operating assets                                       | 38,075           | 29,055           | 28,327           |
| Property, plant and equipment in use and leased assets     | 108,996          | 128,534          | 66,182           |
| Investments  | 4,254            | 11,241           | 74,921           |
| <b>Deferred charges</b>                                    | <b>650,522</b>   | <b>130,782</b>   | <b>54,501</b>    |
| <b>Increase in assets sub-items</b>                        | <b>8,845,719</b> | <b>7,058,392</b> | <b>6,892,393</b> |
| Interbank investments                                      |                  | 855,747          |                  |
| Marketable securities and derivative financial instruments | 4,218,323        | 203,308          | 2,419,863        |
| Interbank accounts   | 14,101           | 542,468          | 179,113          |
| Interdepartmental accounts                                 | 152,511          | 94,190           |                  |
| Loan operations  | 2,348,573        | 4,945,367        | 2,316,873        |
| Leasing operations   | 213,060          | 302,241          | 129,529          |
| Other receivables  | 1,786,448        |                  | 1,773,662        |
| Insurance premiums receivable                              | 15,374           | 32,655           |                  |
| Other assets   | 97,329           | 82,416           | 73,353           |
| <b>Decrease in liabilities sub-items</b>                   | <b>3,110,699</b> | <b>3,002,658</b> | <b>1,978,482</b> |
| Deposits   | 923,145          |                  |                  |
| Funds obtained in the open market                          | 602,262          |                  | 1,028,290        |
| Funds from issuance of securities                          |                  |                  | 22,235           |
| Interbank accounts   |                  | 62,512           | 46,821           |
| Interdepartmental accounts                                 | 633,110          |                  | 555,155          |
| Borrowings and onlendings                                  | 952,182          |                  | 325,981          |
| Derivative financial instruments                           |                  | 804,624          |                  |
| Other receivables  |                  | 2,135,522        |                  |
| <b>Increase (decrease) in funds available</b>              | <b>(350,338)</b> | <b>763,074</b>   | <b>418,252</b>   |
| <b>Changes in</b>  |                  |                  |                  |
| <b>financial</b>   |                  |                  |                  |
| <b>position</b>  |                  |                  |                  |
| At the beginning of the period                             | 3,363,041        | 2,599,967        | 2,639,260        |
| At the end of the period                                   | 3,012,703        | 3,363,041        | 3,057,512        |
| Increase (decrease) in funds available                     | (350,338)        | 763,074          | 418,252          |

The Notes are an integral part of the Financial Statements.



Consolidated Cash Flow R\$ thousand

(A free translation from the original in Portuguese)

|  | 2006                 |                      | 2005                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Operating activities:</b>   |                      |                      |                      |                      |
| <b>Net income</b>  | <b>1,530,259</b>     | <b>1,462,553</b>     | <b>1,462,553</b>     | <b>1,205,425</b>     |
| <b>Adjustments to reconcile net income to net funds from (used in) operating activities</b>        | <b>1,204,622</b>     | <b>1,090,945</b>     | <b>1,090,945</b>     | <b>889,932</b>       |
| Allowance for doubtful accounts  | 938,442              | 770,560              | 770,560              | 634,597              |
| (Reversal of) allowances for losses on interbank investments, securities and investments           | 15,716               | 8,160                | 8,160                | 7,432                |
| Depreciation and amortization  | 109,257              | 133,871              | 133,871              | 115,535              |
| Goodwill amortization  | 118,673              | 182,536              | 182,536              | 96,114               |
| Equity in the earnings of subsidiary companies   | (4,694)              | (7,281)              | (7,281)              | 5,641                |
| Others   | 27,228               | 3,099                | 3,099                | 30,613               |
| <b>Adjusted net income</b>   | <b>2,734,881</b>     | <b>2,553,498</b>     | <b>2,553,498</b>     | <b>2,095,357</b>     |
| <b>Change in assets and liabilities</b>  | <b>(2,617,547)</b>   | <b>(6,250,765)</b>   | <b>(6,250,765)</b>   | <b>(3,449,067)</b>   |
| Decrease (increase) in interbank investments   | 1,247,134            | (855,747)            | (855,747)            | 727,944              |
| Decrease (increase) in securities and derivative financial instruments                             | (3,328,383)          | (1,007,932)          | (1,007,932)          | (1,108,078)          |
| Decrease (increase) in interbank accounts  | (267,313)            | 410,142              | 410,142              | (246,351)            |
| Decrease (increase) in interdepartmental accounts  | (785,621)            | 125,798              | 125,798              | (534,646)            |
| Decrease (increase) in loan operations   | (2,695,644)          | (5,251,122)          | (5,251,122)          | (2,488,012)          |
| Decrease (increase) in leasing operations  | (221,487)            | (309,903)            | (309,903)            | (113,226)            |
| Decrease (increase) in insurance premiums receivable   | (15,374)             | (32,655)             | (32,655)             | 1,184                |
| Decrease (increase) in other receivables   | (1,776,382)          | 851,979              | 851,979              | (1,774,636)          |
| Decrease (increase) in other assets  | (97,329)             | (82,416)             | (82,416)             | (73,353)             |
| Amounts written-off against the allowance for doubtful accounts                                    | (593,010)            | (459,024)            | (459,024)            | (478,788)            |
| Increase (decrease) in technical provisions for insurance, private pension plans and savings bonds | 1,692,618            | 2,627,774            | 2,627,774            | 1,659,705            |
| Increase (decrease) in other liabilities   | 4,212,815            | (2,355,840)          | (2,355,840)          | 1,202,275            |
| Increase (decrease) in deferred income   | 27,731               | (3,140)              | (3,140)              | (774)                |
| Mark-to-market adjustment securities available for sale  | (17,302)             | 91,321               | 91,321               | (222,311)            |
| <b>Net cash provided by (used in) operating activities</b>   | <b>117,334</b>       | <b>(3,697,267)</b>   | <b>(3,697,267)</b>   | <b>(1,353,710)</b>   |
| <b>Investment activities:</b>  |                      |                      |                      |                      |
| Decrease (increase) in compulsory deposits Brazilian Central Bank                                  | 271,213              | (1,015,122)          | (1,015,122)          | 20,418               |
| Sale of non-operating assets   | 28,370               | 59,488               | 59,488               | 30,844               |
| Sale of investments  | 784                  | 10,440               | 10,440               | 20,045               |
| Sale of property, plant and equipment in use and leased assets                                     | 4,480                | 95,293               | 95,293               | 76,410               |
| Decrease in deferred charges   | 40                   | 381                  | 381                  |                      |

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|   |                  |                    |                  |
|---|------------------|--------------------|------------------|
| Acquisition of non-operating assets                                   | (38,075)         | (29,055)           | (28,327)         |
| Acquisition of investments  | (4,254)          | (11,241)           | (74,921)         |
| Acquisition of property, plant and equipment in use and leased assets | (108,996)        | (128,534)          | (66,182)         |
| Deferred charges  | (650,522)        | (130,782)          | (54,501)         |
| Interest on own capital / dividends received                          | 42,122           | 15,870             | 30,288           |
| <b>Net cash provided by (used in) investing activities</b>            | <b>(454,838)</b> | <b>(1,133,262)</b> | <b>(45,926)</b>  |
| <b>Financing activities:</b>  |                  |                    |                  |
| Increase (decrease) in deposits                                       | (923,145)        | 4,310,145          | 2,728,576        |
| Increase (decrease) in funds obtained in the open market              | (602,262)        | 100,801            | (1,028,290)      |
| Increase (decrease) in funds from issuance of securities              | 103,373          | 42,871             | (22,235)         |
| Increase (decrease) in borrowings and onlendings                      | (952,182)        | 1,321,740          | (325,981)        |
| Subordinated debt   | 2,894,434        | 220,318            | 144,454          |
| Capital increase through subscription                                 |                  |                    | 700,000          |
| Premium on stock subscription   |                  |                    | 24,250           |
| Interest on own capital/dividends paid and/or accrued                 | (539,000)        | (344,000)          | (366,231)        |
| Stock buyback   | (7,996)          | (62,341)           | (29,764)         |
| Variation in minority interest  | 13,944           | 4,069              | (6,891)          |
| <b>Net cash provided by (used in) financing activities</b>            | <b>(12,834)</b>  | <b>5,593,603</b>   | <b>1,817,888</b> |
| <b>(Decrease) increase in funds available, net</b>                    | <b>(350,338)</b> | <b>763,074</b>     | <b>418,252</b>   |
| <b>Change in funds available, net</b>                                 |                  |                    |                  |
| At the beginning of the period  | 3,363,041        | 2,599,967          | 2,639,260        |
| At the end of the period  | 3,012,703        | 3,363,041          | 3,057,512        |
| <b>Increase (decrease) in funds available, net</b>                    | <b>(350,338)</b> | <b>763,074</b>     | <b>418,252</b>   |

The Notes are an integral part of the Financial Statements.

**Consolidated Value Added Statement** In Reais thousand (A free translation from the original in Portuguese)

|  | <b>Consolidated Bradesco</b> |              |                            |              |                            |              |
|--|------------------------------|--------------|----------------------------|--------------|----------------------------|--------------|
|  | <b>2006</b>                  |              | <b>2005</b>                |              |                            |              |
|  | <b>1<sup>st</sup> Qtr.</b>   |              | <b>4<sup>th</sup> Qtr.</b> |              | <b>1<sup>st</sup> Qtr.</b> |              |
|  | <b>R\$</b>                   | <b>%</b>     | <b>R\$</b>                 | <b>%</b>     | <b>R\$</b>                 | <b>%</b>     |
| <b>Value Added Breakdown</b>                 |                              |              |                            |              |                            |              |
| Gross Income from Financial Intermediation   | 4,322,485                    | 97.7         | 3,659,265                  | 99.9         | 3,364,433                  | 105.0        |
| Fee Income                                   | 2,040,548                    | 46.1         | 2,009,563                  | 54.9         | 1,661,349                  | 51.9         |
| Other Operating Income/Expenses              | (1,939,859)                  | (43.8)       | (2,006,908)                | (54.8)       | (1,822,226)                | (56.9)       |
| <b>Total Value Added</b>                     | <b>4,423,174</b>             | <b>100.0</b> | <b>3,661,920</b>           | <b>100.0</b> | <b>3,203,556</b>           | <b>100.0</b> |
| <b>Value Added Distribution</b>              |                              |              |                            |              |                            |              |
| <b>Employees</b>                             | <b>1,245,980</b>             | <b>28.2</b>  | <b>1,186,475</b>           | <b>32.4</b>  | <b>1,064,895</b>           | <b>33.3</b>  |
| Remuneration                                 | 677,628                      | 15.3         | 671,189                    | 18.3         | 615,874                    | 19.2         |
| Benefits                                     | 302,204                      | 6.8          | 311,740                    | 8.5          | 270,939                    | 8.5          |
| FGTS   | 74,312                       | 1.7          | 67,877                     | 1.9          | 78,556                     | 2.5          |
| Other Charges                                | 191,836                      | 4.4          | 135,669                    | 3.7          | 99,717                     | 3.1          |
| <b>Government</b>                            | <b>1,646,935</b>             | <b>37.2</b>  | <b>1,012,892</b>           | <b>27.7</b>  | <b>933,236</b>             | <b>29.1</b>  |
| Tax Expenses                                 | 543,798                      | 12.3         | 501,240                    | 13.7         | 404,595                    | 12.6         |
| Income Tax and Social Contribution           | 930,108                      | 21.0         | 336,772                    | 9.2          | 372,813                    | 11.6         |
| INSS   | 173,029                      | 3.9          | 174,880                    | 4.8          | 155,828                    | 4.9          |
| <b>Dividends and Interest on Own Capital</b> | <b>539,000</b>               | <b>12.2</b>  | <b>344,000</b>             | <b>9.4</b>   | <b>366,231</b>             | <b>11.4</b>  |
| <b>Profit Reinvestment</b>                   | <b>991,259</b>               | <b>22.4</b>  | <b>1,118,553</b>           | <b>30.5</b>  | <b>839,194</b>             | <b>26.2</b>  |
| <b>Total</b>                                 | <b>4,423,174</b>             | <b>100.0</b> | <b>3,661,920</b>           | <b>100.0</b> | <b>3,203,556</b>           | <b>100.0</b> |

The Notes are an integral part of the Financial Statements.

**Notes to the Financial Statements**

(A free translation from the original in Portuguese)

We present the Notes to the Financial Statements of Banco Bradesco S.A. subdivided as follows:

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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.

On December 21, 2005 Bradesco acquired the stock control of Banco do Estado do Ceará S.A. BEC and its subsidiary (Note 4), whose process was concluded on January 3, 2006, date of the execution of the Agreement for Purchase and Sale of Stocks and of the Special Stockholders Meeting which elected the new Managers.

## 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  | Total Ownership         |                |             |         |
|---|-------------------------|----------------|-------------|---------|
|   | 2006                    | 2005           |             |         |
|   | March<br>31             | December<br>31 | March<br>31 |         |
| <b>Financial area local</b>   |                         |                |             |         |
| Banco Alvorada S.A. (1)<br>(5)  | Banking                 | 99.88%         | 99.88%      | 99.83%  |
| Banco BEM S.A. (5)  | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Banco BEC S.A. (2) (5)  | Banking                 | 89.22%         |             |         |
| Banco Boavista  |                         |                |             |         |
| Interatlântico S.A. (5)   | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Banco Finasa S.A. (5)   | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Banco Mercantil de São<br>Paulo S.A. (5)  | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Bradesco Consórcios Ltda.<br>(5)  | Consortium Management   | 99.99%         | 99.99%      | 99.99%  |
| Bradesco Leasing S.A.<br>Arrendamento Mercantil<br>(5)                          | Leasing                 | 100.00%        | 100.00%     | 100.00% |
| Bradesco S.A. Corretora<br>de Títulos e Valores<br>Mobiliários (5)              | Brokerage               | 99.99%         | 99.99%      | 99.99%  |
| BRAM Bradesco Asset<br>Management S.A. DTVM<br>(5)                              | Assets under Management | 100.00%        | 100.00%     | 100.00% |
| Bradesco Templeton Asset<br>Management Ltda (5)                                 | Assets under Management | 50.10%         | 50.10%      | 50.10%  |
| Companhia Brasileira de<br>Meios de Pagamento<br>VISANET (1) (3) (4) (5)<br>(6) | Services                | 39.67%         | 39.67%      | 39.65%  |
| <b>Financial area abroad</b>  |                         |                |             |         |
| Banco Bradesco Argentina<br>S.A.  | Banking                 | 99.99%         | 99.99%      | 99.99%  |
| Banco Bradesco<br>Luxembourg S.A. (5)   | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Banco Boavista  |                         |                |             |         |
| Interatlântico S.A. Grand<br>Cayman Branch (5) (7)                              | Banking                 |                |             | 100.00% |
| Banco Boavista  |                         |                |             |         |
| Interatlântico S.A. Nassau<br>Branch (5)  | Banking                 | 100.00%        | 100.00%     | 100.00% |
| Banco Bradesco S.A.<br>Grand Cayman Branch (5)<br>(8)                           | Banking                 | 100.00%        | 100.00%     | 100.00% |

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|   |                                 |         |         |         |
|---|---------------------------------|---------|---------|---------|
| Banco Bradesco S.A. New York Branch (5)                         | Banking                         | 100.00% | 100.00% | 100.00% |
| Bradesco Securities, Inc. (5)                                   | Brokerage                       | 100.00% | 100.00% | 100.00% |
| <b>Insurance area private pension and savings bonds</b>         |                                 |         |         |         |
| Atlântica Capitalização S.A. (5)                                | Savings Bonds                   | 100.00% | 100.00% | 100.00% |
| Áurea Seguros S.A. (3) (5) (6)                                  | Insurance                       | 27.50%  | 27.50%  | 27.50%  |
| Bradesco Argentina de Seguros S.A. (9)                          | Insurance                       | 99.90%  | 99.90%  | 99.77%  |
| Bradesco Capitalização S.A. (5)                                 | Savings Bonds                   | 100.00% | 100.00% | 100.00% |
| Bradesco Saúde S.A. (5)   | Insurance                       | 100.00% | 100.00% | 100.00% |
| Bradesco Seguros S.A. (5)                                       | Insurance                       | 100.00% | 100.00% | 100.00% |
| Bradesco Vida e Previdência S.A. (5)                            | Private Pension Plans/Insurance | 100.00% | 100.00% | 100.00% |
| Finasa Seguradora S.A. (5)                                      | Insurance                       | 100.00% | 100.00% | 100.00% |
| Indiana Seguros S.A. (5) (6) (10)                               | Insurance                       | 40.00%  | 40.00%  | 40.00%  |
| Seguradora Brasileira de Crédito à Exportação S.A. (3) (5) (6)  | Insurance                       | 12.09%  | 12.09%  | 12.09%  |
| Bradesco Auto/RE Companhia de Seguros (5)                       | Insurance                       | 100.00% | 100.00% | 100.00% |
| <b>Other activities</b>   |                                 |         |         |         |
| Átria Participações S.A. (5)                                    | Holding                         | 100.00% | 100.00% | 100.00% |
| Bradescor Corretora de Seguros Ltda. (5)                        | Insurance Brokerage             | 99.87%  | 99.87%  | 99.82%  |
| Cia. Securitizadora de Créditos Financeiros Rubi (5)            | Credit Acquisition              | 100.00% | 100.00% | 100.00% |
| Cibrasec Companhia Brasileira de Securitização (3) (5) (6) (11) | Credit Acquisition              | 9.08%   | 9.08%   | 9.98%   |
| CPM Holdings Limited (3)  | Holding                         | 49.00%  | 49.00%  | 49.00%  |
| Nova Paiol Participações S.A. (5)                               | Holding                         | 100.00% | 100.00% | 100.00% |
| Scopus Tecnologia Ltda. (1) (5)                                 | Information Technology          | 99.87%  | 99.87%  | 99.82%  |
| Serasa S.A. (3)   | Services                        | 26.36%  | 26.36%  | 26.36%  |
| União Participações Ltda. (5)                                   | 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) Company consolidated as from in January 2006 (Notes 1 and 4);

- (3) Companies consolidated on a proportional basis, in conformity with CMN Resolution 2,723 and CVM Instruction 247;
- (4) 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 16c);
- (5) Companies the audit services of which in 2005 were carried out by other independent auditors;
- (6) Companies the audit services of which in 2006 were carried out by other independent auditors;
- (7) The branch closed activities in September 2005, and its operations were transferred to Banco Bradesco S.A. Grand Cayman Branch;
- (8) 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 16c);
- (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 60<sup>th</sup> 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, no longer being recorded in balance sheet accounts.

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 the possible revenues 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) Prepaid expenses**

This records investments of resources in prepayments, whose benefits or service provision will take place in subsequent years.

**h) Investments**

The investments in subsidiaries, shared control subsidiaries and affiliated companies (when relevant) are 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) are 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.

**i) 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.

**j) Deferred charges**

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.

Goodwill on the acquisition of investments in subsidiary companies, and shared control subsidiaries based on expected future results, is amortized at rates of 10% to 20% per annum and is presented in deferred charges.

**k) 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.

**l) Technical provisions relating to insurance, private pension plans and savings bonds activities**

Technical provisions are calculated according to actuarial technical notes approved by SUSEP and ANS, and criteria set forth by CNSP Resolution 120/2004.

- Insurance of basic lines, life and health

The provision of unearned premiums is comprised of retained premiums which are deferred during the term of effectiveness of the insurance agreements, determining the pro-rata-die value of the unearned premium of the period of the risk to accrue (future risk of policies in effect).

The provision of claims incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the amount of claims incurred in assumed risks and not reported by those insured/beneficiaries. The provision is established net of recoveries of co-insurance and re-insurance.

The provision of unsettled claims is established based on the estimates of payments of indemnities, net of recoveries of co-insurance and re-insurance, pursuant to notices of claims received from those insured until the balance sheet date.

The provision is monetarily restated and includes all the claims under litigation.

- Supplementary private pension plans and life insurance covering survival

The mathematical provision of benefits to be granted refers to participants whose benefits have not started yet. The mathematical provision of benefits granted refers to participants already using the benefits. Mathematical provisions related to private pension plans known as traditional represent the difference between the current value of the future benefits and the current value of the future contributions, corresponding to the obligations assumed under the form of supplementary pension plans, disability, pension and savings funds. They are calculated according to the methodology and assumptions set forth in Actuarial Technical Notes. The provisions linked to life insurance covering survival (VGBL) and to the private pension plans of the unrestricted benefits generating (PGBL) category represent the amount of the contributions made by the participants, net of loadings and other contractual charges, plus financial earnings generated by the investment of resources in investment funds specially established (FIEs).

The contribution insufficiency provision is constituted to complement the mathematical provisions of benefits to be granted and granted, should they not be sufficient to guarantee future commitments. The provision is calculated on an actuarial basis and takes into consideration the actuarial table AT-2000.

The financial fluctuation provisions is established until the limit of 15% of the mathematical provision of benefits to be granted related to the private pension plans in the category of variable contribution with guarantee of earnings to meet possible financial fluctuations.

The administrative expenses provision is constituted to cover administrative expenses of the defined benefit and variable contribution plans. It is calculated in conformity with the methodology set forth in the Actuarial Technical Note.

- Savings Bonds

The mathematical provision for redemptions is calculated on nominal amounts of savings bonds and monetarily restated, when applicable, based on Actuarial Technical Notes approved by SUSEP.

The provisions for redemptions are established by the values of the expired savings bonds and also by the values of the savings bonds which have not expired but whose redemption has been early required by the clients. The provisions are monetarily restated based on the indexes estimated in each plan.

The provisions for unrealized and payable draws are constituted to meet premiums arising from future draws (unrealized) and also to premiums arising from draws in which clients were already selected (payable).

**m) 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.

**n) Supplementary Information to Financial Statements**

With the purpose of providing supplementary information, we present the cash flow statement by the indirect method and the value added statement, not required by BACEN, which have been prepared in conformity with the definition set forth in the chart of accounts for National Financial System Institutions (COSIF).

**4) Information For Comparison Purposes**

In 1Q06, Bradesco started consolidating in its financial statements Banco do Estado do Ceará - BEC and its subsidiary, due to the acquisition of its share control (Note 1).

**a) We present the main balance sheet and the statement of income of BEC, drawn up on 3.31.2006:**

|   | R\$ thousand           |
|---|------------------------|
|   | BEC and its subsidiary |
| <b>Assets</b>                                   |                        |
| <b>Current and long-term assets</b>             | <b>1,487,718</b>       |
| Funds available                                 | 51,714                 |
| Interbank investments                           | 932,726                |
| Securities and derivative financial instruments | 80,116                 |
| Interbank and interdepartmental accounts        | 104,672                |
| Loan operations                                 | 291,789                |
| Other receivables and other assets              | 26,701                 |
| <b>Permanent</b>                                | <b>16,219</b>          |
| Investments                                     | 349                    |
| Property, plant and equipment                   | 15,870                 |
| <b>Total</b>                                    | <b>1,503,937</b>       |
| <b>Liabilities</b>                              |                        |
| <b>Current and long-term liabilities</b>        | <b>1,407,441</b>       |
| Demand, time deposits and other deposits        | 210,413                |
| Savings deposits                                | 544,010                |
| Funds obtained in the open market               | 125,695                |
| Interbank and interdepartmental accounts        | 15,038                 |
| Borrowings and onlendings                       | 2,146                  |
| Other liabilities                               | 510,139                |
| <b>Stockholders equity</b>                      | <b>96,496</b>          |
| <b>Total</b>                                    | <b>1,503,937</b>       |

R\$ thousand

BEC and its  
subsidiary**Statement of income**

|   |                 |
|---|-----------------|
| Revenues from financial intermediation            | 87,743          |
| Expenses from financial intermediation            | (27,224)        |
| <b>Gross income from financial intermediation</b> | <b>60,519</b>   |
| <b>Other operating income/expenses</b>            | <b>(25,463)</b> |
| Fee income  | 11,524          |
| Personnel expenses                                | (14,884)        |
| Other administrative expenses                     | (15,767)        |
| Tax expenses                                      | (4,780)         |
| Other operating income (expenses)                 | (1,556)         |
| <b>Operating income</b>                           | <b>35,056</b>   |
| <b>Non-operating income</b>                       | <b>360</b>      |
| <b>Income before taxes</b>                        | <b>35,416</b>   |
| <b>Income tax and social contribution</b>         | <b>(11,885)</b> |
| <b>Net income</b>                                 | <b>23,531</b>   |



**b) Loan operations and other receivables with loan concession features of Banco BEC on 3.31.2006:**

|  |                |
|--|----------------|
| Loan operations                        | 302,392        |
| Other receivables                      | 1,700          |
| <b>Total</b>                           | <b>304,092</b> |
| <b>Normal course</b>                   | <b>287,640</b> |
| <b>Abnormal course</b>                 | <b>16,452</b>  |
| <b>Allowance for doubtful accounts</b> | <b>12,303</b>  |

**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          |                   | Insurance group   |               | Other activities | Amount eliminated   | Consolidated Bradesco |
|  | (1)                | (2)               | (2)               | (3)           |                  |                     |                       |
| Local  | Foreign            | Local             | Foreign           | (2)           | (4)              |                     |                       |
| <b>Assets</b>  |                    |                   |                   |               |                  |                     |                       |
| <b>Current and long-term assets</b>                    | <b>144,857,806</b> | <b>20,463,250</b> | <b>51,529,909</b> | <b>25,721</b> | <b>975,303</b>   | <b>(6,268,661)</b>  | <b>211,583,328</b>    |
| Funds available  | 2,906,111          | 78,392            | 64,356            | 22,426        | 16,121           | (74,703)            | 3,012,703             |
| Interbank investments                                  | 19,817,538         | 5,935,494         |                   |               |                  | (1,993,697)         | 23,759,335            |
| Securities and derivative financial instruments        | 12,829,389         | 7,978,871         | 48,618,029        | 65            | 633,313          | (1,390,537)         | 68,669,130            |
| Interbank and interdepartmental accounts               | 17,250,004         | 11,604            |                   |               |                  |                     | 17,261,608            |
| Loan and leasing operations                            | 69,211,541         | 6,307,367         |                   |               |                  | (2,217,173)         | 73,301,735            |
| Other receivables and other assets                     | 22,843,223         | 151,522           | 2,847,524         | 3,230         | 325,869          | (592,551)           | 25,578,817            |
| <b>Permanent assets</b>                                | <b>17,493,677</b>  | <b>270,217</b>    | <b>503,383</b>    | <b>38</b>     | <b>307,095</b>   | <b>(13,766,388)</b> | <b>4,808,022</b>      |
| Investments  | 14,184,241         | 268,786           | 218,487           |               | 17,201           | (13,766,388)        | 922,327               |
| Property, plant and equipment in use and leased assets | 1,618,059          | 1,409             | 245,338           | 38            | 138,983          |                     | 2,003,827             |
| Deferred charges                                       | 1,691,377          | 22                | 39,558            |               | 150,911          |                     | 1,881,868             |
| <b>Total on March 31, 2006</b>                         | <b>162,351,483</b> | <b>20,733,467</b> | <b>52,033,292</b> | <b>25,759</b> | <b>1,282,398</b> | <b>(20,035,049)</b> | <b>216,391,350</b>    |
| <b>Total on December 31, 2005</b>                      | <b>156,605,733</b> | <b>19,634,524</b> | <b>49,655,573</b> | <b>29,177</b> | <b>1,290,970</b> | <b>(18,533,047)</b> | <b>208,682,930</b>    |
| <b>Total on March 31, 2005</b>                         | <b>142,802,472</b> | <b>20,813,917</b> | <b>41,979,958</b> | <b>35,821</b> | <b>612,471</b>   | <b>(14,945,732)</b> | <b>191,298,907</b>    |

**Liabilities****Current and long-term liabilities**

|   |                    |                   |                   |               |                  |                     |                    |
|---|--------------------|-------------------|-------------------|---------------|------------------|---------------------|--------------------|
| Deposits  | 141,870,930        | 14,136,178        | 45,700,526        | 12,777        | 412,308          | (6,268,661)         | 195,864,058        |
| Funds obtained in the open market   | 71,225,898         | 5,326,362         |                   |               |                  | (2,069,763)         | 74,482,497         |
| Funds from issuance of securities   | 24,182,394         | 92,555            |                   |               |                  | (238,327)           | 24,036,622         |
| Interbank and interdepartmental accounts                                    | 5,390,694          | 2,317,440         |                   |               |                  | (1,400,875)         | 6,307,259          |
| Borrowings and onlendings   | 1,423,054          | 1,943             |                   |               |                  |                     | 1,424,997          |
| Derivative financial instruments  | 14,762,649         | 2,805,527         | 15                |               |                  | (1,957,292)         | 15,610,899         |
| Technical provisions for insurance, private pension plans and savings bonds | 1,027,549          | 100,864           |                   |               |                  |                     | 1,128,413          |
| Other liabilities:  |                    |                   | 42,543,511        | 11,662        |                  |                     | 42,555,173         |
| Subordinated debt   | 6,593,619          | 3,020,120         |                   |               |                  |                     | 9,613,739          |
| Others  | 17,265,073         | 471,367           | 3,157,000         | 1,115         | 412,308          | (602,404)           | 20,704,459         |
| <b>Deferred income</b>  | <b>79,863</b>      |                   |                   |               |                  |                     | <b>79,863</b>      |
| <b>Stockholders equity/minority interest in subsidiaries</b>                | <b>25,264</b>      | <b>6,597,289</b>  | <b>6,332,766</b>  | <b>12,982</b> | <b>870,090</b>   | <b>(13,766,388)</b> | <b>72,003</b>      |
| <b>Stockholders equity, controlling</b>                                     | <b>20,375,426</b>  |                   |                   |               |                  |                     | <b>20,375,426</b>  |
| <b>Total on March 31, 2006</b>  | <b>162,351,483</b> | <b>20,733,467</b> | <b>52,033,292</b> | <b>25,759</b> | <b>1,282,398</b> | <b>(20,035,049)</b> | <b>216,391,350</b> |
| <b>Total on December 31, 2005</b>   | <b>156,605,733</b> | <b>19,634,524</b> | <b>49,655,573</b> | <b>29,177</b> | <b>1,290,970</b> | <b>(18,533,047)</b> | <b>208,682,930</b> |
| <b>Total on March 31, 2005</b>  | <b>142,802,472</b> | <b>20,813,917</b> | <b>41,979,958</b> | <b>35,821</b> | <b>612,471</b>   | <b>(14,945,732)</b> | <b>191,298,907</b> |

## b) Statement of income

|   | R\$ thousand         |                |                            |              |                            |                             |                          |
|---|----------------------|----------------|----------------------------|--------------|----------------------------|-----------------------------|--------------------------|
|   | Financial<br>(1) (2) |                | Insurance group<br>(2) (3) |              | Other<br>activities<br>(2) | Amount<br>eliminated<br>(4) | Consolidated<br>Bradesco |
|   | Local                | Foreign        | Local                      | Foreign      |                            |                             |                          |
| Revenues from financial intermediation                  | 6,979,692            | 300,915        | 1,832,908                  | 213          | 23,278                     | (55,752)                    | 9,081,254                |
| Expenses from financial intermediation                  | 3,576,570            | 195,159        | 1,042,649                  |              | (306)                      | (55,303)                    | 4,758,769                |
| <b>Gross income from financial intermediation</b>       | <b>3,403,122</b>     | <b>105,756</b> | <b>790,259</b>             | <b>213</b>   | <b>23,584</b>              | <b>(449)</b>                | <b>4,322,485</b>         |
| Other operating income (expenses)                       | (1,744,387)          | (10,775)       | (93,645)                   | 24           | 23,321                     | 449                         | (1,825,013)              |
| <b>Operating income</b>                                 | <b>1,658,735</b>     | <b>94,981</b>  | <b>696,614</b>             | <b>237</b>   | <b>46,905</b>              |                             | <b>2,497,472</b>         |
| Non-operating income                                    | (2,345)              | 622            | (31,317)                   | 13           | 1,201                      |                             | (31,826)                 |
| <b>Income before taxes and minority interests</b>       | <b>1,656,390</b>     | <b>95,603</b>  | <b>665,297</b>             | <b>250</b>   | <b>48,106</b>              |                             | <b>2,465,646</b>         |
| Income tax and social contribution                      | (709,164)            | (917)          | (202,355)                  | (85)         | (17,587)                   |                             | (930,108)                |
| Minority interest in subsidiaries                       | (3,078)              |                | (2,086)                    |              | (115)                      |                             | (5,279)                  |
| <b>Net income in the 1<sup>st</sup> quarter of 2006</b> | <b>944,148</b>       | <b>94,686</b>  | <b>460,856</b>             | <b>165</b>   | <b>30,404</b>              |                             | <b>1,530,259</b>         |
| <b>Net income in the 4<sup>th</sup> quarter of 2005</b> | <b>834,935</b>       | <b>204,830</b> | <b>372,866</b>             | <b>1,054</b> | <b>48,868</b>              |                             | <b>1,462,553</b>         |
| <b>Net Income in the 1<sup>st</sup> quarter of 2005</b> | <b>595,360</b>       | <b>171,263</b> | <b>426,796</b>             | <b>138</b>   | <b>11,868</b>              |                             | <b>1,205,425</b>         |

- (1) The Financial segment comprises financial institutions and holding companies which are mainly responsible for managing financial resources, as well as credit card administration and asset management companies;
- (2) Asset and liability and income and expense account balances are being eliminated among companies from the same segment;
- (3) The Insurance Group segment comprises insurance, private pension plans and savings bonds companies; and
- (4) Amounts eliminated between companies from different segments as well as operations carried out in the country and abroad.

## 6) Funds Available

|                     | R\$ thousand |             |           |
|---------------------|--------------|-------------|-----------|
|                     | 2006         | 2005        |           |
|                     | March 31     | December 31 | March 31  |
| Local currency      | 2,846,579    | 3,209,867   | 2,507,747 |
| Foreign currency    | 166,081      | 153,133     | 549,726   |
| Investments in gold | 43           | 41          | 39        |

|              |  |  |  |  |                  |                  |                  |
|--------------|--|--|--|--|------------------|------------------|------------------|
| <b>Total</b> |  |  |  |  | <b>3,012,703</b> | <b>3,363,041</b> | <b>3,057,512</b> |
|--------------|--|--|--|--|------------------|------------------|------------------|

**7) Interbank Investments****a) Composition and terms**

|   | R\$ thousand      |                           |                               |                          |                   |                   |                   |
|---|-------------------|---------------------------|-------------------------------|--------------------------|-------------------|-------------------|-------------------|
|   | 2006              |                           |                               |                          | 2005              |                   |                   |
|   | Up to 30<br>days  | From 31<br>to<br>180 days | From<br>181 to<br>360<br>days | More<br>than<br>360 days | March<br>31       | December<br>31    | March<br>31       |
| <b>Funds obtained in the open market:</b> |                   |                           |                               |                          |                   |                   |                   |
| <b>Own portfolio position</b>             | <b>795,228</b>    | <b>3,724,356</b>          |                               |                          | <b>4,519,584</b>  | <b>7,669,959</b>  | <b>1,420,168</b>  |
| Financial treasury bill                   |                   |                           |                               |                          |                   | 689,524           | 546,419           |
| National treasury notes                   |                   |                           |                               |                          |                   | 187,422           | 106,048           |
| National treasury bill                    | 795,228           | 3,724,356                 |                               |                          | 4,519,584         | 6,793,013         | 671,542           |
| Others                                    |                   |                           |                               |                          |                   |                   | 96,159            |
| <b>Third-party portfolio position</b>     | <b>10,919,237</b> | <b>111,297</b>            |                               |                          | <b>11,030,534</b> | <b>11,945,785</b> | <b>14,481,232</b> |
| Financial treasury bill                   | 1,087,735         |                           |                               |                          | 1,087,735         | 4,339,911         | 10,106,040        |
| National treasury bill                    | 7,639,250         | 111,297                   |                               |                          | 7,750,547         | 6,883,548         | 4,361,240         |
| National treasury notes                   | 2,192,252         |                           |                               |                          | 2,192,252         | 722,326           |                   |
| Others                                    |                   |                           |                               |                          |                   |                   | 13,952            |
| <b>Subtotal</b>                           | <b>11,714,465</b> | <b>3,835,653</b>          |                               |                          | <b>15,550,118</b> | <b>19,615,744</b> | <b>15,901,400</b> |
| <b>Interbank deposits:</b>                |                   |                           |                               |                          |                   |                   |                   |
| Interbank deposits                        | 6,588,857         | 650,999                   | 558,009                       | 411,353                  | 8,209,218         | 5,390,726         | 5,720,341         |
| Provisions for losses                     | (1)               |                           |                               |                          | (1)               | (312)             | (8,703)           |
| <b>Subtotal</b>                           | <b>6,588,856</b>  | <b>650,999</b>            | <b>558,009</b>                | <b>411,353</b>           | <b>8,209,217</b>  | <b>5,390,414</b>  | <b>5,711,638</b>  |
| <b>Total on March 31, 2006</b>            | <b>18,303,321</b> | <b>4,486,652</b>          | <b>558,009</b>                | <b>411,353</b>           | <b>23,759,335</b> |                   |                   |
| <b>%</b>                                  | <b>77.0</b>       | <b>18.9</b>               | <b>2.4</b>                    | <b>1.7</b>               | <b>100.0</b>      |                   |                   |
| <b>Total on December 31, 2005</b>         | <b>19,172,746</b> | <b>4,776,623</b>          | <b>582,114</b>                | <b>474,675</b>           |                   | <b>25,006,158</b> |                   |
| <b>%</b>                                  | <b>76.7</b>       | <b>19.1</b>               | <b>2.3</b>                    | <b>1.9</b>               |                   | <b>100.0</b>      |                   |
| <b>Total on March 31, 2005</b>            | <b>18,691,676</b> | <b>1,585,828</b>          | <b>631,382</b>                | <b>704,152</b>           |                   |                   | <b>21,613,038</b> |
| <b>%</b>                                  | <b>86.5</b>       | <b>7.3</b>                | <b>2.9</b>                    | <b>3.3</b>               |                   |                   | <b>100.0</b>      |

**b) Income from interbank investments**

Classified in the statement of income as income on securities transactions

|  | <b>R\$ thousand</b>        |                            |                            |
|--|----------------------------|----------------------------|----------------------------|
|  | <b>2006</b>                |                            | <b>2005</b>                |
|  | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| <b>Income on investments in purchase and sale commitments:</b> |                            |                            |                            |
| Own portfolio position   | 224,281                    | 95,642                     | 27,544                     |
| Third-party portfolio position                                 | 546,172                    | 606,130                    | 613,939                    |
| <b>Subtotal</b>  | <b>770,453</b>             | <b>701,772</b>             | <b>641,483</b>             |
| <b>Income on interbank investments</b>                         | <b>121,242</b>             | <b>133,595</b>             | <b>96,370</b>              |
| <b>Total (Note 8f)</b>   | <b>891,695</b>             | <b>835,367</b>             | <b>737,853</b>             |

**8) Marketable Securities and Derivative Financial Instruments**

Find below the information related to marketable securities and derivative financial instruments:

- a) Summary of the consolidated classification of marketable securities by business segment and issuer;
- b) Consolidated portfolio breakdown by issuer;
- c) Consolidated classification by category, days to maturity and business segment:
  - I) Trading securities
  - II) Securities available for sale
  - III) Securities held to maturity
- d) Composition of the portfolios distributed by publication items; and
- e) Derivative financial instruments:
  - I) Amounts of instruments recorded in balance sheet and memorandum accounts;
  - II) Breakdown of derivative financial instruments (assets and liabilities), stated at cost and market value;
  - III) Futures, option, forward and swap contracts;
  - IV) Types of margin granted as collateral for derivative financial instruments, comprising mainly futures contracts;
  - V) Net revenue and expense amounts;
  - VI) Overall amounts of the derivative financial instruments, broken down by trading place; and

f) Income on securities transactions, financial income on insurance, private pension plans and derivative financial instruments.

## a) Summary of the consolidated classification of marketable securities by business segment and issuer

|                                      | R\$ thousand      |                                |                             |                     |                   |              |                   |              |                   |              |
|--------------------------------------|-------------------|--------------------------------|-----------------------------|---------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|                                      | 2006              |                                |                             |                     |                   | 2005         |                   |              |                   |              |
|                                      | Financial         | Insurance/<br>Savings<br>bonds | Private<br>pension<br>plans | Other<br>activities | March<br>31       | %            | December<br>31    | %            | March<br>31       | %            |
| <b>Trading securities</b>            | <b>7,325,135</b>  | <b>7,289,077</b>               | <b>33,267,180</b>           | <b>378,270</b>      | <b>48,259,662</b> | <b>74.3</b>  | <b>42,334,992</b> | <b>72.3</b>  | <b>38,267,343</b> | <b>68.3</b>  |
| Government securities                | 3,697,955         | 4,346,008                      | 9,090,369                   | 313,243             | 17,447,575        | 26.8         | 15,847,298        | 27.1         | 21,334,672        | 38.1         |
| Corporate bonds                      | 2,026,823         | 2,943,069                      | 3,287,190                   | 65,027              | 8,322,109         | 12.9         | 9,837,522         | 16.8         | 3,492,303         | 6.2          |
| Derivative financial instruments (1) | 1,600,357         |                                |                             |                     | 1,600,357         | 2.5          | 474,488           | 0.8          | 1,584,684         | 2.8          |
| PGBL / VGBL restricted bonds         |                   |                                | 20,889,621                  |                     | 20,889,621        | 32.1         | 16,175,684        | 27.6         | 11,855,684        | 21.2         |
| <b>Securities available for sale</b> | <b>9,795,870</b>  | <b>1,598,449</b>               | <b>1,098,210</b>            | <b>15,386</b>       | <b>12,507,915</b> | <b>19.2</b>  | <b>11,926,959</b> | <b>20.3</b>  | <b>13,256,873</b> | <b>23.7</b>  |
| Government securities                | 7,161,993         | 868,407                        | 15,532                      |                     | 8,045,932         | 12.3         | 8,338,195         | 14.2         | 9,421,271         | 16.9         |
| Corporate bonds                      | 2,633,877         | 730,042                        | 1,082,678                   | 15,386              | 4,461,983         | 6.9          | 3,588,764         | 6.1          | 3,835,602         | 6.8          |
| <b>Securities held to maturity</b>   | <b>1,072,979</b>  |                                | <b>3,183,950</b>            |                     | <b>4,256,929</b>  | <b>6.5</b>   | <b>4,307,283</b>  | <b>7.4</b>   | <b>4,506,108</b>  | <b>8.0</b>   |
| Government securities                | 1,034,211         |                                | 3,183,950                   |                     | 4,218,161         | 6.4          | 4,263,613         | 7.3          | 4,453,393         | 7.9          |
| Corporate bonds                      | 38,768            |                                |                             |                     | 38,768            | 0.1          | 43,670            | 0.1          | 52,715            | 0.1          |
| <b>Subtotal</b>                      | <b>18,193,984</b> | <b>8,887,526</b>               | <b>37,549,340</b>           | <b>393,656</b>      | <b>65,024,506</b> | <b>100.0</b> | <b>58,569,234</b> | <b>100.0</b> | <b>56,030,324</b> | <b>100.0</b> |
| Purchase and sale commitments (2)    | 1,473,249         | 1,578,252                      | 593,123                     |                     | 3,644,624         |              | 5,881,574         |              | 8,811,197         |              |
| <b>Overall total</b>                 | <b>19,667,233</b> | <b>10,465,778</b>              | <b>38,142,463</b>           | <b>393,656</b>      | <b>68,669,130</b> |              | <b>64,450,808</b> |              | <b>64,841,521</b> |              |
| Government securities                | 11,894,159        | 5,214,415                      | 12,289,851                  | 313,243             | 29,711,668        | 45.5         | 28,449,106        | 48.6         | 35,209,336        | 62.8         |
| Corporate bonds                      | 6,299,825         | 3,673,111                      | 4,369,868                   | 80,413              | 14,423,217        | 22.4         | 13,944,444        | 23.8         | 8,965,304         | 16.0         |
| PGBL / VGBL                          |                   |                                | 20,889,621                  |                     | 20,889,621        | 32.1         | 16,175,684        | 27.6         | 11,855,684        | 21.2         |

|                                     |                   |                   |                   |                |                   |              |                   |              |                   |              |
|-------------------------------------|-------------------|-------------------|-------------------|----------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| restricted<br>bonds                 |                   |                   |                   |                |                   |              |                   |              |                   |              |
| <b>Subtotal</b>                     | <b>18,193,984</b> | <b>8,887,526</b>  | <b>37,549,340</b> | <b>393,656</b> | <b>65,024,506</b> | <b>100.0</b> | <b>58,569,234</b> | <b>100.0</b> | <b>56,030,324</b> | <b>100.0</b> |
| Purchase and<br>sale<br>commitments |                   |                   |                   |                |                   |              |                   |              |                   |              |
| (2)                                 | 1,473,249         | 1,578,252         | 593,123           |                | 3,644,624         |              | 5,881,574         |              | 8,811,197         |              |
| <b>Overall total</b>                | <b>19,667,233</b> | <b>10,465,778</b> | <b>38,142,463</b> | <b>393,656</b> | <b>68,669,130</b> |              | <b>64,450,808</b> |              | <b>64,841,521</b> |              |

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## b) Consolidated portfolio breakdown by issuer

| Securities<br>(3)                   | 2006             |                           |                            |                       |  |                        | 2005               |  |                    |                           |
|-------------------------------------|------------------|---------------------------|----------------------------|-----------------------|--|------------------------|--------------------|--|--------------------|---------------------------|
|                                     | March 31         |                           |                            |                       |  |                        | December 31        |  |                    |                           |
|                                     | Up to<br>30 days | From 31<br>to<br>180 days | From 181<br>to<br>360 days | More than<br>360 days | Mark to<br>market<br>book value<br>(5) (6) (7) | Restated<br>cost value | Mark-to-<br>market | Mark to<br>market<br>book value<br>(5) (6) (7) | Mark-to-<br>market | book value<br>(5) (6) (7) |
| <b>Government securities</b>        | <b>503,048</b>   | <b>2,615,965</b>          | <b>2,235,657</b>           | <b>24,356,998</b>     | <b>29,711,668</b>                              | <b>29,395,217</b>      | <b>316,451</b>     | <b>28,449,106</b>                              | <b>329,016</b>     | <b>3,000,000</b>          |
| Financial treasury bill             | 170,936          | 1,798,837                 | 631,807                    | 3,943,244             | 6,544,824                                      | 6,542,914              | 1,910              | 6,156,148                                      | (3,751)            | 0                         |
| National treasury bill              | 166,443          | 599,762                   | 372,036                    | 956,751               | 2,094,992                                      | 2,093,319              | 1,673              | 2,556,659                                      | 495                | 1,000,000                 |
| National treasury notes             | 1,399            | 140,379                   | 1,231,758                  | 14,699,487            | 16,073,023                                     | 16,068,239             | 4,784              | 13,331,586                                     | 29,275             | 0                         |
| Brazilian foreign debt notes        | 86,596           | 38,495                    |                            | 4,585,923             | 4,711,014                                      | 4,392,426              | 318,588            | 6,048,678                                      | 331,348            | 0                         |
| Privatization currencies            | 1                |                           |                            | 171,455               | 171,456  | 181,873                | (10,417)           | 232,680  | (28,200)           | 0                         |
| Foreign government securities       | 75,645           | 38,492                    | 56                         | 56                    | 114,249  | 114,303                | (54)               | 121,260  | (106)              | 0                         |
| Central Bank Notes                  |                  |                           |                            |                       |  |                        |                    |  |                    |                           |
| Others                              | 2,028            |                           |                            | 82                    | 2,110  | 2,143                  | (33)               | 2,095  | (45)               | 0                         |
| <b>Corporate bonds</b>              | <b>3,635,102</b> | <b>1,429,424</b>          | <b>2,319,196</b>           | <b>7,039,495</b>      | <b>14,423,217</b>                              | <b>13,815,984</b>      | <b>607,233</b>     | <b>13,944,444</b>                              | <b>541,836</b>     | <b>0</b>                  |
| Certificates of bank deposit        | 608,482          | 776,048                   | 2,127,937                  | 3,332,893             | 6,845,360                                      | 6,845,409              | (49)               | 7,743,236                                      | (3,455)            | 0                         |
| Stocks                              | 1,555,087        |                           |                            |                       | 1,555,087                                      | 1,099,880              | 455,207            | 1,443,391                                      | 486,135            | 0                         |
| Debentures                          | 5,220            | 245,285                   | 4,732                      | 1,249,534             | 1,504,771                                      | 1,539,403              | (34,632)           | 1,651,642                                      | (34,358)           | 0                         |
| Foreign securities                  | 88,932           | 48,909                    | 73,495                     | 1,706,949             | 1,918,285                                      | 1,859,278              | 59,007             | 1,702,735                                      | 75,729             | 0                         |
| Derivative financial instruments    | 1,132,696        | 316,357                   | 68,426                     | 82,878                | 1,600,357                                      | 1,454,847              | 145,510            | 474,488  | 46,908             | 0                         |
| Others                              | 244,685          | 42,825                    | 44,606                     | 667,241               | 999,357  | 1,017,167              | (17,810)           | 928,952  | (29,123)           | 0                         |
| <b>PGBL / VGBL restricted bonds</b> | <b>958,202</b>   | <b>3,147,369</b>          | <b>4,441,058</b>           | <b>12,342,992</b>     | <b>20,889,621</b>                              | <b>20,889,621</b>      |                    | <b>16,175,684</b>                              |                    | <b>1,000,000</b>          |
| <b>Subtotal</b>                     | <b>5,096,352</b> | <b>7,192,758</b>          | <b>8,995,911</b>           | <b>43,739,485</b>     | <b>65,024,506</b>                              | <b>64,100,822</b>      | <b>923,684</b>     | <b>58,569,234</b>                              | <b>870,852</b>     | <b>5,000,000</b>          |
|                                     | 1,691,560        | 81,367                    | 1,242,347                  | 629,350               | 3,644,624                                      | 3,644,624              |                    | 5,881,574                                      |                    | 0                         |

Purchase and  
sale  
commitments  
(2)

**Overall total** 6,787,912 7,274,125 10,238,258 44,368,836 68,669,131 67,745,447 923,684 64,450,808 870,852 6

## c) Consolidated classification by category, days to maturity and business segment

## I) Trading Securities

| Securities<br>(3)                             | 2006             |                           |                            |                          |   |                        | 2005               |   |                    |  |
|---|------------------|---------------------------|----------------------------|--------------------------|---|------------------------|--------------------|---|--------------------|--|
|   | March 31         |                           |                            |                          |   | December 31            |                    |   |                    |  |
|   | Up to<br>30 days | From 31<br>to<br>180 days | From 181<br>to<br>360 days | More<br>than<br>360 days | Mark to<br>market<br>book<br>value<br>(5) (6) (7) | Restated<br>cost value | Mark-to-<br>market | Mark to<br>market<br>book<br>value<br>(5) (6) (7) | Mark-to-<br>market | Mark to<br>market<br>book value<br>(5) (6) (7) |
| <b>Financial</b>                              | <b>1,717,925</b> | <b>1,875,997</b>          | <b>673,241</b>             | <b>3,057,972</b>         | <b>7,325,135</b>                                  | <b>7,172,102</b>       | <b>153,033</b>     | <b>5,836,450</b>                                  | <b>76,358</b>      | <b>11,967,431</b>                              |
| National<br>treasury bill                     | 63,688           | 1,216                     | 87,098                     | 41,109                   | 193,111   | 191,503                | 1,608              | 578,705   | 466                | 4,725,000                                      |
| Financial<br>treasury bill                    | 143,140          | 1,049,721                 | 399,317                    | 1,466,981                | 3,059,159   | 3,058,768              | 391                | 2,040,084   | (2,800)            | 2,330,520                                      |
| Certificates<br>of bank<br>deposit            | 85,029           | 117,112                   | 77,175                     | 609,302                  | 888,618   | 888,618                |                    | 433,621   |                    | 719,810  |
| Derivative<br>financial<br>instruments<br>(1) | 1,132,696        | 316,357                   | 68,426                     | 82,878                   | 1,600,357   | 1,454,847              | 145,510            | 474,488   | 46,908             | 1,584,600                                      |
| Debentures                                    |                  | 136,699                   | 3,905                      | 178,697                  | 319,301   | 319,301                |                    | 390,559   | 2                  | 976,490  |
| Brazilian<br>foreign debt<br>notes            | 2,208            | 38,495                    |                            | 69,383                   | 110,086   | 102,837                | 7,249              | 186,188   | 10,438             | 412,050  |
| National<br>treasury<br>notes                 | 1,399            | 140,379                   |                            | 79,572                   | 221,350   | 224,310                | (2,960)            | 927,164   | 7,809              | 344,770  |
| Foreign<br>securities                         | 5,231            | 35,487                    | 37,264                     | 276,234                  | 354,216   | 352,915                | 1,301              | 335,172   | 13,641             | 329,330  |
| Foreign<br>government<br>securities           | 75,645           | 38,492                    | 56                         | 56                       | 114,249   | 114,303                | (54)               | 121,260   | (106)              | 264,260  |
| Stocks  | 44,855           |                           |                            |                          | 44,855  | 44,867                 | (12)               | 102,915   |                    | 142,960  |
| Central<br>Bank Notes                         |                  |                           |                            |                          |   |                        |                    |   |                    | 1,340  |
| Others  | 164,034          | 2,039                     |                            | 253,760                  | 419,833   | 419,833                |                    | 246,294   |                    | 136,180  |
| <b>Insurance<br/>and savings<br/>bonds</b>    | <b>468,668</b>   | <b>1,134,827</b>          | <b>1,313,979</b>           | <b>4,371,603</b>         | <b>7,289,077</b>                                  | <b>7,289,068</b>       | <b>9</b>           | <b>7,304,446</b>                                  | <b>11</b>          | <b>5,750,790</b>                               |
| Financial<br>treasury bill                    |                  | 257,216                   | 116,772                    | 1,518,033                | 1,892,021   | 1,892,012              | 9                  | 1,882,942   | 11                 | 4,078,470                                      |
| National<br>treasury bill                     | 96,817           | 584,255                   | 255,933                    | 482,445                  | 1,419,450   | 1,419,450              |                    | 1,322,438   |                    | 932,970  |

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|                                    |         |         |         |           |           |           |           |        |
|------------------------------------|---------|---------|---------|-----------|-----------|-----------|-----------|--------|
| Certificates<br>of bank<br>deposit | 297,665 | 277,858 | 941,195 | 1,021,673 | 2,538,391 | 2,538,391 | 2,846,048 | 473,94 |
| National<br>treasury<br>notes      |         |         |         | 1,034,537 | 1,034,537 | 1,034,537 | 404,882   |        |
| Stocks                             | 65,637  |         |         |           | 65,637    | 65,637    | 117,388   | 130,36 |
| Debentures                         | 27      | 15,498  | 79      | 241,383   | 256,987   | 256,987   | 568,506   | 99,94  |
| Foreign<br>securities              |         |         |         |           |           |           |           | 1,85   |
| Central<br>bank notes              |         |         |         |           |           |           |           |        |
| Others                             | 8,522   |         |         | 73,532    | 82,054    | 82,054    | 162,242   | 33,19  |

| Securities<br>(3)                | 2006             |                           |                            |                       |  |                        | 2005               |  |                    |                           |
|----------------------------------|------------------|---------------------------|----------------------------|-----------------------|--|------------------------|--------------------|--|--------------------|---------------------------|
|                                  | March 31         |                           |                            |                       |  |                        | December 31        |  |                    |                           |
|                                  | Up to<br>30 days | From 31<br>to<br>180 days | From 181<br>to<br>360 days | More than<br>360 days | Mark to<br>market<br>book value<br>(5) (6) (7) | Restated<br>cost value | Mark-to-<br>market | Mark to<br>market<br>book value<br>(5) (6) (7) | Mark-to-<br>market | book value<br>(5) (6) (7) |
| <b>Private pension plans</b>     | <b>1,174,174</b> | <b>3,800,417</b>          | <b>5,719,518</b>           | <b>22,573,071</b>     | <b>33,267,180</b>                              | <b>33,266,647</b>      | <b>533</b>         | <b>28,849,658</b>                              | <b>(2,408)</b>     | <b>20,000,000</b>         |
| Financial treasury bill          | 1,413            | 283,679                   | 46,845                     | 317,821               | 649,758  | 649,176                | 582                | 1,305,235                                      | 1,049              | 1,049                     |
| National treasury notes          |                  |                           | 151,097                    | 8,117,824             | 8,268,921                                      | 8,268,921              |                    | 6,082,211                                      |                    | 4,000,000                 |
| Certificates of bank deposit     | 160,649          | 369,360                   | 1,070,480                  | 1,263,228             | 2,863,717                                      | 2,863,766              | (49)               | 3,952,262                                      | (3,457)            | 3,457                     |
| National treasury bill           | 2                |                           | 9,833                      | 49,152                | 58,987   | 58,987                 |                    | 582,687  |                    | 582,687                   |
| Stocks                           | 46,078           |                           |                            |                       | 46,078   | 46,078                 |                    | 43,168   |                    | 43,168                    |
| Privatization currencies         |                  |                           |                            | 112,703               | 112,703  | 112,703                |                    | 134,538  |                    | 134,538                   |
| Debentures                       |                  | 9                         | 205                        | 179,747               | 179,961  | 179,961                |                    | 380,802  |                    | 380,802                   |
| Central Bank notes               |                  |                           |                            |                       |  |                        |                    |  |                    |                           |
| PGBL / VGBL                      |                  |                           |                            |                       |  |                        |                    |  |                    |                           |
| restricted bonds                 | 958,202          | 3,147,369                 | 4,441,058                  | 12,342,992            | 20,889,621                                     | 20,889,621             |                    | 16,175,684                                     |                    | 16,175,684                |
| Others                           | 7,830            |                           |                            | 189,604               | 197,434  | 197,434                |                    | 193,071  |                    | 193,071                   |
| <b>Other activities</b>          | <b>40,779</b>    | <b>60,162</b>             | <b>41,163</b>              | <b>236,166</b>        | <b>378,270</b>                                 | <b>379,017</b>         | <b>(747)</b>       | <b>344,438</b>                                 | <b>(870)</b>       | <b>(870)</b>              |
| Financial Treasury Bill          | 10,519           | 53,059                    | 6,597                      | 134,871               | 205,046  | 205,046                |                    | 219,563  |                    | 219,563                   |
| Certificates of bank deposit     | 2,167            | 7,017                     | 15,325                     | 15,521                | 40,030   | 40,030                 |                    | 42,346   |                    | 42,346                    |
| National treasury bill           | 5,936            | 58                        | 19,172                     | 60,589                | 85,755   | 85,755                 |                    | 59,184   |                    | 59,184                    |
| Derivative financial instruments |                  |                           |                            |                       |  |                        |                    |  |                    |                           |
| (1) Debentures                   |                  | 28                        | 69                         | 2,409                 | 2,506  | 2,506                  |                    | 4,371  |                    | 4,371                     |
| National treasury notes          |                  |                           |                            | 22,442                | 22,442   | 22,442                 |                    | 217  |                    | 217                       |
| Others                           | 22,157           |                           |                            | 334                   | 22,491   | 23,238                 | (747)              | 18,757   | (870)              | (870)                     |

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|   |                    |                  |                  |                   |                    |                    |                |                   |               |            |
|---|--------------------|------------------|------------------|-------------------|--------------------|--------------------|----------------|-------------------|---------------|------------|
| <b>Subtotal</b>                                       | <b>3,401,546</b>   | <b>6,871,403</b> | <b>7,747,901</b> | <b>30,238,812</b> | <b>48,259,662</b>  | <b>48,106,834</b>  | <b>152,828</b> | <b>42,334,992</b> | <b>73,091</b> | <b>3</b>   |
| Purchase and sale commitments (2)                     | 1,691,560          | 81,367           | 1,242,347        | 629,350           | 3,644,624          | 3,644,624          |                | 5,881,574         |               | 8          |
| Financial   | 870,058            |                  | 603,191          |                   | 1,473,249          | 1,473,249          |                | 1,043,842         |               |            |
| Insurance and savings bonds                           | 821,502            | 81,367           | 260,166          | 415,217           | 1,578,252          | 1,578,252          |                | 869,632           |               |            |
| Private pension plans                                 |                    |                  | 378,990          | 214,133           | 593,123            | 593,123            |                | 3,968,100         |               | 6          |
| <b>Overall total</b>                                  | <b>5,093,106</b>   | <b>6,952,770</b> | <b>8,990,248</b> | <b>30,868,162</b> | <b>51,904,286</b>  | <b>51,751,458</b>  | <b>152,828</b> | <b>48,216,566</b> | <b>73,091</b> | <b>4</b>   |
| <b>Derivative financial instruments (liabilities)</b> | <b>(1,064,310)</b> | <b>(5,634)</b>   | <b>(56,108)</b>  | <b>(2,361)</b>    | <b>(1,128,413)</b> | <b>(1,128,994)</b> | <b>581</b>     | <b>(238,473)</b>  | <b>21,334</b> | <b>(1)</b> |

## II) Securities available for sale

| Securities<br>(3)                                | 2006             |                              |                               |                       |  |                        | 2005               |  |                    |  |
|--|------------------|------------------------------|-------------------------------|-----------------------|--|------------------------|--------------------|--|--------------------|--|
|  | March 31         |                              |                               |                       |  | December 31            |                    |  |                    |  |
|  | Up to<br>30 days | From<br>31 to<br>180<br>days | From<br>181 to<br>360<br>days | More than<br>360 days | Mark to<br>market<br>book value<br>(5) (6) (7) | Restated<br>cost value | Mark-to-<br>market | Mark to<br>market<br>book value<br>(5) (6) (7) | Mark-to-<br>market | Mark<br>to<br>market<br>book va<br>(5) (6) (7) |
| <b>Financial</b>                                 | <b>317,580</b>   | <b>159,625</b>               | <b>90,361</b>                 | <b>9,228,304</b>      | <b>9,795,870</b>                               | <b>9,524,205</b>       | <b>271,665</b>     | <b>9,726,500</b>                               | <b>365,058</b>     | <b>11,028,5</b>                                |
| National<br>treasury bill                        |                  | 14,233                       |                               | 323,456               | 337,689  | 337,624                | 65                 | 13,645   | 29                 | 2,560,6  |
| Brazilian<br>foreign debt<br>notes               | 57,900           |                              |                               | 3,508,817             | 3,566,717                                      | 3,255,378              | 311,339            | 4,736,066                                      | 320,910            | 5,248,3  |
| Foreign<br>securities                            | 78,711           | 10,576                       | 28,798                        | 1,403,198             | 1,521,283                                      | 1,463,577              | 57,706             | 1,319,697                                      | 62,088             | 1,181,4  |
| National<br>treasury<br>notes                    |                  |                              |                               | 2,794,873             | 2,794,873                                      | 2,809,254              | (14,381)           | 2,269,250                                      | 16,836             | 525,5  |
| Financial<br>Treasury<br>Bill                    |                  | 979                          |                               | 400,872               | 401,851  | 401,282                | 569                | 394,397  | (2,362)            | 370,2  |
| Certificates<br>of bank<br>deposit               | 47,795           |                              | 16,483                        | 416,494               | 480,772  | 480,772                |                    | 434,756  | 2                  | 406,2  |
| Debentures                                       | 5,186            | 93,051                       | 474                           | 171,749               | 270,460  | 305,032                | (34,572)           | 3,523  | (34,301)           | 213,5  |
| Stocks   | 110,931          |                              |                               |                       | 110,931  | 132,479                | (21,548)           | 184,106  | 58,354             | 85,1   |
| Privatization<br>currencies                      | 1                |                              |                               | 58,752                | 58,753   | 69,170                 | (10,417)           | 98,142   | (28,200)           | 96,2   |
| Central<br>Bank notes                            |                  |                              |                               |                       |  |                        |                    |  |                    | 48,5   |
| Others   | 17,056           | 40,786                       | 44,606                        | 150,093               | 252,541  | 269,637                | (17,096)           | 272,918  | (28,298)           | 292,5  |
| <b>Insurance<br/>and savings<br/>bonds</b>       | <b>726,269</b>   | <b>158,046</b>               | <b>73,310</b>                 | <b>640,824</b>        | <b>1,598,449</b>                               | <b>1,314,738</b>       | <b>283,711</b>     | <b>1,370,538</b>                               | <b>214,114</b>     | <b>1,053,5</b>                                 |
| Financial<br>Treasury<br>Bill                    | 15,864           | 154,076                      | 62,276                        | 89,241                | 321,457  | 321,140                | 317                | 299,447  | 440                | 450,2  |
| Stocks   | 680,446          |                              |                               |                       | 680,446  | 419,177                | 261,269            | 512,915  | 209,044            | 489,6  |
| Debentures<br>Certificates<br>of bank<br>deposit | 2,845            | 3,970                        | 7,016                         | 4,633                 | 18,464   | 18,464                 |                    | 16,054   |                    | 5,3  |
| Foreign<br>securities                            |                  |                              | 4,018                         |                       | 4,018  | 4,018                  |                    | 4,196  |                    | 2,5  |
|  |                  |                              |                               | 546,950               | 546,950  | 524,825                | 22,125             | 510,673  | 4,630              | 100,7  |

|                               |                  |                |                |                   |                   |                   |                |                   |                |                 |
|-------------------------------|------------------|----------------|----------------|-------------------|-------------------|-------------------|----------------|-------------------|----------------|-----------------|
| National treasury notes       |                  |                |                |                   |                   |                   |                |                   |                |                 |
| Others                        | 27,114           |                |                | 27,114            | 27,114            |                   | 27,253         |                   |                |                 |
| Foreign government securities |                  |                |                |                   |                   |                   |                |                   |                | 4,9             |
| <b>Private pension plans</b>  | <b>607,129</b>   | <b>107</b>     |                | <b>490,974</b>    | <b>1,098,210</b>  | <b>882,730</b>    | <b>215,480</b> | <b>810,425</b>    | <b>218,589</b> | <b>1,158,9</b>  |
| Stocks                        | 607,122          |                |                |                   | 607,122           | 391,624           | 215,498        | 482,881           | 218,737        | 682,9           |
| Debentures                    | 7                |                |                | 475,549           | 475,556           | 475,616           | (60)           | 302,552           | (59)           | 324,2           |
| Financial Treasury Bill       |                  | 107            |                | 15,425            | 15,532            | 15,490            | 42             | 14,480            | (89)           | 13,6            |
| Bank deposit certificates     |                  |                |                |                   |                   |                   |                |                   |                | 138,1           |
| Others                        |                  |                |                |                   |                   |                   |                | 10,512            |                |                 |
| <b>Other activities</b>       | <b>12,350</b>    | <b>731</b>     | <b>263</b>     | <b>2,042</b>      | <b>15,386</b>     | <b>15,386</b>     |                | <b>19,496</b>     |                | <b>15,7</b>     |
| Certificates of bank deposit  | 12,332           | 731            | 263            | 2,042             | 15,368            | 15,368            |                | 18,149            |                | 15,7            |
| Debentures                    |                  |                |                |                   |                   |                   |                | 1,329             |                |                 |
| Stocks                        | 18               |                |                |                   | 18                | 18                |                | 18                |                |                 |
| <b>Overall Total</b>          | <b>1,663,328</b> | <b>318,509</b> | <b>163,934</b> | <b>10,362,144</b> | <b>12,507,915</b> | <b>11,737,059</b> | <b>770,856</b> | <b>11,926,959</b> | <b>797,761</b> | <b>13,256,8</b> |



## III) Securities held to maturity

| Securities                   | R\$ thousand  |                     |                      |                    |                                 |                                 |                                 |
|------------------------------|---------------|---------------------|----------------------|--------------------|---------------------------------|---------------------------------|---------------------------------|
|                              | 2006          |                     |                      |                    | 2005                            |                                 |                                 |
|                              | March 31      |                     |                      |                    | December 31                     | March 31                        |                                 |
|                              | Up to 30 days | From 31 to 180 days | From 181 to 360 days | More than 360 days | Restated cost value (5) (6) (7) | Restated cost value (5) (6) (7) | Restated cost value (5) (6) (7) |
| <b>Financial</b>             | <b>31,478</b> | <b>2,846</b>        | <b>3,415</b>         | <b>1,035,240</b>   | <b>1,072,979</b>                | <b>1,170,094</b>                | <b>1,323,241</b>                |
| Brazilian foreign debt notes | 26,488        |                     |                      | 1,007,723          | 1,034,211                       | 1,126,424                       | 1,270,526                       |
| Foreign securities           | 4,990         | 2,846               | 3,415                | 27,517             | 38,768                          | 43,670                          | 52,715                          |
| <b>Private Pension Plans</b> |               |                     | <b>1,080,661</b>     | <b>2,103,289</b>   | <b>3,183,950</b>                | <b>3,137,189</b>                | <b>3,182,867</b>                |
| National Treasury Notes      |               |                     | 1,080,661            | 2,103,289          | 3,183,950                       | 3,137,189                       | 3,182,867                       |
| <b>Overall Total (4)</b>     | <b>31,478</b> | <b>2,846</b>        | <b>1,084,076</b>     | <b>3,138,529</b>   | <b>4,256,929</b>                | <b>4,307,283</b>                | <b>4,506,108</b>                |

## d) Breakdown of the portfolios by publication items

|   | R\$ thousand     |                     |                      |                    |                                   |                                      |                                   |
|---|------------------|---------------------|----------------------|--------------------|-----------------------------------|--------------------------------------|-----------------------------------|
|   | 2006             |                     |                      |                    | 2005                              |                                      |                                   |
|   | Up to 30 days    | From 31 to 180 days | From 181 to 360 days | More than 360 days | Total on March 31 (3) (5) (6) (7) | Total on December 31 (3) (5) (6) (7) | Total on March 31 (3) (5) (6) (7) |
| <b>Own portfolio</b>                                      | <b>5,537,584</b> | <b>6,321,001</b>    | <b>10,064,426</b>    | <b>40,611,574</b>  | <b>62,534,585</b>                 | <b>59,324,858</b>                    | <b>53,218,390</b>                 |
| <b>Fixed income securities</b>                            | <b>3,982,497</b> | <b>6,321,001</b>    | <b>10,064,426</b>    | <b>40,611,574</b>  | <b>60,979,498</b>                 | <b>57,881,467</b>                    | <b>51,651,848</b>                 |
| Financial treasury bill Purchase and sale commitments (2) | 55,823           | 1,181,327           | 552,757              | 3,824,014          | 5,613,921                         | 5,541,892                            | 7,933,474                         |
| National treasury notes                                   | 1,691,560        | 81,367              | 1,242,347            | 629,350            | 3,644,624                         | 5,881,574                            | 8,811,197                         |
| Brazilian foreign debt notes                              | 1,399            | 140,242             | 1,231,758            | 11,793,753         | 13,167,152                        | 10,501,866                           | 8,620,114                         |
| Certificates of bank deposit                              | 85,230           | 38,495              |                      | 4,480,985          | 4,604,710                         | 5,409,012                            | 4,892,618                         |
| National treasury bill                                    | 608,482          | 776,048             | 2,127,937            | 2,970,303          | 6,482,770                         | 7,395,078                            | 1,694,757                         |
| Foreign securities  | 166,443          | 580,642             | 345,680              | 833,674            | 1,926,439                         | 2,437,162                            | 3,589,591                         |
| Debentures  | 88,932           | 48,909              | 73,495               | 1,706,949          | 1,918,285                         | 1,702,735                            | 1,567,995                         |
|   | 4,646            | 245,285             | 4,732                | 1,249,472          | 1,504,135                         | 1,650,197                            | 1,616,714                         |

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|   |                  |           |           |            |                  |                  |                  |
|---|------------------|-----------|-----------|------------|------------------|------------------|------------------|
| Central Bank notes                                |                  |           |           |            |                  |                  | 9,488            |
| Foreign government securities                     | 75,067           | 38,492    | 56        | 56         | 113,671          | 120,682          | 268,491          |
| Privatization currencies                          |                  |           |           | 112,703    | 112,703          | 134,538          | 158,780          |
| PGBL/VGBL restricted bonds                        | 958,202          | 3,147,369 | 4,441,058 | 12,342,992 | 20,889,621       | 16,175,684       | 11,855,684       |
| Other   | 246,713          | 42,825    | 44,606    | 667,323    | 1,001,467        | 931,047          | 632,945          |
| <b>Equity securities</b>                          | <b>1,555,087</b> |           |           |            | <b>1,555,087</b> | <b>1,443,391</b> | <b>1,566,542</b> |
| Stocks of listed companies (technical provisions) | 787,009          |           |           |            | 787,009          | 678,693          | 689,425          |
| Stocks of listed companies (other)                | 768,078          |           |           |            | 768,078          | 764,698          | 877,117          |

215

R\$ thousand

|                                 | 2006             |                           |                            |                       | 2005                                       |  |  |  |
|---------------------------------|------------------|---------------------------|----------------------------|-----------------------|--|--|--|--|
|                                 | Up to<br>30 days | From<br>31 to 180<br>days | From<br>181 to 360<br>days | More than<br>360 days | Total on<br>March 31<br>(3) (5) (6)<br>(7) | Total on<br>December<br>31<br>(3) (5) (6)<br>(7) | Total on<br>March 31<br>(3) (5) (6)<br>(7) |  |
| <b>Subject to commitments</b>   | <b>117,632</b>   | <b>636,767</b>            | <b>105,406</b>             | <b>3,562,578</b>      | <b>4,422,383</b>                           | <b>4,651,462</b>                                 | <b>10,038,447</b>                          |  |
| <b>Repurchase agreement</b>     | <b>1,940</b>     | <b>43,444</b>             | <b>1,976</b>               | <b>629,164</b>        | <b>676,524</b>                             | <b>1,051,665</b>                                 | <b>4,042,849</b>                           |  |
| National treasury bill          |                  |                           |                            | 61,677                | 61,677                                     | 13,439   | 1,665,237                                  |  |
| Brazilian foreign debt          |                  |                           |                            |                       |  |  |  |  |
| notes                           | 1,366            |                           |                            | 104,938               | 106,304                                    | 639,666  | 2,038,336                                  |  |
| Certificates of bank            |                  |                           |                            |                       |  |  |  |  |
| deposit                         |                  |                           |                            | 362,590               | 362,590                                    | 348,158  | 303,768                                    |  |
| Financial treasury bill         |                  | 43,307                    | 1,976                      | 10,946                | 56,229                                     | 40,032   | 35,508                                     |  |
| National treasury bill          |                  | 137                       |                            | 88,951                | 89,088                                     | 8,925  |  |  |
| Debentures                      | 574              |                           |                            | 62                    | 636  | 1,445  |  |  |
| <b>Central Bank</b>             |                  | <b>202,915</b>            |                            | <b>1,633,476</b>      | <b>1,836,391</b>                           | <b>2,506,172</b>                                 | <b>3,952,143</b>                           |  |
| National treasury bill          |                  |                           |                            |                       |  | 5,566  | 3,736,493                                  |  |
| National treasury notes         |                  |                           |                            | 1,632,298             | 1,632,298                                  | 2,500,606  | 159,052                                    |  |
| Financial treasury bill         |                  | 202,915                   |                            | 1,178                 | 204,093                                    |  | 17,171                                     |  |
| Central Bank notes              |                  |                           |                            |                       |  |  | 39,427                                     |  |
| <b>Privatization currencies</b> | <b>1</b>         |                           |                            | <b>58,752</b>         | <b>58,753</b>                              | <b>98,142</b>                                    | <b>91,765</b>                              |  |
| <b>Collateral provided</b>      | <b>115,691</b>   | <b>390,408</b>            | <b>103,430</b>             | <b>1,241,186</b>      | <b>1,850,715</b>                           | <b>995,483</b>                                   | <b>1,951,690</b>                           |  |
| National treasury bill          |                  | 19,120                    | 26,356                     | 61,400                | 106,876                                    | 100,492  | 1,096,366                                  |  |
| Financial treasury bill         | 115,113          | 371,288                   | 77,074                     | 107,106               | 670,581                                    | 574,224  | 485,627                                    |  |
| National treasury notes         |                  |                           |                            | 1,072,680             | 1,072,680                                  | 320,189  | 367,904                                    |  |
| Foreign government              |                  |                           |                            |                       |  |  |  |  |
| securities                      | 578              |                           |                            |                       | 578  | 578  | 682  |  |
| Central Bank notes              |                  |                           |                            |                       |  |  | 1,111                                      |  |
| <b>Derivative financial</b>     |                  |                           |                            |                       |  |  |  |  |
| <b>instruments (1)</b>          | <b>1,132,696</b> | <b>316,357</b>            | <b>68,426</b>              | <b>82,878</b>         | <b>1,600,357</b>                           | <b>474,488</b>                                   | <b>1,584,684</b>                           |  |
| <b>Securities purpose of</b>    |                  |                           |                            |                       |  |  |  |  |
| <b>unrestricted purchase</b>    |                  |                           |                            |                       |  |  |  |  |
| <b>and sale commitments</b>     |                  |                           |                            | <b>111,805</b>        | <b>111,805</b>                             |  |  |  |
| National treasury bill          |                  |                           |                            | 111,805               | 111,805                                    |  |  |  |
| <b>Overall total</b>            | <b>6,787,912</b> | <b>7,274,125</b>          | <b>10,238,258</b>          | <b>44,368,835</b>     | <b>68,669,130</b>                          | <b>64,450,808</b>                                | <b>64,841,521</b>                          |  |
| <b>%</b>                        | <b>9.9</b>       | <b>10.6</b>               | <b>14.9</b>                | <b>64.6</b>           | <b>100.0</b>                               | <b>100.0</b>                                     | <b>100.0</b>                               |  |

- (1) For comparison purposes, the criterion adopted by Central Bank of Brazil's Circular 3068 and due to securities characteristics, we are considering the derivative financial instruments under the category "Trading Securities";
- (2) These refer to assets under management funds applied in purchase and sale commitments with Banco Bradesco, the owners of which are subsidiaries, included in the consolidated financial statements;

- (3) The investment fund quotas were distributed according to instruments composing the portfolio and preserving the classification of funds category;
- (4) In compliance with the provisions of Article 8 of BACEN Circular 3068, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity category. This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations on the reference date of March 31, 2006;
- (5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (6) This column reflects book value subsequent to mark-to-market, except for securities held to maturity, whose market value is higher than the restated cost value in the amount of R\$ 965,701 thousand (December 31, 2005 R\$ 793,018 thousand and March 31, 2005 R\$ 786,677 thousand); and
- (7) The market value of securities is determined based on the market price available on the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the value of respective quotas already at market value.

## e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in balance sheet or memorandum accounts, for its own needs and for customers. The derivative financial instruments, when used by the Bank, aim at hedging its asset and liability positions against the effect of exchange and interest rate variations. The derivatives generally represent future commitments for exchanging currencies or indices, or purchasing and selling other financial instruments according to the terms and dates set forth in the contracts. Under the option contracts, the purchaser is entitled, but not obliged, to purchase or sell a financial instrument at a specific strike price in the future.

D) Amounts of the instruments recorded in balance sheet and memorandum accounts

|                              | R\$ thousand      |            |                   |            |                   |            |
|------------------------------|-------------------|------------|-------------------|------------|-------------------|------------|
|                              | 2006              |            | 2005              |            |                   |            |
|                              | March 31          |            | December 31       |            | March 31          |            |
|                              | Overall amount    | Net amount | Overall amount    | Net amount | Overall amount    | Net amount |
| <b>Futures contracts</b>     |                   |            |                   |            |                   |            |
| <b>Purchase commitments:</b> | <b>8,491,487</b>  |            | <b>7,479,822</b>  |            | <b>5,203,606</b>  |            |
| Interbank market             | 686,957           |            | 1,919,655         |            | 5,203,606         |            |
| Foreign currency             | 7,736,990         | 831,383    | 5,560,167         |            |                   |            |
| Other                        | 67,540            | 67,540     |                   |            |                   |            |
| <b>Sale commitment:</b>      | <b>34,185,634</b> |            | <b>31,344,456</b> |            | <b>26,335,740</b> |            |
| Interbank market             | 27,280,027        | 26,593,070 | 19,123,649        | 17,203,994 | 14,366,093        | 9,162,487  |
| Foreign currency             | 6,905,607         |            | 12,216,762        | 6,656,595  | 11,943,616        | 11,943,616 |
| Other                        |                   |            | 4,045             | 4,045      | 26,031            | 26,031     |
| <b>Option contracts</b>      |                   |            |                   |            |                   |            |
| <b>Purchase commitments:</b> | <b>355,006</b>    |            | <b>198,816</b>    |            |                   |            |
| Foreign currency             | 355,006           |            | 198,816           |            |                   |            |
| <b>Sale commitment:</b>      | <b>507,571</b>    |            | <b>219,540</b>    |            | <b>1,821,287</b>  |            |
| Foreign currency             | 507,571           | 152,565    | 219,540           | 20,724     | 1,821,287         | 1,821,287  |
| <b>Forward contracts</b>     |                   |            |                   |            |                   |            |
| <b>Purchase commitments:</b> | <b>1,280,291</b>  |            | <b>888,308</b>    |            | <b>893,153</b>    |            |
| Interbank market             |                   |            | 107,000           | 107,000    |                   |            |
| Foreign currency             | 803,087           | 284,197    | 781,308           | 280,136    | 575,010           | 282,785    |
| Other                        | 477,204           |            |                   |            | 318,143           |            |
| <b>Sale commitment:</b>      | <b>997,574</b>    |            | <b>501,172</b>    |            | <b>1,284,076</b>  |            |
| Foreign currency             | 518,890           |            | 501,172           |            | 292,225           |            |
| Other                        | 478,684           | 1,480      |                   |            | 991,851           | 673,708    |
| <b>Swap contracts</b>        |                   |            |                   |            |                   |            |
| <b>Asset position</b>        | <b>21,976,679</b> |            | <b>15,848,571</b> |            | <b>8,112,819</b>  |            |
| Interbank market             | 13,124,284        | 12,008,247 | 8,543,197         | 7,326,894  | 2,987,988         | 1,813,850  |
| Prefixed                     | 354,657           |            | 284,668           |            | 484,853           |            |
| Foreign currency             | 6,713,201         |            | 5,173,417         |            | 2,972,215         |            |

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|                            |                   |            |                   |           |                  |           |
|----------------------------|-------------------|------------|-------------------|-----------|------------------|-----------|
| Reference rate (T.R.)      | 789,716           | 784,131    | 794,105           | 788,843   | 690,365          | 689,940   |
| Selic                      | 797,306           | 748,587    | 779,650           | 743,807   | 871,113          | 823,066   |
| IGP M                      | 53,606            |            | 130,837           |           | 64,818           |           |
| Other                      | 143,909           | 143,379    | 142,697           | 142,014   | 41,467           | 29,928    |
| <b>Liability position:</b> | <b>21,451,968</b> |            | <b>15,580,767</b> |           | <b>7,874,276</b> |           |
| Interbank market           | 1,116,037         |            | 1,216,303         |           | 1,174,138        |           |
| Prefixed                   | 738,188           | 383,531    | 661,650           | 376,982   | 736,650          | 251,797   |
| Foreign currency           | 19,228,632        | 12,515,431 | 13,369,393        | 8,195,976 | 5,764,239        | 2,792,024 |
| Reference rate (T.R.)      | 5,585             |            | 5,262             |           | 425              |           |
| Selic                      | 48,719            |            | 35,843            |           | 48,047           |           |
| IGP M                      | 314,277           | 260,671    | 291,633           | 160,796   | 139,238          | 74,420    |
| Other                      | 530               |            | 683               |           | 11,539           |           |

Derivatives include operations maturing in D+1.

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II) Breakdown of derivative financial instruments (assets and liabilities) stated at restated cost and market value

|                                 | R\$ thousand       |                                 |                    |                  |                                 |                  |                    |                                 |                    |
|---------------------------------|--------------------|---------------------------------|--------------------|------------------|---------------------------------|------------------|--------------------|---------------------------------|--------------------|
|                                 | 2006               |                                 |                    | 2005             |                                 |                  |                    |                                 |                    |
|                                 | March 31           |                                 |                    | December 31      |                                 |                  | March 31           |                                 |                    |
|                                 | Restated cost      | Mark-to-market adjustment value | Market value       | Restated cost    | Mark-to-market adjustment value | Market value     | Restated cost      | Mark-to-market adjustment value | Market value       |
| Adjustment receivables swap     | 495,495            | 146,704                         | 642,199            | 317,664          | 45,365                          | 363,029          | 273,473            | 2,298                           | 275,771            |
| Receivable forward purchases    | 477,203            | (25)                            | 477,178            | 107,000          |                                 | 107,000          | 318,143            | (264)                           | 317,879            |
| Receivable futures sales        | 478,684            | (15)                            | 478,669            |                  |                                 |                  | 991,851            | (817)                           | 991,034            |
| Premiums on exercisable options | 3,465              | (1,154)                         | 2,311              | 2,916            | 1,543                           | 4,459            |                    |                                 |                    |
| <b>Total Assets</b>             | <b>1,454,847</b>   | <b>145,510</b>                  | <b>1,600,357</b>   | <b>427,580</b>   | <b>46,908</b>                   | <b>474,488</b>   | <b>1,583,467</b>   | <b>1,217</b>                    | <b>1,584,684</b>   |
| Adjustment payables swap        | (113,988)          | (3,500)                         | (117,488)          | (93,479)         | (1,746)                         | (95,225)         | (43,104)           | 5,876                           | (37,228)           |
| Payable forward purchases       | (477,203)          | 25                              | (477,178)          | (107,000)        |                                 | (107,000)        | (318,143)          | 264                             | (317,879)          |
| Deliverable futures sales       | (478,684)          | 15                              | (478,669)          |                  |                                 |                  | (991,851)          | 817                             | (991,034)          |
| Premiums on floated options     | (59,119)           | 4,041                           | (55,078)           | (59,328)         | 23,080                          | (36,248)         | (136,918)          | (2,373)                         | (139,291)          |
| <b>Total Liabilities</b>        | <b>(1,128,994)</b> | <b>581</b>                      | <b>(1,128,413)</b> | <b>(259,807)</b> | <b>21,334</b>                   | <b>(238,473)</b> | <b>(1,490,016)</b> | <b>4,584</b>                    | <b>(1,485,432)</b> |

III) Futures, option, forward and swap contracts

|  | R\$ thousand |      |
|--|--------------|------|
|  | 2006         | 2005 |

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|   | <b>Up to 90<br/>days</b> | <b>From 91 to<br/>180<br/>days</b> | <b>From 181<br/>to<br/>360 days</b> | <b>More than<br/>360 days</b> | <b>Total on<br/>March<br/>31</b> | <b>Total on<br/>December<br/>31</b> | <b>Total on<br/>March<br/>31</b> |
|---|--------------------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| Future contracts                          | 20,780,241               | 4,265,104                          | 5,017,977                           | 12,613,799                    | <b>42,677,121</b>                | <b>38,824,278</b>                   | <b>31,539,346</b>                |
| Option contracts                          | 291,345                  | 161,247                            | 395,647                             | 14,338                        | <b>862,577</b>                   | <b>418,356</b>                      | <b>1,821,287</b>                 |
| Forward contracts                         | 1,531,843                | 403,069                            | 309,321                             | 33,632                        | <b>2,277,865</b>                 | <b>1,389,480</b>                    | <b>2,177,229</b>                 |
| Swap contracts                            | 3,341,820                | 6,319,185                          | 6,887,566                           | 4,785,909                     | <b>21,334,480</b>                | <b>15,485,542</b>                   | <b>7,837,048</b>                 |
| <b>Total on March<br/>31, 2006</b>        | <b>25,945,249</b>        | <b>11,148,605</b>                  | <b>12,610,511</b>                   | <b>17,447,678</b>             | <b>67,152,043</b>                |                                     |                                  |
| <b>Total on<br/>December 31,<br/>2005</b> | <b>28,003,196</b>        | <b>8,937,756</b>                   | <b>10,192,908</b>                   | <b>8,983,796</b>              |                                  | <b>56,117,656</b>                   |                                  |
| <b>Total on March<br/>31, 2005</b>        | <b>26,847,976</b>        | <b>2,300,265</b>                   | <b>5,781,986</b>                    | <b>8,444,683</b>              |                                  |                                     | <b>43,374,910</b>                |



## IV) Types of margin granted as collateral for derivative financial instruments, comprising mainly futures contracts

|                          | R\$ thousand     |                  |                  |
|--------------------------|------------------|------------------|------------------|
|                          | 2006             |                  | 2005             |
|                          | March<br>31      | December<br>31   | March<br>31      |
| <b>Government bonds</b>  |                  |                  |                  |
| Central Bank Notes       |                  |                  | 1,111            |
| National Treasury Notes  | 1,048,529        | 301,135          | 367,904          |
| National Treasury Bills  | 1,179,677        | 1,320,615        | 1,033,314        |
| Financial Treasury Bills | 99,305           |                  |                  |
| <b>Total</b>             | <b>2,327,511</b> | <b>1,621,750</b> | <b>1,402,329</b> |

## V) Net revenue and expenses amounts

|                   | R\$ thousand         |                      |                      |
|-------------------|----------------------|----------------------|----------------------|
|                   | 2006                 |                      | 2005                 |
|                   | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Swap contracts    | 1,207,229            | (101,766)            | 77,385               |
| Forward contracts | (34,047)             | 10,785               | (2,762)              |
| Option contracts  | (57,871)             | 83,243               | 7,332                |
| Future contracts  | (29,814)             | (47,821)             | 283,206              |
| <b>Total</b>      | <b>1,085,497</b>     | <b>(55,559)</b>      | <b>365,161</b>       |

## VI) Overall amounts of the derivative financial instruments, broken down by trading place

|                          | R\$ thousand      |                   |                   |
|--------------------------|-------------------|-------------------|-------------------|
|                          | 2006              |                   | 2005              |
|                          | March<br>31       | December<br>31    | March<br>31       |
| CETIP (over-the-counter) | 10,844,912        | 10,091,644        | 7,704,617         |
| BM&F (floor)             | 56,307,131        | 46,026,012        | 35,670,293        |
| <b>Total</b>             | <b>67,152,043</b> | <b>56,117,656</b> | <b>43,374,910</b> |

## f) Income on securities transactions, financial income on insurance, private pension plans and savings bonds and derivative financial instruments

|                         | R\$ thousand         |                      |                      |
|-------------------------|----------------------|----------------------|----------------------|
|                         | 2006                 |                      | 2005                 |
|                         | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Fixed income securities | 879,090              | 913,295              | 987,941              |

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|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Interbank investments (Note 7b)  | 891,695          | 835,367          | 737,853          |
| Allocation of exchange variation of foreign branches and subsidiaries  | (785,925)        | 515,217          | (64,858)         |
| Variable income securities   | 63,099           | (27,025)         | (5,733)          |
| <b>Subtotal</b>  | <b>1,047,959</b> | <b>2,236,854</b> | <b>1,655,203</b> |
| Financial income on insurance, private pension plans and savings bonds | 1,832,569        | 1,748,960        | 1,769,232        |
| Income from derivative financial instruments                           | 1,085,497        | (55,559)         | 365,161          |
| <b>Total</b>   | <b>3,966,025</b> | <b>3,930,255</b> | <b>3,789,596</b> |

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**9) Interbank Accounts Restricted Deposits****a) Restricted deposits**

|                                |                          |                   | R\$ thousand      |                   |                   |
|--------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                                |                          |                   | 2006              | 2005              |                   |
| Remuneration                   |                          |                   | March<br>31       | December<br>31    | March<br>31       |
| Compulsory deposits            | demand deposits          | Not remunerated   | 5,122,302         | 5,276,412         | 4,789,323         |
| Compulsory deposits            | savings account deposits | Saving index      | 5,148,462         | 5,157,183         | 4,892,733         |
| Additional compulsory deposits |                          | Selic rate        | 5,902,889         | 6,011,271         | 5,993,681         |
| Restricted deposits            | SFH                      | Reference rate TR | 398,254           | 396,089           | 257,200           |
| Funds from rural loans         |                          | Reference rate TR | 578               | 578               | 578               |
| <b>Total</b>                   |                          |                   | <b>16,572,485</b> | <b>16,841,533</b> | <b>15,933,515</b> |

**b) Compulsory deposits income on restricted deposits**

|                     |                             |  | R\$ thousand         |                      |                      |
|---------------------|-----------------------------|--|----------------------|----------------------|----------------------|
|                     |                             |  | 2006                 | 2005                 |                      |
|                     |                             |  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Restricted deposits | BACEN (compulsory deposits) |  | 341,326              | 355,976              | 344,310              |
| Restricted deposits | SFH                         |  | 8,297                | 8,281                | 7,580                |
| <b>Total</b>        |                             |  | <b>349,623</b>       | <b>364,257</b>       | <b>351,890</b>       |

**10) Loan Operations**

The information relating to loan operations, including advances on foreign exchange contracts, leasing operations and other receivables with characteristics of loan granting, is presented as follows:

- a) By type and maturity;
- b) By type and risk level;
- c) Maturity ranges and risk level;
- d) Concentration of loan operations;
- e) By economic activity sector;
- f) Breakdown of loan operations and allowance for doubtful accounts;
- g) Movement of the allowance for doubtful accounts;
- h) Recovery and renegotiation; and
- i) Income on loan and leasing operations.



a) By type and maturity

|  | Normal course     |                          |                          |                           |                            |                          | 2006                         |              | Total on<br>December<br>31, (A) | %            |
|--|-------------------|--------------------------|--------------------------|---------------------------|----------------------------|--------------------------|------------------------------|--------------|---------------------------------|--------------|
|  | Up to 30<br>days  | From<br>31 to 60<br>days | From<br>61 to 90<br>days | From<br>91 to 180<br>days | From<br>181 to 360<br>days | More than<br>360<br>days | Total on<br>March<br>31, (A) | (5)          |                                 |              |
| Discounted<br>trade<br>receivables<br>and other<br>loans                             | 8,035,465         | 6,151,409                | 3,829,386                | 4,295,444                 | 4,521,524                  | 7,716,305                | 34,549,533                   | 39.2         | 33,673,847                      | 39.2         |
| Financings   | 2,214,134         | 2,246,214                | 1,744,165                | 3,879,043                 | 6,362,588                  | 11,555,539               | 28,001,683                   | 31.7         | 27,643,052                      | 32.0         |
| Rural and<br>agribusiness<br>loans   | 369,240           | 234,485                  | 403,503                  | 841,208                   | 912,306                    | 3,632,809                | 6,393,551                    | 7.3          | 6,314,381                       | 7.3          |
| <b>Subtotal</b>  | <b>10,618,839</b> | <b>8,632,108</b>         | <b>5,977,054</b>         | <b>9,015,695</b>          | <b>11,796,418</b>          | <b>22,904,653</b>        | <b>68,944,767</b>            | <b>78.2</b>  | <b>67,631,280</b>               | <b>79.0</b>  |
| Leasing<br>operations  | 150,100           | 125,686                  | 115,587                  | 335,951                   | 592,665                    | 1,302,366                | 2,622,355                    | 3.0          | 2,427,437                       | 2.4          |
| Advances on<br>foreign<br>exchange<br>contracts                                      | 1,470,200         | 872,771                  | 783,067                  | 1,415,628                 | 819,948                    |                          | 5,361,614                    | 6.1          | 4,930,239                       | 5.6          |
| <b>Subtotal</b>  | <b>12,239,139</b> | <b>9,630,565</b>         | <b>6,875,708</b>         | <b>10,767,274</b>         | <b>13,209,031</b>          | <b>24,207,019</b>        | <b>76,928,736</b>            | <b>87.3</b>  | <b>74,988,956</b>               | <b>88.0</b>  |
| Other<br>receivables   | 167,546           | 46,185                   | 11,805                   | 29,219                    | 33,600                     | 181,911                  | 470,266                      | 0.5          | 530,199                         | 0.5          |
| <b>Total loan<br/>operations<br/>on<br/>March 31,<br/>2006 (3)</b>                   | <b>12,406,685</b> | <b>9,676,750</b>         | <b>6,887,513</b>         | <b>10,796,493</b>         | <b>13,242,631</b>          | <b>24,388,930</b>        | <b>77,399,002</b>            | <b>87.8</b>  | <b>75,519,155</b>               | <b>88.0</b>  |
| <b>Sureties<br/>and<br/>Guarantees<br/>(4)</b>                                       | <b>324,944</b>    | <b>238,862</b>           | <b>516,465</b>           | <b>1,139,796</b>          | <b>996,460</b>             | <b>7,520,061</b>         | <b>10,736,588</b>            | <b>12.2</b>  | <b>9,629,856</b>                | <b>11.6</b>  |
| <b>Total<br/>including<br/>sureties and<br/>guarantees<br/>on March<br/>31, 2006</b> | <b>12,731,629</b> | <b>9,915,612</b>         | <b>7,403,978</b>         | <b>11,936,289</b>         | <b>14,239,091</b>          | <b>31,908,991</b>        | <b>88,135,590</b>            | <b>100.0</b> |                                 |              |
| <b>Overall<br/>total on<br/>December</b>   | <b>12,723,405</b> | <b>8,350,044</b>         | <b>7,510,895</b>         | <b>11,528,280</b>         | <b>13,853,598</b>          | <b>31,182,789</b>        |                              |              | <b>85,149,011</b>               | <b>100.0</b> |

**31, 2005**  
**Overall**  
**total on**  
**March 31,**  
**2005**

11,113,137 7,408,931 7,104,469 9,437,346 10,948,523 24,706,307

R\$ thousand

**Abnormal course**

**Past due installments**

|  | Up to<br>30<br>days | From<br>31 to 60<br>days | From<br>61 to 90<br>days | From<br>91 to<br>180<br>days | From<br>181 to<br>720<br>days | 2006                         |              | 2005                            |              |                              |              |
|--|---------------------|--------------------------|--------------------------|------------------------------|-------------------------------|------------------------------|--------------|---------------------------------|--------------|------------------------------|--------------|
|  |                     |                          |                          |                              |                               | Total on<br>March<br>31, (B) | %<br>(5)     | Total on<br>December<br>31, (B) | %<br>(5)     | Total on<br>March<br>31, (B) | %<br>(5)     |
| Discounted<br>trade<br>receivables<br>and other<br>loans       | 356,664             | 270,939                  | 289,526                  | 458,769                      | 511,585                       | <b>1,887,483</b>             | <b>72.0</b>  | <b>1,657,519</b>                | <b>72.7</b>  | <b>1,430,367</b>             | <b>73.7</b>  |
| Financings   | 191,129             | 122,082                  | 53,497                   | 90,934                       | 84,322                        | <b>541,964</b>               | <b>20.7</b>  | <b>434,881</b>                  | <b>19.1</b>  | <b>341,440</b>               | <b>17.6</b>  |
| Rural and<br>agribusiness<br>loans                             | 9,962               | 4,310                    | 2,240                    | 11,002                       | 33,189                        | <b>60,703</b>                | <b>2.3</b>   | <b>54,677</b>                   | <b>2.4</b>   | <b>47,398</b>                | <b>2.4</b>   |
| <b>Subtotal</b>  | <b>557,755</b>      | <b>397,331</b>           | <b>345,263</b>           | <b>560,705</b>               | <b>629,096</b>                | <b>2,490,150</b>             | <b>95.0</b>  | <b>2,147,077</b>                | <b>94.2</b>  | <b>1,819,205</b>             | <b>93.7</b>  |
| Leasing<br>operations  | 6,958               | 5,180                    | 1,880                    | 2,811                        | 2,773                         | <b>19,602</b>                | <b>0.7</b>   | <b>13,124</b>                   | <b>0.6</b>   | <b>12,284</b>                | <b>0.6</b>   |
| Advances on<br>foreign<br>exchange<br>contracts (1)            | 8,508               | 3,756                    | 554                      | 624                          | 68,100                        | <b>81,542</b>                | <b>3.1</b>   | <b>86,873</b>                   | <b>3.8</b>   | <b>84,666</b>                | <b>4.4</b>   |
| <b>Subtotal</b>  | <b>573,221</b>      | <b>406,267</b>           | <b>347,697</b>           | <b>564,140</b>               | <b>699,969</b>                | <b>2,591,294</b>             | <b>98.8</b>  | <b>2,247,074</b>                | <b>98.6</b>  | <b>1,916,155</b>             | <b>98.7</b>  |
| Other<br>receivables<br>(2)                                    | 11,729              | 443                      | 493                      | 509                          | 17,746                        | <b>30,920</b>                | <b>1.2</b>   | <b>30,906</b>                   | <b>1.4</b>   | <b>24,834</b>                | <b>1.3</b>   |
| <b>Total loan<br/>operations<br/>on March<br/>31, 2006 (3)</b> | <b>584,950</b>      | <b>406,710</b>           | <b>348,190</b>           | <b>564,649</b>               | <b>717,715</b>                | <b>2,622,214</b>             | <b>100.0</b> |                                 |              |                              |              |
| <b>Overall<br/>total on<br/>December<br/>31, 2005</b>          | <b>483,066</b>      | <b>364,249</b>           | <b>300,529</b>           | <b>478,414</b>               | <b>651,722</b>                |                              |              | <b>2,277,980</b>                | <b>100.0</b> |                              |              |
| <b>Overall<br/>total on</b>                                    | <b>388,488</b>      | <b>294,625</b>           | <b>229,940</b>           | <b>455,510</b>               | <b>572,426</b>                |                              |              |                                 |              | <b>1,940,989</b>             | <b>100.0</b> |

**March 31,  
2005**

## Abnormal course

## Installments falling due

|  |                     |                          |                          |                              |                            |                             | 2006                         |              | 2005                            |              |                  |
|--|---------------------|--------------------------|--------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|--------------|---------------------------------|--------------|------------------|
|  | Up to<br>30<br>days | From<br>31 to 60<br>days | From<br>61 to 90<br>days | From<br>91 to<br>180<br>days | From<br>181 to 360<br>days | More<br>than<br>360<br>days | Total on<br>March<br>31, (C) | %<br>(5)     | Total on<br>December<br>31, (C) | %<br>(5)     |                  |
| Discounted<br>trade<br>receivables<br>and other<br>loans | 221,232             | 202,137                  | 161,653                  | 289,971                      | 358,373                    | 377,519                     | <b>1,610,885</b>             | <b>36.6</b>  | <b>1,151,212</b>                | <b>34.6</b>  | <b>886,855</b>   |
| Financings   | 183,306             | 172,962                  | 156,063                  | 416,208                      | 612,097                    | 949,690                     | <b>2,490,326</b>             | <b>56.5</b>  | <b>2,064,429</b>                | <b>61.9</b>  | <b>1,427,004</b> |
| Rural and<br>agribusiness<br>loans                       | 2,424               | 1,181                    | 1,109                    | 8,928                        | 13,004                     | 170,041                     | <b>196,687</b>               | <b>4.5</b>   | <b>33,362</b>                   | <b>1.0</b>   | <b>33,605</b>    |
| <b>Subtotal</b>  | <b>406,962</b>      | <b>376,280</b>           | <b>318,825</b>           | <b>715,107</b>               | <b>983,474</b>             | <b>1,497,250</b>            | <b>4,297,898</b>             | <b>97.6</b>  | <b>3,249,003</b>                | <b>97.5</b>  | <b>2,347,464</b> |
| Leasing<br>operations                                    | 4,840               | 4,062                    | 3,699                    | 11,143                       | 20,233                     | 53,911                      | <b>97,888</b>                | <b>2.2</b>   | <b>77,797</b>                   | <b>2.3</b>   | <b>51,240</b>    |
| Advances on<br>foreign<br>exchange<br>contracts (1)      |                     |                          |                          |                              |                            |                             |                              |              |                                 |              |                  |
| <b>Subtotal</b>  | <b>411,802</b>      | <b>380,342</b>           | <b>322,524</b>           | <b>726,250</b>               | <b>1,003,707</b>           | <b>1,551,161</b>            | <b>4,395,786</b>             | <b>99.8</b>  | <b>3,326,800</b>                | <b>99.8</b>  | <b>2,398,704</b> |
| Other<br>receivables<br>(2)                              | 4,980               | 265                      | 212                      | 542                          | 507                        | 2,841                       | <b>9,347</b>                 | <b>0.2</b>   | <b>6,459</b>                    | <b>0.2</b>   | <b>5,970</b>     |
| <b>Total loan<br/>operations<br/>(3)</b>                 | <b>416,782</b>      | <b>380,607</b>           | <b>322,736</b>           | <b>726,792</b>               | <b>1,004,214</b>           | <b>1,554,002</b>            | <b>4,405,133</b>             | <b>100.0</b> | <b>3,333,259</b>                | <b>100.0</b> | <b>2,404,674</b> |
| <b>Sureties<br/>and<br/>Guarantees<br/>(4)</b>           |                     |                          |                          |                              |                            |                             |                              |              |                                 |              |                  |
| <b>Overall<br/>total on<br/>March 31,<br/>2006</b>       | <b>416,782</b>      | <b>380,607</b>           | <b>322,736</b>           | <b>726,792</b>               | <b>1,004,214</b>           | <b>1,554,002</b>            | <b>4,405,133</b>             | <b>100.0</b> |                                 |              |                  |
| <b>Overall<br/>total on<br/>December<br/>31, 2005</b>    | <b>291,765</b>      | <b>266,355</b>           | <b>245,858</b>           | <b>585,276</b>               | <b>793,070</b>             | <b>1,150,935</b>            |                              |              | <b>3,333,259</b>                | <b>100.0</b> |                  |
| <b>Overall<br/>total on<br/>March 31,<br/>2005</b>       | <b>221,178</b>      | <b>186,388</b>           | <b>156,731</b>           | <b>413,654</b>               | <b>553,650</b>             | <b>873,073</b>              |                              |              |                                 |              | <b>2,404,674</b> |



R\$ thousand

|  | Overall total                   |              |                                       |              |                                 |              |
|--|---------------------------------|--------------|---------------------------------------|--------------|---------------------------------|--------------|
|  | 2006                            |              |                                       | 2005         |                                 |              |
|  | Total on<br>March 31<br>(A+B+C) | %<br>(5)     | Total on<br>December<br>31<br>(A+B+C) | %<br>(5)     | Total on<br>March 31<br>(A+B+C) | %<br>(5)     |
| Discounted trade<br>receivables and other<br>loans | 38,047,901                      | 40.0         | 36,482,578                            | 40.2         | 29,435,074                      | 39.2         |
| Financings   | 31,033,973                      | 32.6         | 30,142,362                            | 33.2         | 22,913,702                      | 30.5         |
| Rural and agribusiness<br>loans                    | 6,650,941                       | 7.0          | 6,402,420                             | 7.1          | 5,918,559                       | 7.9          |
| <b>Subtotal</b>                                    | <b>75,732,815</b>               | <b>79.6</b>  | <b>73,027,360</b>                     | <b>80.5</b>  | <b>58,267,335</b>               | <b>77.6</b>  |
| Leasing operations                                 | 2,739,845                       | 2.9          | 2,518,358                             | 2.8          | 1,773,762                       | 2.4          |
| Advances on foreign<br>exchange contracts (1)      | 5,443,156                       | 5.7          | 5,017,112                             | 5.5          | 5,298,425                       | 7.1          |
| <b>Subtotal</b>                                    | <b>83,915,816</b>               | <b>88.2</b>  | <b>80,562,830</b>                     | <b>88.8</b>  | <b>65,339,522</b>               | <b>87.1</b>  |
| Other receivables (2)                              | 510,533                         | 0.5          | 567,564                               | 0.6          | 639,967                         | 0.8          |
| <b>Total loan operations</b>                       | <b>84,426,349</b>               | <b>88.7</b>  | <b>81,130,394</b>                     | <b>89.4</b>  | <b>65,979,489</b>               | <b>87.9</b>  |
| <b>Sureties and</b>                                |                                 |              |                                       |              |                                 |              |
| <b>Guarantees (4)</b>                              | <b>10,736,588</b>               | <b>11.3</b>  | <b>9,629,856</b>                      | <b>10.6</b>  | <b>9,084,887</b>                | <b>12.1</b>  |
| <b>Overall total on March<br/>31, 2006</b>         | <b>95,162,937</b>               | <b>100.0</b> |                                       |              |                                 |              |
| <b>Overall total on<br/>December 31, 2005</b>      |                                 |              | <b>90,760,250</b>                     | <b>100.0</b> |                                 |              |
| <b>Overall total on March<br/>31, 2005</b>         |                                 |              |                                       |              | <b>75,064,376</b>               | <b>100.0</b> |

1) Advances on foreign exchange contracts are recorded as a reduction of the Other liabilities account;

(2) Other receivables comprise receivables on sureties and guarantees honored, receivables on purchase of assets, credit instruments receivable; income receivable on foreign exchange contracts and receivables arising from export contracts;

(3) Includes financing of credit card operations and operations for prepaid credit card receivables in the amount of R\$ 1,906,050 thousand (December 31, 2005 R\$ 1,743,064 thousand and March 31, 2005 R\$ 1,436,610 thousand). Other receivables relating to credit cards in the amount of R\$ 2,655,091 thousand (December 31, 2005 R\$ 2,847,097 thousand and March 31, 2005 R\$ 1,697,355 thousand), are presented in Note 11b;

(4) Amounts recorded in memorandum account, which include R\$ 2,924,613 thousand referred to operations in which the beneficiary is Banco Bradesco S.A. Grand Cayman Branch; and

(5) Ratio between type and total portfolio with sureties and guarantees.

## b) By type and risk level

| Loans<br>Operations   | Risk Levels       |                   |                  |                   |                  |                |                |                |                  | Total o<br>March<br>31 |
|---|-------------------|-------------------|------------------|-------------------|------------------|----------------|----------------|----------------|------------------|------------------------|
|   | AA                | A                 | B                | C                 | D                | E              | F              | G              | H                |                        |
| Discounted<br>trade<br>receivables<br>and other<br>loans              | 6,519,645         | 19,730,823        | 2,611,647        | 5,341,988         | 1,006,477        | 395,428        | 349,264        | 287,414        | 1,805,215        | 38,047,9               |
| Financings  | 4,112,020         | 16,843,011        | 2,923,182        | 5,877,020         | 397,768          | 164,413        | 151,837        | 92,340         | 472,382          | 31,033,9               |
| Rural and<br>agribusiness<br>loans                                    | 281,964           | 2,665,759         | 869,813          | 2,110,135         | 352,154          | 50,432         | 73,346         | 169,654        | 77,684           | 6,650,9                |
| <b>Subtotal</b>   | <b>10,913,629</b> | <b>39,239,593</b> | <b>6,404,642</b> | <b>13,329,143</b> | <b>1,756,399</b> | <b>610,273</b> | <b>574,447</b> | <b>549,408</b> | <b>2,355,281</b> | <b>75,732,8</b>        |
| Leasing<br>operations   | 181,607           | 734,613           | 481,962          | 1,209,401         | 47,815           | 12,195         | 23,272         | 6,987          | 41,993           | 2,739,8                |
| Advances on<br>foreign<br>exchange<br>contracts                       | 3,698,932         | 776,862           | 564,993          | 316,277           | 15,638           | 971            | 873            |                | 68,610           | 5,443,1                |
| <b>Subtotal</b>   | <b>14,794,168</b> | <b>40,751,068</b> | <b>7,451,597</b> | <b>14,854,821</b> | <b>1,819,852</b> | <b>623,439</b> | <b>598,592</b> | <b>556,395</b> | <b>2,465,884</b> | <b>83,915,8</b>        |
| Other<br>receivables  | 97,364            | 160,356           | 88,902           | 126,532           | 7,388            | 501            | 256            | 361            | 28,873           | 510,5                  |
| <b>Total loan<br/>operations<br/>on March<br/>31,<br/>2006</b>        | <b>14,891,532</b> | <b>40,911,424</b> | <b>7,540,499</b> | <b>14,981,353</b> | <b>1,827,240</b> | <b>623,940</b> | <b>598,848</b> | <b>556,756</b> | <b>2,494,757</b> | <b>84,426,3</b>        |
| <b>%</b>  | <b>17.6</b>       | <b>48.5</b>       | <b>8.9</b>       | <b>17.7</b>       | <b>2.2</b>       | <b>0.7</b>     | <b>0.7</b>     | <b>0.7</b>     | <b>3.0</b>       | <b>100</b>             |
| <b>Total loan<br/>operations<br/>on<br/>December<br/>31,<br/>2005</b> | <b>15,076,434</b> | <b>39,226,453</b> | <b>6,815,101</b> | <b>14,529,208</b> | <b>1,578,039</b> | <b>557,849</b> | <b>561,156</b> | <b>489,515</b> | <b>2,296,639</b> |                        |
| <b>%</b>  | <b>18.6</b>       | <b>48.3</b>       | <b>8.4</b>       | <b>17.9</b>       | <b>2.0</b>       | <b>0.7</b>     | <b>0.7</b>     | <b>0.6</b>     | <b>2.8</b>       |                        |
| <b>Total loan<br/>operations<br/>on March<br/>31,<br/>2005</b>        | <b>15,049,038</b> | <b>29,156,913</b> | <b>5,281,509</b> | <b>11,570,183</b> | <b>1,524,578</b> | <b>382,851</b> | <b>555,716</b> | <b>620,758</b> | <b>1,837,943</b> |                        |
| <b>%</b>  | <b>22.8</b>       | <b>44.2</b>       | <b>8.0</b>       | <b>17.5</b>       | <b>2.3</b>       | <b>0.6</b>     | <b>0.8</b>     | <b>1.0</b>     | <b>2.8</b>       |                        |



## c) Maturity ranges and risk level

|                         | Risk Level                 |                  |                |                |                |                |                  |                  |              |                            |              |                  |
|-------------------------|----------------------------|------------------|----------------|----------------|----------------|----------------|------------------|------------------|--------------|----------------------------|--------------|------------------|
|                         | Abnormal Course Operations |                  |                |                |                |                |                  |                  |              |                            |              |                  |
|                         | AAA                        | B                | C              | D              | E              | F              | G                | H                | 2006         |                            | 2005         |                  |
| Total on<br>March<br>31 |                            |                  |                |                |                |                |                  |                  | %            | Total on<br>December<br>31 | %            |                  |
| <b>Installments</b>     |                            |                  |                |                |                |                |                  |                  |              |                            |              |                  |
| <b>Falling Due</b>      | <b>1,214,209</b>           | <b>1,285,762</b> | <b>504,144</b> | <b>281,041</b> | <b>233,931</b> | <b>222,726</b> | <b>663,320</b>   | <b>4,405,133</b> | <b>100.0</b> | <b>3,333,259</b>           | <b>100.0</b> | <b>2,400,000</b> |
| 01 to 30                | 121,038                    | 140,575          | 46,688         | 21,831         | 17,404         | 12,941         | 56,305           | <b>416,782</b>   | <b>9.5</b>   | <b>291,765</b>             | <b>8.7</b>   | <b>200,000</b>   |
| 31 to 60                | 107,514                    | 118,100          | 42,557         | 21,801         | 18,109         | 15,176         | 57,350           | <b>380,607</b>   | <b>8.6</b>   | <b>266,355</b>             | <b>8.0</b>   | <b>150,000</b>   |
| 61 to 90                | 99,223                     | 95,977           | 37,206         | 18,170         | 14,848         | 10,468         | 46,844           | <b>322,736</b>   | <b>7.3</b>   | <b>245,858</b>             | <b>7.4</b>   | <b>100,000</b>   |
| 91 to 180               | 214,424                    | 207,020          | 81,183         | 43,534         | 37,748         | 26,311         | 116,572          | <b>726,792</b>   | <b>16.5</b>  | <b>585,276</b>             | <b>17.6</b>  | <b>400,000</b>   |
| 181 to 365              | 279,591                    | 299,730          | 109,583        | 58,849         | 56,867         | 34,916         | 164,678          | <b>1,004,214</b> | <b>22.8</b>  | <b>793,070</b>             | <b>23.8</b>  | <b>500,000</b>   |
| Over 365                | 392,419                    | 424,360          | 186,927        | 116,856        | 88,955         | 122,914        | 221,571          | <b>1,554,002</b> | <b>35.3</b>  | <b>1,150,935</b>           | <b>34.5</b>  | <b>800,000</b>   |
| <b>Past Due</b>         |                            |                  |                |                |                |                |                  |                  |              |                            |              |                  |
| <b>Installments</b>     | <b>179,057</b>             | <b>342,612</b>   | <b>266,852</b> | <b>195,273</b> | <b>200,881</b> | <b>179,840</b> | <b>1,257,699</b> | <b>2,622,214</b> | <b>100.0</b> | <b>2,277,980</b>           | <b>100.0</b> | <b>1,900,000</b> |
| 01 to 14                | 6,206                      | 61,383           | 33,486         | 17,263         | 8,803          | 5,910          | 26,667           | <b>159,718</b>   | <b>6.1</b>   |                            |              |                  |
| 15 to 30                | 160,192                    | 116,590          | 55,412         | 18,565         | 14,920         | 9,703          | 49,850           | <b>425,232</b>   | <b>16.2</b>  | <b>483,066</b>             | <b>21.2</b>  | <b>300,000</b>   |
| 31 to 60                | 6,212                      | 159,672          | 81,533         | 42,235         | 26,661         | 16,445         | 73,952           | <b>406,710</b>   | <b>15.5</b>  | <b>364,249</b>             | <b>16.0</b>  | <b>200,000</b>   |
| 61 to 90                |                            | 1,632            | 93,119         | 58,598         | 48,485         | 26,971         | 119,385          | <b>348,190</b>   | <b>13.3</b>  | <b>300,529</b>             | <b>13.2</b>  | <b>200,000</b>   |
| 91 to 180               |                            | 581              | 2,355          | 57,302         | 100,357        | 119,458        | 284,596          | <b>564,649</b>   | <b>21.6</b>  | <b>478,414</b>             | <b>21.0</b>  | <b>400,000</b>   |
| 181 to 365              | 6,447                      | 2,754            | 947            | 1,310          | 1,655          | 1,353          | 550,477          | <b>564,943</b>   | <b>21.5</b>  | <b>512,997</b>             | <b>22.5</b>  | <b>400,000</b>   |
| Over 365                |                            |                  |                |                |                |                | 152,772          | <b>152,772</b>   | <b>5.8</b>   | <b>138,725</b>             | <b>6.1</b>   | <b>100,000</b>   |
| <b>Subtotal</b>         | <b>1,393,266</b>           | <b>1,628,374</b> | <b>770,996</b> | <b>476,314</b> | <b>434,812</b> | <b>402,566</b> | <b>1,921,019</b> | <b>7,027,347</b> |              | <b>5,611,239</b>           |              | <b>4,300,000</b> |
| Specific<br>provision   | 13,931                     | 48,851           | 77,100         | 142,894        | 217,406        | 281,796        | 1,921,019        | <b>2,702,997</b> |              | <b>2,287,589</b>           |              | <b>1,800,000</b> |

s

|   | Risk Level               |                   |                  |                   |                  |                |                |                |                  | Total on<br>March<br>31 |
|---|--------------------------|-------------------|------------------|-------------------|------------------|----------------|----------------|----------------|------------------|-------------------------|
|   | Normal Course Operations |                   |                  |                   |                  |                |                |                |                  |                         |
|   | AA                       | A                 | B                | C                 | D                | E              | F              | G              | H                |                         |
| <b>Installments</b>                                   |                          |                   |                  |                   |                  |                |                |                |                  |                         |
| <b>Falling Due</b>                                    | 14,891,532               | 40,911,424        | 6,147,233        | 13,352,979        | 1,056,244        | 147,626        | 164,036        | 154,190        | 573,738          | <b>77,399,000</b>       |
| 01 to 30  | 2,546,805                | 7,208,478         | 699,800          | 1,750,798         | 97,575           | 17,753         | 12,302         | 7,503          | 65,671           | <b>12,406,605</b>       |
| 31 to 60  | 2,177,460                | 5,293,242         | 593,892          | 1,475,535         | 61,017           | 11,792         | 10,452         | 5,224          | 48,136           | <b>9,676,753</b>        |
| 61 to 90  | 1,215,330                | 3,729,706         | 534,580          | 1,290,194         | 61,704           | 9,497          | 6,461          | 4,120          | 35,921           | <b>6,887,511</b>        |
| 91 to 180   | 2,066,947                | 5,621,818         | 1,129,045        | 1,771,349         | 92,911           | 19,184         | 12,982         | 8,712          | 73,545           | <b>10,796,491</b>       |
| 181 to 365  | 2,749,927                | 7,092,518         | 897,648          | 2,198,396         | 141,243          | 28,003         | 22,035         | 12,057         | 100,804          | <b>13,242,631</b>       |
| Over 365  | 4,135,063                | 11,965,662        | 2,292,268        | 4,866,707         | 601,794          | 61,397         | 99,804         | 116,574        | 249,661          | <b>24,388,930</b>       |
| Generic<br>Provision                                  |                          | 204,558           | 61,472           | 400,580           | 105,624          | 44,288         | 82,018         | 107,933        | 573,738          | <b>1,580,213</b>        |
| <b>Overall<br/>total on<br/>March 31,<br/>2006</b>    | <b>14,891,532</b>        | <b>40,911,424</b> | <b>7,540,499</b> | <b>14,981,353</b> | <b>1,827,240</b> | <b>623,940</b> | <b>598,848</b> | <b>556,756</b> | <b>2,494,757</b> | <b>84,426,300</b>       |
| Existing<br>provision                                 |                          | 205,795           | 98,421           | 808,667           | 482,342          | 304,110        | 403,045        | 518,088        | 2,494,757        | <b>5,315,225</b>        |
| Minimum<br>required<br>provision                      |                          | 204,558           | 75,403           | 449,431           | 182,724          | 187,182        | 299,424        | 389,729        | 2,494,757        | <b>4,283,207</b>        |
| Exceeding<br>provision                                |                          | 1,237             | 23,018           | 359,236           | 299,618          | 116,928        | 103,621        | 128,359        |                  | <b>1,032,018</b>        |
| <b>Overall<br/>total on<br/>December<br/>31, 2005</b> | <b>15,076,434</b>        | <b>39,226,453</b> | <b>6,815,101</b> | <b>14,529,208</b> | <b>1,578,039</b> | <b>557,849</b> | <b>561,156</b> | <b>489,515</b> | <b>2,296,639</b> |                         |
| Existing<br>provision                                 |                          | 196,807           | 89,277           | 864,167           | 407,097          | 272,482        | 376,515        | 455,665        | 2,296,639        |                         |
| Minimum<br>required<br>provision                      |                          | 196,101           | 68,148           | 435,875           | 157,804          | 167,355        | 280,577        | 342,660        | 2,296,639        |                         |
| Exceeding<br>provision                                |                          | 706               | 21,129           | 428,292           | 249,293          | 105,127        | 95,938         | 113,005        |                  |                         |
| <b>Overall<br/>total on<br/>March<br/>31, 2005</b>    | <b>15,049,038</b>        | <b>29,156,913</b> | <b>5,281,509</b> | <b>11,570,183</b> | <b>1,524,578</b> | <b>382,851</b> | <b>555,716</b> | <b>620,758</b> | <b>1,837,943</b> |                         |

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|                             |         |        |         |         |         |         |         |           |
|-----------------------------|---------|--------|---------|---------|---------|---------|---------|-----------|
| Existing provision          | 146,253 | 71,121 | 785,277 | 346,575 | 171,103 | 355,714 | 587,380 | 1,837,943 |
| Minimum required provisions | 145,835 | 52,814 | 347,104 | 152,458 | 114,855 | 277,858 | 434,531 | 1,837,943 |
| Exceeding provision         | 418     | 18,307 | 438,173 | 194,117 | 56,248  | 77,856  | 152,849 |           |

**d) Concentration of loan operations**

|                       | <b>R\$ thousand</b> |          |                    |             |                 |          |
|-----------------------|---------------------|----------|--------------------|-------------|-----------------|----------|
|                       | <b>2006</b>         |          |                    | <b>2005</b> |                 |          |
|                       | <b>March 31</b>     | <b>%</b> | <b>December 31</b> | <b>%</b>    | <b>March 31</b> | <b>%</b> |
| Largest borrower      | 1,050,791           | 1.2      | 921,735            | 1.1         | 906,583         | 1.4      |
| 10 largest borrowers  | 6,217,572           | 7.4      | 5,762,250          | 7.1         | 5,635,233       | 8.5      |
| 20 largest borrowers  | 9,256,576           | 11.0     | 8,668,385          | 10.7        | 8,316,578       | 12.6     |
| 50 largest borrowers  | 14,493,475          | 17.2     | 13,904,433         | 17.1        | 13,077,505      | 19.8     |
| 100 largest borrowers | 19,122,106          | 22.6     | 18,187,234         | 22.4        | 16,784,397      | 25.4     |

**e) By economic activity sector**

|   | <b>R\$ thousand</b> |             |                    |             |                   |             |
|---|---------------------|-------------|--------------------|-------------|-------------------|-------------|
|   | <b>2006</b>         |             |                    | <b>2005</b> |                   |             |
|   | <b>March 31</b>     | <b>%</b>    | <b>December 31</b> | <b>%</b>    | <b>March 31</b>   | <b>%</b>    |
| <b>Public Sector</b>                          | <b>1,089,062</b>    | <b>1.2</b>  | <b>890,944</b>     | <b>1.1</b>  | <b>571,067</b>    | <b>0.9</b>  |
| <b>Federal Government</b>                     | <b>443,939</b>      | <b>0.4</b>  | <b>421,545</b>     | <b>0.5</b>  | <b>299,513</b>    | <b>0.5</b>  |
| Petrochemical                                 | 266,099             | 0.3         | 272,519            | 0.4         | 153,656           | 0.3         |
| Production and distribution of electric power | 61,999              |             | 82,789             | 0.1         | 145,857           | 0.2         |
| Financial intermediary                        | 115,841             | 0.1         | 66,237             |             |                   |             |
| <b>State Government</b>                       | <b>641,797</b>      | <b>0.8</b>  | <b>466,014</b>     | <b>0.6</b>  | <b>268,060</b>    | <b>0.4</b>  |
| Production and distribution of electric power | 641,797             | 0.8         | 466,014            | 0.6         | 268,060           | 0.4         |
| <b>Municipal Government</b>                   | <b>3,326</b>        |             | <b>3,385</b>       |             | <b>3,494</b>      |             |
| Direct administration                         | 3,326               |             | 3,385              |             | 3,494             |             |
| <b>Private sector</b>                         | <b>83,337,287</b>   | <b>98.8</b> | <b>80,239,450</b>  | <b>98.9</b> | <b>65,408,422</b> | <b>99.1</b> |
| <b>Manufacturing</b>                          | <b>19,313,238</b>   | <b>23.0</b> | <b>20,395,785</b>  | <b>25.1</b> | <b>18,336,779</b> | <b>27.8</b> |
| Food and beverage                             | 5,041,722           | 6.0         | 5,309,376          | 6.5         | 4,153,028         | 6.3         |
| Steel, metallurgical and mechanical           | 2,922,526           | 3.5         | 2,937,134          | 3.6         | 3,110,147         | 4.7         |
| Chemical                                      | 2,087,357           | 2.5         | 2,129,672          | 2.6         | 1,682,840         | 2.6         |
| Light and heavy vehicles                      | 1,654,941           | 2.0         | 2,077,310          | 2.6         | 2,023,037         | 3.1         |
| Pulp and paper                                | 910,625             | 1.1         | 915,768            | 1.1         | 851,153           | 1.3         |
| Textiles and clothing                         | 900,352             | 1.1         | 940,772            | 1.2         | 806,391           | 1.2         |
| Rubber and plastic articles                   | 870,081             | 1.0         | 914,259            | 1.1         | 800,781           | 1.2         |
| Extraction of metallic and non-metallic ores  | 773,599             | 0.9         | 834,392            | 1.0         | 771,300           | 1.2         |
| Electric and electronic products              | 705,121             | 0.8         | 979,157            | 1.2         | 650,880           | 1.0         |
| Furniture and wood products                   | 627,527             | 0.7         | 649,510            | 0.8         | 576,644           | 0.9         |

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|   |                   |             |                   |             |                   |             |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| Automotive parts and accessories                          | 550,147           | 0.7         | 509,507           | 0.6         | 436,856           | 0.7         |
| Publishing, printing and reproduction                     | 473,990           | 0.6         | 525,202           | 0.7         | 495,389           | 0.7         |
| Non-metallic materials                                    | 431,468           | 0.5         | 398,589           | 0.5         | 345,863           | 0.5         |
| Leather articles  | 359,291           | 0.4         | 399,003           | 0.5         | 338,638           | 0.5         |
| Oil refining and production of alcohol                    | 309,192           | 0.4         | 308,967           | 0.4         | 534,589           | 0.8         |
| Other industries  | 695,299           | 0.8         | 567,167           | 0.7         | 759,243           | 1.1         |
| <b>Commerce</b>   | <b>12,648,947</b> | <b>15.0</b> | <b>12,077,594</b> | <b>14.9</b> | <b>10,198,218</b> | <b>15.4</b> |
| Products in specialty stores                              | 3,164,610         | 3.7         | 3,285,581         | 4.1         | 2,820,698         | 4.2         |
| Food products, beverage and tobacco                       | 1,454,688         | 1.7         | 1,469,437         | 1.8         | 1,055,965         | 1.6         |
| Wholesale of goods in general                             | 1,077,256         | 1.3         | 854,953           | 1.1         | 783,194           | 1.2         |
| Non-specialized retailer                                  | 1,036,374         | 1.2         | 744,886           | 0.9         | 760,811           | 1.1         |
| Grooming articles   | 850,104           | 1.0         | 884,709           | 1.1         | 792,581           | 1.2         |
| Residues and scrap  | 836,592           | 1.0         | 837,332           | 1.0         | 609,040           | 0.9         |
| Self-propelled vehicles                                   | 806,622           | 1.0         | 799,782           | 1.0         | 759,691           | 1.1         |
| Clothing and footwear                                     | 806,359           | 1.0         | 807,949           | 1.0         | 499,928           | 0.8         |
| Agricultural and farming products                         | 639,334           | 0.8         | 517,376           | 0.6         | 365,784           | 0.6         |
| Repair, parts and accessories for self-propelled vehicles | 631,203           | 0.7         | 606,536           | 0.8         | 506,724           | 0.8         |
| Fuel  | 611,418           | 0.7         | 589,511           | 0.7         | 459,704           | 0.7         |
| Trade intermediary  | 501,109           | 0.6         | 442,580           | 0.5         | 586,330           | 0.9         |
| Other commerce  | 233,278           | 0.3         | 236,962           | 0.3         | 197,768           | 0.3         |



R\$ thousand

|   | 2006              |              | 2005              |              |                   |              |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|   | March 31          | %            | December 31       | %            | March 31          | %            |
| <b>Financial intermediaries</b>                                     | <b>266,228</b>    | <b>0.3</b>   | <b>259,567</b>    | <b>0.3</b>   | <b>523,663</b>    | <b>0.8</b>   |
| <b>Services</b>   | <b>14,303,358</b> | <b>16.9</b>  | <b>13,192,722</b> | <b>16.3</b>  | <b>11,459,125</b> | <b>17.4</b>  |
| Transport and storage   | 3,667,049         | 4.3          | 3,542,009         | 4.4          | 3,014,921         | 4.6          |
| Civil construction  | 2,357,043         | 2.8          | 1,721,691         | 2.1          | 1,421,862         | 2.1          |
| Real estate activities, rentals and corporate services              | 2,092,982         | 2.5          | 2,001,984         | 2.5          | 1,836,531         | 2.8          |
| Telecommunications  | 1,437,092         | 1.7          | 1,503,751         | 1.9          | 1,480,245         | 2.2          |
| Production and distribution of electric power, gas and water        | 1,444,492         | 1.7          | 1,196,202         | 1.5          | 970,012           | 1.5          |
| Social services, education, health, defense and social security     | 922,787           | 1.1          | 932,950           | 1.1          | 699,697           | 1.1          |
| Clubs, leisure, cultural and sports activities                      | 491,508           | 0.6          | 509,485           | 0.6          | 387,866           | 0.6          |
| Holding companies, legal, accounting and business advisory services | 415,266           | 0.5          | 378,154           | 0.5          | 306,678           | 0.5          |
| Hotel and catering  | 343,829           | 0.4          | 327,796           | 0.4          | 243,697           | 0.4          |
| Other services  | 1,131,310         | 1.3          | 1,078,700         | 1.3          | 1,097,616         | 1.6          |
| <b>Agribusiness, fishing, forestry development and management</b>   | <b>1,087,151</b>  | <b>1.3</b>   | <b>1,092,775</b>  | <b>1.4</b>   | <b>1,168,752</b>  | <b>1.8</b>   |
| <b>Individuals</b>  | <b>35,718,365</b> | <b>42.3</b>  | <b>33,221,007</b> | <b>40.9</b>  | <b>23,721,885</b> | <b>35.9</b>  |
| <b>Total</b>  | <b>84,426,349</b> | <b>100.0</b> | <b>81,130,394</b> | <b>100.0</b> | <b>65,979,489</b> | <b>100.0</b> |

## f) Breakdown of loan operations and allowance for doubtful accounts

R\$ thousand

| Risk level | Abnormal course |             |                       | Portfolio balance |            |      | 2006            | 2005               |                 |
|------------|-----------------|-------------|-----------------------|-------------------|------------|------|-----------------|--------------------|-----------------|
|            | Past due        | Falling due | Total abnormal course | Normal course     | Total      | %    | % March 31, YTD | % December 31, YTD | % March 31, YTD |
| AA         |                 |             |                       | 14,891,532        | 14,891,532 | 17.6 | 17.6            | 18.6               | 22.8            |

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|   |                  |                  |                  |                   |                   |              |       |       |       |
|---|------------------|------------------|------------------|-------------------|-------------------|--------------|-------|-------|-------|
| A   |                  |                  |                  | 40,911,424        | 40,911,424        | 48.5         | 66.1  | 66.9  | 67.0  |
| B   | 179,056          | 1,214,210        | 1,393,266        | 6,147,233         | 7,540,499         | 8.9          | 75.0  | 75.3  | 75.0  |
| C   | 342,613          | 1,285,761        | 1,628,374        | 13,352,979        | 14,981,353        | 17.8         | 92.8  | 93.2  | 92.5  |
| <b>Subtotal</b>                           | <b>521,669</b>   | <b>2,499,971</b> | <b>3,021,640</b> | <b>75,303,168</b> | <b>78,324,808</b> | <b>92.8</b>  |       |       |       |
| D   | 266,853          | 504,143          | 770,996          | 1,056,244         | 1,827,240         | 2.1          | 94.9  | 95.2  | 94.8  |
| E   | 195,273          | 281,041          | 476,314          | 147,626           | 623,940           | 0.7          | 95.6  | 95.9  | 95.4  |
| F   | 200,881          | 233,931          | 434,812          | 164,036           | 598,848           | 0.7          | 96.3  | 96.6  | 96.2  |
| G   | 179,840          | 222,726          | 402,566          | 154,190           | 556,756           | 0.7          | 97.0  | 97.2  | 97.2  |
| H   | 1,257,698        | 663,321          | 1,921,019        | 573,738           | 2,494,757         | 3.0          | 100.0 | 100.0 | 100.0 |
| <b>Subtotal</b>                           | <b>2,100,545</b> | <b>1,905,162</b> | <b>4,005,707</b> | <b>2,095,834</b>  | <b>6,101,541</b>  | <b>7.2</b>   |       |       |       |
| <b>Total on<br/>March 31,<br/>2006</b>    | <b>2,622,214</b> | <b>4,405,133</b> | <b>7,027,347</b> | <b>77,399,002</b> | <b>84,426,349</b> | <b>100.0</b> |       |       |       |
| <b>%</b>                                  | <b>3.1</b>       | <b>5.2</b>       | <b>8.3</b>       | <b>91.7</b>       | <b>100.0</b>      |              |       |       |       |
| <b>Total on<br/>December 31,<br/>2005</b> | <b>2,277,980</b> | <b>3,333,259</b> | <b>5,611,239</b> | <b>75,519,155</b> | <b>81,130,394</b> |              |       |       |       |
| <b>%</b>                                  | <b>2.8</b>       | <b>4.1</b>       | <b>6.9</b>       | <b>93.1</b>       | <b>100.0</b>      |              |       |       |       |
| <b>Total on<br/>March 31,<br/>2005</b>    | <b>1,940,989</b> | <b>2,404,674</b> | <b>4,345,663</b> | <b>61,633,826</b> | <b>65,979,489</b> |              |       |       |       |
| <b>%</b>                                  | <b>2.9</b>       | <b>3.7</b>       | <b>6.6</b>       | <b>93.4</b>       | <b>100.0</b>      |              |       |       |       |

| Risk level                   | Provision                             |                  |                  |                   |                  |                  |                  |                  | 2006        | 2005        |
|------------------------------|---------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------|-------------|
|                              | Minimum requirement                   |                  |                  |                   | Generic          | Total            | Additional       | Existing         | %           | %           |
|                              | %<br>Minimum<br>required<br>provision | Past due         | Falling<br>due   | Total<br>specific |                  |                  |                  |                  |             |             |
| AA                           | 0.0                                   |                  |                  |                   |                  |                  |                  |                  |             |             |
| A                            | 0.5                                   |                  |                  |                   | 204,558          | 204,558          | 1,237            | 205,795          | 0.5         | 0.5         |
| B                            | 1.0                                   | 1,789            | 12,142           | 13,931            | 61,472           | 75,403           | 23,018           | 98,421           | 1.3         | 1.3         |
| C                            | 3.0                                   | 10,278           | 38,573           | 48,851            | 400,580          | 449,431          | 359,236          | 808,667          | 5.5         | 6.3         |
| <b>Subtotal</b>              |                                       | <b>12,067</b>    | <b>50,715</b>    | <b>62,782</b>     | <b>666,610</b>   | <b>729,392</b>   | <b>383,491</b>   | <b>1,112,883</b> | <b>1.4</b>  | <b>1.4</b>  |
| D                            | 10.0                                  | 26,685           | 50,414           | 77,099            | 105,624          | 182,723          | 299,618          | 482,341          | 26.4        | 25.5        |
| E                            | 30.0                                  | 58,582           | 84,312           | 142,894           | 44,288           | 187,182          | 116,928          | 304,110          | 48.7        | 48.7        |
| F                            | 50.0                                  | 100,441          | 116,966          | 217,407           | 82,018           | 299,425          | 103,621          | 403,046          | 67.3        | 67.3        |
| G                            | 70.0                                  | 125,888          | 155,908          | 281,796           | 107,933          | 389,729          | 128,359          | 518,088          | 93.1        | 93.1        |
| H                            | 100.0                                 | 1,257,698        | 663,321          | 1,921,019         | 573,738          | 2,494,757        |                  | 2,494,757        | 100.0       | 100.0       |
| <b>Subtotal</b>              |                                       | <b>1,569,294</b> | <b>1,070,921</b> | <b>2,640,215</b>  | <b>913,601</b>   | <b>3,553,816</b> | <b>648,526</b>   | <b>4,202,342</b> | <b>68.9</b> | <b>69.0</b> |
| <b>Total on<br/>March</b>    |                                       |                  |                  |                   |                  |                  |                  |                  |             |             |
| <b>31, 2006</b>              |                                       | <b>1,581,361</b> | <b>1,121,636</b> | <b>2,702,997</b>  | <b>1,580,211</b> | <b>4,283,208</b> | <b>1,032,017</b> | <b>5,315,225</b> | <b>6.3</b>  |             |
| <b>%</b>                     |                                       | <b>29.8</b>      | <b>21.1</b>      | <b>50.9</b>       | <b>29.7</b>      | <b>80.6</b>      | <b>19.4</b>      | <b>100.0</b>     |             |             |
| <b>Total on<br/>December</b> |                                       |                  |                  |                   |                  |                  |                  |                  |             |             |
| <b>31,<br/>2005</b>          |                                       | <b>1,400,981</b> | <b>886,608</b>   | <b>2,287,589</b>  | <b>1,657,570</b> | <b>3,945,159</b> | <b>1,013,490</b> | <b>4,958,649</b> |             | <b>6.3</b>  |
| <b>%</b>                     |                                       | <b>28.3</b>      | <b>17.9</b>      | <b>46.2</b>       | <b>33.4</b>      | <b>79.6</b>      | <b>20.4</b>      | <b>100.0</b>     |             |             |
| <b>Total on<br/>March</b>    |                                       |                  |                  |                   |                  |                  |                  |                  |             |             |
| <b>31, 2005</b>              |                                       | <b>1,202,703</b> | <b>664,925</b>   | <b>1,867,628</b>  | <b>1,495,770</b> | <b>3,363,398</b> | <b>937,968</b>   | <b>4,301,366</b> |             |             |
| <b>%</b>                     |                                       | <b>28.0</b>      | <b>15.4</b>      | <b>43.4</b>       | <b>34.8</b>      | <b>78.2</b>      | <b>21.8</b>      | <b>100.0</b>     |             |             |

(1) Ratio between existing provision and portfolio by risk level.

#### g) Movement of allowance for doubtful accounts

|   | R\$ thousand     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2006             | 2005             |                  |
|   | 1st Qtr.         | 4th Qtr.         | 1st Qtr.         |
| <b>Opening Balance</b>                                | <b>4,958,649</b> | <b>4,647,113</b> | <b>4,145,557</b> |
| Specific provision (1)                                | 2,287,589        | 2,053,414        | 1,785,474        |
| Generic provision (2)                                 | 1,657,570        | 1,641,987        | 1,434,610        |
| Additional provision (3)                              | 1,013,490        | 951,712          | 925,473          |
| <b>Amount recorded</b>                                | <b>938,442</b>   | <b>770,560</b>   | <b>634,597</b>   |
| <b>Amount written-off</b>                             | <b>(593,010)</b> | <b>(459,024)</b> | <b>(478,788)</b> |
| <b>Balance derived from acquired institutions (4)</b> | <b>11,144</b>    |                  |                  |
| <b>Closing balance</b>                                | <b>5,315,225</b> | <b>4,958,649</b> | <b>4,301,366</b> |
| Specific provision (1)                                | 2,702,997        | 2,287,589        | 1,867,628        |
| Generic provision (2)                                 | 1,580,211        | 1,657,570        | 1,495,770        |
| Additional provision (3)                              | 1,032,017        | 1,013,490        | 937,968          |

- (1) For operations with installments overdue for more than 14 days;
- (2) Recorded based on the customer/transaction classification and accordingly not included in the preceding item;
- (3) The additional provision is recorded based on Management's experience and expected collection of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general portfolio risks, as well as the provision calculated based on risk level ratings and the corresponding minimum percentage of required provision established by CMN Resolution 2682. The additional provision per customer was classified according to the corresponding risk levels (Note 10f); and
- (4) Comprises Banco BEC S.A. (Notes 1 and 4).

**h) Recovery and renegotiation**

Expense for allowance for doubtful accounts, net of recoveries of written-off credits

|   | R\$ thousand   |                |                |
|---|----------------|----------------|----------------|
|   | 2006           |                | 2005           |
|   | 1st Qtr.       | 4th Qtr.       | 1st Qtr.       |
| Amount recorded   | 938,442        | 770,560        | 634,597        |
| Amount recovered (1)                                    | (129,188)      | (192,744)      | (127,492)      |
| <b>Expense net of recoveries</b>                        | <b>809,254</b> | <b>577,816</b> | <b>507,105</b> |
| (1) Classified in income on loan operations (Note 10i). |                |                |                |
| Movement of renegotiated credits                        |                |                |                |

|                                 | R\$ thousand     |                  |                  |
|---------------------------------|------------------|------------------|------------------|
|                                 | 2006             |                  | 2005             |
|                                 | 1st Qtr.         | 4th Qtr.         | 1st Qtr.         |
| <b>Opening balance</b>          | <b>2,020,341</b> | <b>1,869,288</b> | <b>1,714,589</b> |
| Amount renegotiated             | 612,663          | 450,346          | 333,432          |
| Amount received                 | (392,862)        | (220,293)        | (251,155)        |
| Amount written-off              | (118,150)        | (79,000)         | (110,011)        |
| <b>Closing balance</b>          | <b>2,121,992</b> | <b>2,020,341</b> | <b>1,686,855</b> |
| Allowance for doubtful accounts | 1,321,657        | 1,255,248        | 1,028,695        |
| Percentage on portfolio         | 62.3%            | 62.1%            | 61.0%            |

**i) Income on loan and leasing operations**

|   | R\$ thousand     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2006             |                  | 2005             |
|   | 1st Qtr.         | 4th Qtr.         | 1st Qtr.         |
| Discounted trade receivables and other loans                          | 2,767,745        | 2,933,865        | 2,151,295        |
| Financings  | 1,738,949        | 1,767,817        | 1,307,455        |
| Rural and agribusiness loans  | 156,250          | 167,320          | 156,612          |
| <b>Subtotal</b>   | <b>4,662,944</b> | <b>4,869,002</b> | <b>3,615,362</b> |
| Recovery of credits written-off as loss                               | 129,188          | 192,744          | 127,492          |
| Allocation of exchange variation of foreign branches and subsidiaries | (274,666)        | 158,580          | (33,740)         |
| <b>Subtotal</b>   | <b>4,517,466</b> | <b>5,220,326</b> | <b>3,709,114</b> |
| Leasing, net of expenses  | 132,365          | 127,208          | 83,327           |
| <b>Total</b>  | <b>4,649,831</b> | <b>5,347,534</b> | <b>3,792,441</b> |

**11) Other Receivables****a) Foreign exchange portfolio****Balance sheet accounts**

|   | <b>R\$ thousand</b> |                        |                     |
|---|---------------------|------------------------|---------------------|
|   | <b>2006</b>         |                        | <b>2005</b>         |
|   | <b>March<br/>31</b> | <b>December<br/>31</b> | <b>March<br/>31</b> |
| <b>Assets other receivables</b>                                       |                     |                        |                     |
| Exchange purchases pending settlement                                 | 7,332,944           | 5,917,638              | 7,044,519           |
| Foreign exchange acceptances and term documents in foreign currencies | 10,229              | 25,504                 | 19,504              |
| Exchange sale receivables   | 1,862,639           | 1,355,144              | 1,749,921           |
| (-) Advances in local currency received                               | (264,172)           | (417,904)              | (243,197)           |
| Income receivable on advances granted                                 | 57,940              | 56,762                 | 45,649              |
| <b>Total</b>  | <b>8,999,580</b>    | <b>6,937,144</b>       | <b>8,616,396</b>    |
| <b>Liabilities Other liabilities</b>                                  |                     |                        |                     |
| Exchange sales pending settlement                                     | 1,848,083           | 1,360,794              | 1,734,196           |
| Exchange purchase payables  | 7,458,140           | 5,849,124              | 7,171,396           |
| (-) Advances on foreign exchange contracts                            | (5,443,156)         | (5,017,112)            | (5,298,425)         |
| Others  | 15,392              | 14,146                 | 19,890              |
| <b>Total</b>  | <b>3,878,459</b>    | <b>2,206,952</b>       | <b>3,627,057</b>    |
| <b>Net foreign exchange portfolio</b>                                 | <b>5,121,121</b>    | <b>4,730,192</b>       | <b>4,989,339</b>    |
| <b>Memorandum accounts</b>  |                     |                        |                     |
| Imports loans   | 157,117             | 137,369                | 125,725             |
| Confirmed exports loans   | 30,626              | 35,107                 | 46,976              |

**Exchange Results**

Breakdown of foreign exchange transactions adjusted to improve the presentation of results

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 |                      | 2005                 |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Foreign exchange result</b>                           | <b>114,242</b>       | <b>296,868</b>       | <b>172,077</b>       |
| <b>Adjustments:</b>                                      |                      |                      |                      |
| Income on foreign currency financing (1)                 | 14,434               | 50,728               | 20,392               |
| Income on export financing (1)                           | 10,781               | 16,577               | 1,306                |
| Income on foreign investments (2)                        | 36,501               | 45,447               | 18,434               |
| Expenses from foreign securities (3)                     |                      |                      | (1,706)              |
| Expenses from payables to foreign bankers (4) (Note 17c) | (53,215)             | (411,316)            | (145,385)            |
| Others   | (49,538)             | 75,443               | (8,836)              |
| <b>Total adjustments</b>                                 | <b>(41,037)</b>      | <b>(223,121)</b>     | <b>(115,795)</b>     |
| <b>Adjusted foreign exchange result</b>                  | <b>73,205</b>        | <b>73,747</b>        | <b>56,282</b>        |

(1) Classified in the Income on loan operations account;

(2) Demonstrated in the Income on securities transactions account;

(3) Presented in the Expenses from funds obtained in the open market account; and

(4) Funds for financing advances on foreign exchange contracts and import financing, classified in the Expenses for borrowings and onlendings account.

**b) Sundry**

|                                     | R\$ thousand      |                   |                   |
|-------------------------------------|-------------------|-------------------|-------------------|
|                                     | 2006              |                   | 2005              |
|                                     | March<br>31       | December<br>31    | March<br>31       |
| Deferred tax credits (Note 34c)     | 5,538,108         | 5,210,628         | 6,235,252         |
| Credit card operations              | 2,655,091         | 2,847,097         | 1,697,355         |
| Borrowers by escrow                 | 2,501,662         | 2,324,566         | 2,063,363         |
| Prepaid taxes                       | 804,229           | 865,604           | 698,095           |
| Receivable securities and credits   | 527,980           | 506,414           | 514,243           |
| Payments to be reimbursed           | 449,048           | 423,907           | 588,645           |
| Sundry borrowers                    | 454,951           | 362,030           | 398,106           |
| Borrowers due to purchase of assets | 300,891           | 310,255           | 252,885           |
| Others                              | 86,474            | 91,186            | 98,173            |
| <b>Total</b>                        | <b>13,318,434</b> | <b>12,941,687</b> | <b>12,546,117</b> |

**12) Other Assets****a) Non-operating assets/Others**

R\$ thousand

|                                     | Cost           | Provision<br>for losses | Residual value |                |                |
|-------------------------------------|----------------|-------------------------|----------------|----------------|----------------|
|                                     |                |                         | 2006           | 2005           |                |
|                                     |                |                         | March<br>31    | December<br>31 | March<br>31    |
| Real estate                         | 177,171        | (67,510)                | 109,661        | 104,437        | 151,946        |
| Goods subject to special conditions | 83,468         | (83,468)                |                |                |                |
| Vehicles and similar                | 81,166         | (23,344)                | 57,822         | 52,630         | 65,740         |
| Inventories / storehouse            | 18,089         |                         | 18,089         | 20,518         | 20,114         |
| Machinery and equipment             | 7,705          | (5,309)                 | 2,396          | 2,395          | 2,040          |
| Others                              | 6,784          | (730)                   | 6,054          | 6,767          | 7,286          |
| <b>Total on March 31, 2006</b>      | <b>374,383</b> | <b>(180,361)</b>        | <b>194,022</b> |                |                |
| <b>Total on December 31, 2005</b>   | <b>367,688</b> | <b>(180,941)</b>        |                | <b>186,747</b> |                |
| <b>Total on March 31, 2005</b>      | <b>477,678</b> | <b>(230,552)</b>        |                |                | <b>247,126</b> |



## b) Prepaid expenses

|  | R\$ thousand     |                  |                  |
|--|------------------|------------------|------------------|
|  | 2006             |                  | 2005             |
|  | March<br>31      | December<br>31   | March<br>31      |
| Commission in the placement of financing                             | 687,328          | 622,274          | 399,689          |
| Insurance selling expenses   | 267,596          | 277,760          | 257,493          |
| Exclusive partnership agreement in the rendering of banking services | 264,904          | 247,243          | 200,113          |
| Insurance expense on funding abroad                                  | 88,007           | 96,298           | 111,694          |
| Advertising expenses   | 62,210           | 38,455           | 12,690           |
| Others   | 106,915          | 95,171           | 122,182          |
| <b>Total</b>   | <b>1,476,960</b> | <b>1,377,201</b> | <b>1,103,861</b> |

## 13) Investments

## a) Movement of investments in foreign branches and direct and indirect subsidiaries, which were fully eliminated upon consolidation of the financial statements

| Investments in foreign branches and subsidiaries | R\$ thousand             |                                  |                         |                         |
|--|--------------------------|----------------------------------|-------------------------|-------------------------|
|  | Balance on<br>12.31.2005 | Movement<br>in the period<br>(1) | Balance on<br>3.31.2006 | Balance on<br>3.31.2005 |
| Banco Bradesco S.A. Grand Cayman Branch          | 5,842,819                | (331,923)                        | 5,510,896               | 4,306,581               |
| Banco Bradesco S.A. New York Branch              | 348,461                  | (18,899)                         | 329,562                 | 383,481                 |
| Banco Bradesco Luxembourg S.A.                   | 318,776                  | (18,223)                         | 300,553                 | 351,357                 |
| Bradport SGPS, Sociedade Unipessoal, Lda.        | 294,855                  | (14,447)                         | 280,408                 | 356,711                 |
| Cidade Capital Markets Limited                   | 75,261                   | (4,536)                          | 70,725                  | 82,498                  |
| Bradesco Securities, Inc                         | 52,747                   | (4,029)                          | 48,718                  | 58,344                  |
| Banco Bradesco Argentina S.A.                    | 38,946                   | (2,824)                          | 36,122                  | 44,307                  |
| Banco Boavista S.A. Nassau Branch                | 19,773                   | (1,227)                          | 18,546                  | 22,564                  |
| Banco Boavista S.A. Grand Cayman Branch (2)      |                          |                                  |                         | 219,472                 |
| Bradesco Argentina de Seguros S.A.               | 14,691                   | (1,721)                          | 12,970                  | 11,708                  |
| Bradesco International Health Service, Inc.      | 231                      | (17)                             | 214                     | 271                     |
| <b>Total</b>                                     | <b>7,006,560</b>         | <b>(397,846)</b>                 | <b>6,608,714</b>        | <b>5,837,294</b>        |

- (1) Represented by exchange loss variation in the amount of R\$ 482,822 thousand, equity accounting in the amount of R\$ 94,243 thousand, mark-to-market adjustment on securities available for sale in the amount of R\$ 9,267; and
- (2) Banco Boavista Interatlântico S.A. Grand Cayman Branch closed activities in September 2005, and operations were transferred to Banco Bradesco S.A. Grand Cayman Branch.

## b) Breakdown of investments in the consolidated financial statements

R\$ thousand

| Affiliated companies                                  | 2006            | 2005            |                  |
|---|-----------------|-----------------|------------------|
|   | March<br>31     | December<br>31  | March<br>31      |
| IRB-Brasil Resseguros S.A.                            | 307,940         | 345,387         | 305,367          |
| American BankNote S.A.                                | 38,956          | 38,158          | 31,316           |
| Nova Marlim Participações S.A.                        | 20,478          | 20,424          | 23,997           |
| Marlim Participações S.A.                             | 14,658          | 14,550          | 20,958           |
| BES Investimento do Brasil S.A. Banco de Investimento | 19,390          | 19,235          | 16,934           |
| CP Cimento e Participações S.A. (1)                   |                 |                 | 61,943           |
| Others  | 1,021           | 1,065           | 1,143            |
| <b>Total in affiliated companies</b>                  | <b>402,443</b>  | <b>438,819</b>  | <b>461,658</b>   |
| Tax incentives  | 325,329         | 325,160         | 366,389          |
| Banco Espírito Santo S.A.                             | 268,786         | 282,703         | 353,278          |
| Other Investments                                     | 291,481         | 287,973         | 295,197          |
| Provision for:  |                 |                 |                  |
| Tax incentives  | (279,107)       | (283,809)       | (300,262)        |
| <b>Other investments</b>                              | <b>(86,605)</b> | <b>(65,876)</b> | <b>(67,622)</b>  |
| <b>Overall total consolidated investments</b>         | <b>922,327</b>  | <b>984,970</b>  | <b>1,108,638</b> |
| (1) Investment sold in April 2005.                    |                 |                 |                  |

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c) The adjustments resulting from the evaluation of investments by the equity accounting method were recorded in income under Equity in the earnings of affiliated companies and corresponded in the period ended 1Q06 to R\$ 4,694 thousand (4Q05 to R\$ 7,281 thousand and 1Q05 (R\$ 5,641) thousand).

| Companies   | Capital Stock | Adjusted Stockholders equity | Nº. of stocks/quotas held (thousands) |        | Consolidated ownership on capital stock | Adjusted net income/ (loss) | R\$ thousand                             |              |                |
|---|---------------|------------------------------|---------------------------------------|--------|---|-----------------------------|--|--------------|----------------|
|   |               |                              | Common Preferred                      |        |   |                             | Adjustment resulting from evaluation (5) |              |                |
|   |               |                              |                                       |        |   |                             | 2006                                     | 2005         |                |
|   |               |                              |                                       |        |   |                             | 1st Qtr.                                 | 4th Qtr.     | 1st Qtr.       |
| IRB-Brasil Resseguros S.A. (1)                            | 750,000       | 1,449,547                    | 212                                   |        | 21.24%                                  |                             | 3,029                                    | (1,101)      |                |
| American BankNote S.A. (4)                                | 130,000       | 173,137                      | 11,250                                |        | 22.50%                                  | 6,329                       | 1,424                                    | 3,047        | (1,270)        |
| Nova Marlim Participações S.A. (1)                        | 112,613       | 119,251                      | 22,100                                |        | 17.17%                                  | 6,226                       | 1,069                                    | 69           | (1,078)        |
| Marlim Participações S.A. (1)                             | 104,829       | 123,845                      | 10,999                                | 21,998 | 11.84%                                  | 18,218                      | 2,157                                    | 47           | (987)          |
| BES Investimento do Brasil S.A. Banco de Investimento (1) | 46,468        | 96,949                       | 15,985                                |        | 19.99%                                  | 775                         | 155                                      | 1,327        | 716            |
| CP Cimento e Participações S.A. (3)                       |               |                              |                                       |        |   |                             |  |              | (391)          |
| UGB Participações S.A. (2)                                |               |                              |                                       |        |   |                             |  |              | (1,401)        |
| Other companies   |               |                              |                                       |        |   |                             | (111)                                    | (238)        | (129)          |
| <b>Total of non-consolidated</b>                          |               |                              |                                       |        |   |                             | <b>4,694</b>                             | <b>7,281</b> | <b>(5,641)</b> |

(1) Data related to February 28, 2006;

(2) Investment sold in February 2005;

(3) Investment sold in April 2005;

(4) New name of American BankNote Ltda; and

(5) Adjustment resulting from evaluation: considers results recorded by the companies as from their acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, when applicable.

#### 14) Property, Plant and Equipment in Use and Leased Assets

Stated at acquisition cost plus restatements. Depreciation is calculated on the straight-line method at annual rates, which take into consideration the economic useful lives of the assets.

R\$ thousand

|  | Annual<br>rate | Cost             | Depreciation       | Residual value   |                  |                  |
|--|----------------|------------------|--------------------|------------------|------------------|------------------|
|  |                |                  |                    | 2006             | 2005             |                  |
|  |                |                  |                    | March<br>31      | December<br>31   | March<br>31      |
| <b>Real estate in use:</b>                 |                |                  |                    |                  |                  |                  |
| Buildings                                  | 4%             | 725,481          | (376,529)          | 348,952          | 352,295          | 341,491          |
| Land                                       |                | 402,015          |                    | 402,015          | 401,222          | 484,206          |
| Facilities, furniture and equipment in use | 10%            | 1,895,696        | (1,080,505)        | 815,191          | 807,174          | 848,881          |
| Security and communications systems        | 10%            | 130,685          | (81,863)           | 48,822           | 48,675           | 50,637           |
|  | 20 to          |                  |                    |                  |                  |                  |
| Data processing systems                    | 50%            | 1,575,470        | (1,208,900)        | 366,570          | 365,961          | 385,435          |
| Transport systems                          | 20%            | 21,253           | (13,490)           | 7,763            | 7,420            | 8,823            |
| Construction in progress                   |                | 3,420            |                    | 3,420            | 2,824            | 41,046           |
| <b>Subtotal</b>                            |                | <b>4,754,020</b> | <b>(2,761,287)</b> | <b>1,992,733</b> | <b>1,985,571</b> | <b>2,160,519</b> |
| Leased Assets                              |                | 26,313           | (15,219)           | 11,094           | 9,323            | 15,133           |
| <b>Total on March 31, 2006</b>             |                | <b>4,780,333</b> | <b>(2,776,506)</b> | <b>2,003,827</b> |                  |                  |
| <b>Total on December 31, 2005</b>          |                | <b>4,784,022</b> | <b>(2,789,128)</b> |                  | <b>1,994,894</b> |                  |
| <b>Total on March 31, 2005</b>             |                | <b>4,944,347</b> | <b>(2,768,695)</b> |                  |                  | <b>2,175,652</b> |

Property, plant and equipment in use of the Bradesco Organization present an unrecorded increment of R\$1,066,514 thousand (December 31, 2005 R\$ 1,006,570 thousand and March 31, 2005 R\$ 778,296 thousand) based on appraisal reports prepared by independent experts in 2006, 2005 and 2004.

The fixed assets to stockholders' equity ratio, in relation to consolidated reference stockholders' equity, reached 13.94% (December 31, 2005 16.72% and March 31, 2005 21.13%), on the consolidated basis and 42.62% (December 31, 2005 45.33% and March 31, 2005 43.85%) on the consolidated financial basis, within the maximum 50% limit.

**15) Deferred Charges****a) Goodwill**

|  | R\$ thousand     |                |                |
|--|------------------|----------------|----------------|
|  | 2006             |                | 2005           |
|  | March<br>31      | December<br>31 | March<br>31    |
| Banco BEC S.A. (1)                           | 562,429          |                |                |
| Banco Zogbi S.A.                             | 159,964          | 174,079        | 216,422        |
| Banco Alvorada S.A.                          | 142,999          | 147,987        | 162,952        |
| Banco BCN S.A.                               | 122,917          | 152,723        | 235,328        |
| Banco Mercantil de São Paulo S.A.            | 75,647           | 88,255         | 86,674         |
| Morada Serviços Financeiros Ltda. (2)        | 62,791           | 66,715         |                |
| Banco Cidade S.A.                            | 45,459           | 55,200         | 84,424         |
| Promovel Empreendimentos e Serviços Ltda.    | 37,874           | 41,216         | 51,242         |
| Bradesco Leasing S.A. Arrendamento Mercantil | 30,313           | 32,113         | 37,514         |
| Cia. Leader de Investimento (3)              | 18,918           | 19,424         |                |
| Banco Boavista Interatlântico S.A.           | 14,772           | 19,696         | 34,467         |
| Others                                       | 53,117           | 50,076         | 37,220         |
| <b>Total goodwill</b>                        | <b>1,327,200</b> | <b>847,484</b> | <b>946,243</b> |

(1) Company consolidated as from January 2006 (Notes 1 and 4);

(2) Company acquired in April 2005; and

(3) Company acquired in August 2005.

In the period ended on March 31, 2006, goodwill was amortized at the amount of R\$ 118,673 thousand (March 31, 2005 R\$ 96,114 thousand) and in 4Q05 R\$ 182,536 thousand.

I) The unamortized goodwill has the following flow of amortization:

|      | R\$ thousand |                  |                |                  |             |                  |
|------|--------------|------------------|----------------|------------------|-------------|------------------|
|      | 2006         |                  |                | 2005             |             |                  |
|      | March<br>31  | %<br>Accumulated | December<br>31 | %<br>Accumulated | March<br>31 | %<br>Accumulated |
| 2005 |              |                  |                |                  | 241,275     | 25.50            |
| 2006 | 355,800      | 26.8             | 354,317        | 41.8             | 316,080     | 58.90            |
| 2007 | 333,222      | 51.9             | 213,139        | 66.9             | 173,435     | 77.23            |
| 2008 | 245,663      | 70.4             | 125,580        | 81.7             | 100,037     | 87.80            |
| 2009 | 179,329      | 83.9             | 59,665         | 88.8             | 36,031      | 91.61            |
| 2010 | 150,832      | 95.3             | 32,429         | 92.6             | 26,321      | 94.39            |
| 2011 | 25,039       | 97.2             | 25,039         | 95.6             | 23,012      | 96.82            |
| 2012 | 23,765       | 99.0             | 23,765         | 98.4             | 21,735      | 99.12            |
| 2013 | 10,341       | 99.8             | 10,341         | 99.6             | 8,317       | 100.0            |
| 2014 | 2,027        | 99.9             | 2,027          | 99.8             |             |                  |
| 2015 | 1,182        | 100.0            | 1,182          | 100.0            |             |                  |

|                       |                  |                |                |
|-----------------------|------------------|----------------|----------------|
| <b>Total goodwill</b> | <b>1,327,200</b> | <b>847,484</b> | <b>946,243</b> |
|-----------------------|------------------|----------------|----------------|

**b) Other deferred charges**

|                                   | <b>R\$ thousand</b>   |                     |                |                 |                |
|-----------------------------------|-----------------------|---------------------|----------------|-----------------|----------------|
|                                   | <b>Residual value</b> |                     |                |                 |                |
|                                   | <b>Cost</b>           | <b>Amortization</b> | <b>2006</b>    | <b>2005</b>     |                |
|                                   |                       |                     | <b>March</b>   | <b>December</b> | <b>March</b>   |
|                                   |                       |                     | <b>31</b>      | <b>31</b>       | <b>31</b>      |
| Systems development               | 1,336,995             | (786,101)           | 550,894        | 525,911         | 474,391        |
| Other deferred expenditures       | 34,223                | (30,449)            | 3,774          | 4,606           | 7,002          |
| <b>Total on March 31, 2006</b>    | <b>1,371,218</b>      | <b>(816,550)</b>    | <b>554,668</b> |                 |                |
| <b>Total on December 31, 2005</b> | <b>1,315,881</b>      | <b>(785,364)</b>    |                | <b>530,517</b>  |                |
| <b>Total on March 31, 2005</b>    | <b>1,185,260</b>      | <b>(703,867)</b>    |                |                 | <b>481,393</b> |

## 16) Deposits, Funds Obtained in the Open Market and Funds from Issuance of Securities

## a) Deposits

|                                       | R\$ thousand      |                           |                            |                       |                   |                   |                   |
|---------------------------------------|-------------------|---------------------------|----------------------------|-----------------------|-------------------|-------------------|-------------------|
|                                       | 2006              |                           |                            |                       | 2005              |                   |                   |
|                                       | Up to 30<br>days  | From 31<br>to<br>180 days | From 181<br>to<br>360 days | More than<br>360 days | March<br>31       | December<br>31    | March<br>31       |
| Demand deposits (1)                   | 16,240,015        |                           |                            |                       | 16,240,015        | 15,955,512        | 14,923,743        |
| Savings deposits (1)                  | 25,560,295        |                           |                            |                       | 25,560,295        | 26,201,463        | 24,447,649        |
| Interbank deposits                    | 68,830            | 59,184                    |                            |                       | 128,014           | 145,690           | 17,054            |
| Time deposits                         | 2,818,023         | 4,839,109                 | 2,057,073                  | 22,581,722            | 32,295,927        | 32,836,656        | 31,807,232        |
| Other deposits (2)                    | 258,246           |                           |                            |                       | 258,246           | 266,321           | 176,225           |
| <b>Total on March 31,<br/>2006</b>    | <b>44,945,409</b> | <b>4,898,293</b>          | <b>2,057,073</b>           | <b>22,581,722</b>     | <b>74,482,497</b> |                   |                   |
| %                                     | 60.3              | 6.6                       | 2.8                        | 30.3                  | 100.0             |                   |                   |
| <b>Total on December 31,<br/>2005</b> | <b>47,250,863</b> | <b>5,406,293</b>          | <b>1,909,643</b>           | <b>20,838,843</b>     |                   | <b>75,405,642</b> |                   |
| %                                     | 62.7              | 7.2                       | 2.5                        | 27.6                  |                   | 100.0             |                   |
| <b>Total on March 31,<br/>2005</b>    | <b>41,403,043</b> | <b>8,218,715</b>          | <b>3,411,534</b>           | <b>18,338,611</b>     |                   |                   | <b>71,371,903</b> |
| %                                     | 58.0              | 11.5                      | 4.8                        | 25.7                  |                   |                   | 100.0             |

(1) Classified as up to 30 days without considering average historical turnover; and

(2) Deposits for investments.

## b) Funds obtained in the open market

|   | R\$ thousand      |                              |                            |                       |                   |                   |                   |
|---|-------------------|------------------------------|----------------------------|-----------------------|-------------------|-------------------|-------------------|
|   | 2006              |                              |                            |                       | 2005              |                   |                   |
|   | Up to 30<br>days  | From 31<br>to<br>180<br>days | From 181<br>to<br>360 days | More than<br>360 days | March<br>31       | December<br>31    | March<br>31       |
| Own portfolio                               | 287,883           | 552,226                      | 955,423                    | 11,110,156            | 12,905,688        | 12,690,952        | 7,376,081         |
| Government bonds                            | 118,153           | 9,858                        | 61,311                     | 7,680                 | 197,002           | 62,391            | 1,697,320         |
| Private securities - CDB                    |                   |                              |                            | 360,808               | 360,808           | 346,763           | 303,478           |
| Debentures of own<br>issuance               | 77,175            | 542,368                      | 894,112                    | 10,741,668            | 12,255,323        | 11,702,803        | 3,491,445         |
| Foreign                                     | 92,555            |                              |                            |                       | 92,555            | 578,995           | 1,883,838         |
| <b>Third party portfolio<br/>(1)</b>        | <b>10,985,394</b> | <b>45,541</b>                |                            |                       | <b>11,030,935</b> | <b>11,947,932</b> | <b>14,482,032</b> |
| <b>Unrestricted notes<br/>portfolio (1)</b> | <b>99,999</b>     |                              |                            |                       | <b>99,999</b>     |                   |                   |

|                              |                   |                |                  |                   |                   |                   |
|------------------------------|-------------------|----------------|------------------|-------------------|-------------------|-------------------|
| <b>Total on March 31,</b>    |                   |                |                  |                   |                   |                   |
| <b>2006 (2)</b>              | <b>11,373,276</b> | <b>597,767</b> | <b>955,423</b>   | <b>11,110,156</b> | <b>24,036,622</b> |                   |
| <i>%</i>                     | <b>47.3</b>       | <b>2.5</b>     | <b>4.0</b>       | <b>46.2</b>       | <b>100.0</b>      |                   |
| <b>Total on December 31,</b> |                   |                |                  |                   |                   |                   |
| <b>2005</b>                  | <b>12,847,915</b> | <b>460,787</b> | <b>1,399,844</b> | <b>9,930,338</b>  | <b>24,638,884</b> |                   |
| <i>%</i>                     | <b>52.1</b>       | <b>1.9</b>     | <b>5.7</b>       | <b>40.3</b>       | <b>100.0</b>      |                   |
| <b>Total on March 31,</b>    |                   |                |                  |                   |                   |                   |
| <b>2005</b>                  | <b>19,671,962</b> | <b>53,428</b>  | <b>129,392</b>   | <b>2,003,331</b>  |                   | <b>21,858,113</b> |
| <i>%</i>                     | <b>90.0</b>       | <b>0.2</b>     | <b>0.6</b>       | <b>9.2</b>        |                   | <b>100.0</b>      |

(1) Represented by government bonds; and

(2) This includes R\$ 3,644,624 thousand (December 31, 2005 R\$ 5,881,574 thousand and March 31, 2005 R\$ 8,811,197 thousand) of funds invested in purchase and sale commitments with Banco Bradesco, the quotaholders of which are subsidiaries composing the consolidated financial statements (Note 8a).



## c) Funds from issuance of securities

|   | R\$ thousand        |                           |                               |                          |                  |                  |                  |
|---|---------------------|---------------------------|-------------------------------|--------------------------|------------------|------------------|------------------|
|   | 2006                |                           |                               |                          | 2005             |                  |                  |
|   | Up to<br>30<br>days | From 31<br>to<br>180 days | From<br>181 to<br>360<br>days | More<br>than<br>360 days | March<br>31      | December<br>31   | March<br>31      |
| <b>Securities Local</b>   |                     |                           |                               |                          |                  |                  |                  |
| Mortgage notes  | 281,441             | 487,837                   | 73,735                        | 300                      | 843,313          | 847,508          | 725,198          |
| Debentures (1)  |                     | 181,065                   |                               | 2,552,100                | 2,733,165        | 2,624,899        |                  |
| <b>Subtotal</b>   | <b>281,441</b>      | <b>668,902</b>            | <b>73,735</b>                 | <b>2,552,400</b>         | <b>3,576,478</b> | <b>3,472,407</b> | <b>725,198</b>   |
| <b>Securities Foreign (2)</b>   |                     |                           |                               |                          |                  |                  |                  |
| Commercial paper  |                     |                           |                               |                          |                  | 1,184            | 802,525          |
| Eurobonds   | 5,996               | 200,927                   | 204,933                       |                          | 411,856          | 440,834          | 462,062          |
| Euronotes   | 1,357               |                           |                               |                          | 1,357            | 753              | 98,016           |
| MTN Program Issues  | 57,278              |                           | 209,961                       | 950,317                  | 1,217,556        | 1,000,365        | 812,380          |
| Promissory notes  |                     |                           |                               |                          |                  | 59,460           | 81,081           |
| Securitization of future flow<br>of money orders received<br>from abroad (d)                        | 4,206               | 38,467                    | 29,795                        | 518,896                  | 591,364          | 657,262          | 1,324,395        |
| Securitization of future flow<br>of credit card bill receivables<br>from foreign<br>cardholders (d) | 1,368               | 44,568                    | 16,119                        | 446,593                  | 508,648          | 571,621          | 729,600          |
| <b>Subtotal</b>   | <b>70,205</b>       | <b>283,962</b>            | <b>460,808</b>                | <b>1,915,806</b>         | <b>2,760,781</b> | <b>2,731,479</b> | <b>4,310,059</b> |
| <b>Total on March 31, 2006</b>  | <b>351,646</b>      | <b>952,864</b>            | <b>534,543</b>                | <b>4,468,206</b>         | <b>6,307,259</b> |                  |                  |
| %   | 5.6                 | 15.1                      | 8.5                           | 70.8                     | 100.0            |                  |                  |
| <b>Total on December 31, 2005</b>   | <b>120,627</b>      | <b>981,169</b>            | <b>305,176</b>                | <b>4,796,914</b>         |                  | <b>6,203,886</b> |                  |
| %   | 1.9                 | 15.8                      | 4.9                           | 77.4                     |                  | 100.0            |                  |
| <b>Total on March 31, 2005</b>  | <b>219,213</b>      | <b>1,458,259</b>          | <b>200,979</b>                | <b>3,156,806</b>         |                  |                  | <b>5,035,257</b> |
| %   | 4.4                 | 29.0                      | 4.0                           | 62.6                     |                  |                  | 100.0            |

- (1) This refers to installment of two issuances of simple debentures not convertible into stocks of Bradesco Leasing S.A. Arrendamento Mercantil, of which one matures on February 1, 2025 and has a 100% of CDI remuneration, and the other matures on May 1, 2011 and has a 102% of CDI remuneration; and
- (2) These consist of funds obtained from banks abroad, from the issuance of notes in the international market and under National Monetary Council (CMN) Resolution 2770 for:
- (i) lending to local customers, maturing until 2009, under terms which do not exceed those of the funds obtained, with interest payable at LIBOR, plus a spread or prefixed interest; and
  - (ii) foreign exchange operations for customers, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, mainly on a short-term basis.

d) Since 2003, Bradesco Organization has been entering into certain agreements designed to optimize its funding and liquidity management activities through the use of Specific Purposes Entities (SPEs). These SPEs, named Brazilian Merchant Voucher Receivables Limited and International Diversified Payment Rights Company, are financed through long-term liabilities and settled through the future cash flows of the corresponding assets, which basically comprise:

(i) current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent; and

(ii) current and future flows of credit card receivables arising from expenses made in Brazilian territory by holders of credit cards issued outside Brazil.

The long-term securities issued by the SPEs and sold to investors will be settled through funds derived from the money order flows and credit card bills. Bradesco is obliged to redeem these securities in specific cases of default or if the SPEs' operations are discontinued.

The funds derived from the sale of current and future money orders and credit card receivables, received by the SPEs, must be maintained in a specific bank account until such time as a specific minimum limit is attained.

We present below the main features of the notes issued by the SPEs:

| R\$ thousands   |           |                    |           |                     |                |                |                  |
|---|-----------|--------------------|-----------|---------------------|----------------|----------------|------------------|
| Total   |           |                    |           |                     |                |                |                  |
|   | Issuance  | Transaction amount | Maturity  | Remuneration %      | 2006           |                | 2005             |
|   |           |                    |           |                     | March 31       | December 31    | March 31         |
| Securitization of future flow of money orders received from abroad                            | 8.20.2003 | 595,262            | 8.20.2010 | 6.750               | 372,965        | 421,943        | 537,339          |
|   | 8.20.2003 |                    |           |                     |                |                |                  |
|   | (1)       | 599,000            | 8.20.2010 | 0.68 + <i>libor</i> |                |                | 519,013          |
|   | 7.28.2004 | 305,400            | 8.20.2012 | 4.685               | 218,399        | 235,319        | 268,043          |
| <b>Total</b>  |           | <b>1,499,662</b>   |           |                     | <b>591,364</b> | <b>657,262</b> | <b>1,324,395</b> |
| Securitization of future flow of credit card bill receivables from foreign cardholders abroad | 7.10.2003 | 800,818            | 6.15.2011 | 5.684               | 508,648        | 571,621        | 729,600          |
| <b>Total</b>  |           | <b>800,818</b>     |           |                     | <b>508,648</b> | <b>571,621</b> | <b>729,600</b>   |

(1) Early redeemed on August 22, 2005.

**e) Expenses with funding and price-level restatement and interest on Technical Provisions for insurance, private pension plans and savings bonds**

R\$ thousand

|   | 2006             |                  | 2005             |  |
|---|------------------|------------------|------------------|--|
|   | 1st Qtr.         | 4th Qtr.         | 1st Qtr.         |  |
| Savings deposits  | 482,433          | 505,825          | 474,012          |  |
| Time deposits   | 1,285,789        | 1,275,061        | 1,218,632        |  |
| Funds obtained in the open market   | 1,054,813        | 1,089,606        | 918,432          |  |
| Funds from issuance of securities   | 158,013          | 426,445          | 192,876          |  |
| Allocation of exchange variation of foreign branches and subsidiaries   | (514,276)        | 344,408          | (59,273)         |  |
| Other funding expenses  | 69,638           | 72,189           | 65,255           |  |
| <b>Subtotal</b>   | <b>2,536,410</b> | <b>3,713,534</b> | <b>2,809,934</b> |  |
| Expenses for price-level restatement of technical provisions for insurance, private pension plans and savings bonds | 1,042,648        | 1,050,944        | 939,051          |  |
| <b>Total</b>  | <b>3,579,058</b> | <b>4,764,478</b> | <b>3,748,985</b> |  |

## 17) Borrowings and Onlendings

### a) Borrowings

|                                   | R\$ thousand     |                     |                      |                    |                  |                  |                  |
|-----------------------------------|------------------|---------------------|----------------------|--------------------|------------------|------------------|------------------|
|                                   | 2006             |                     |                      |                    | 2005             |                  |                  |
|                                   | Up to 30 days    | From 31 to 180 days | From 181 to 360 days | More than 360 days | March 31         | December 31      | March 31         |
| <b>Local:</b>                     |                  |                     |                      |                    |                  |                  |                  |
| Official institutions             | 27               | 137                 | 164                  | 684                | 1,012            | 1,088            | 1,304            |
| Other institutions                | 7                |                     |                      | 9                  | 16               | 18               | 12,044           |
| <b>Foreign</b>                    | <b>1,450,465</b> | <b>2,072,388</b>    | <b>2,083,688</b>     | <b>435,977</b>     | <b>6,042,518</b> | <b>7,134,221</b> | <b>7,405,691</b> |
| <b>Total on March 31, 2006</b>    | <b>1,450,499</b> | <b>2,072,525</b>    | <b>2,083,852</b>     | <b>436,670</b>     | <b>6,043,546</b> |                  |                  |
| <b>%</b>                          | <b>24.0</b>      | <b>34.3</b>         | <b>34.5</b>          | <b>7.2</b>         | <b>100.0</b>     |                  |                  |
| <b>Total on December 31, 2005</b> | <b>998,475</b>   | <b>4,114,700</b>    | <b>1,447,707</b>     | <b>574,445</b>     |                  | <b>7,135,327</b> |                  |
| <b>%</b>                          | <b>14.0</b>      | <b>57.7</b>         | <b>20.3</b>          | <b>8.0</b>         |                  | <b>100.0</b>     |                  |
| <b>Total on March 31, 2005</b>    | <b>1,732,293</b> | <b>3,514,525</b>    | <b>1,602,548</b>     | <b>569,673</b>     |                  |                  | <b>7,419,039</b> |
| <b>%</b>                          | <b>23.3</b>      | <b>47.4</b>         | <b>21.6</b>          | <b>7.7</b>         |                  |                  | <b>100.0</b>     |

## b) Onlendings

|  | 2006                |                           |                            |                         | 2005             |                  |                  |
|--|---------------------|---------------------------|----------------------------|-------------------------|------------------|------------------|------------------|
|  | Up to<br>30<br>days | From 31<br>to<br>180 days | From 181<br>to<br>360 days | More<br>than<br>360 day | March<br>31      | December<br>31   | March<br>31      |
| <b>Local:</b>                                      |                     |                           |                            |                         |                  |                  |                  |
| National Treasury                                  | 1,738               | 12,664                    |                            |                         | 14,402           | 52,318           | 31,500           |
| BNDES  | 146,750             | 566,832                   | 1,214,977                  | 2,415,061               | 4,343,620        | 4,237,973        | 3,624,045        |
| CEF  | 1,652               | 3,459                     | 4,051                      | 53,916                  | 63,078           | 59,588           | 27,782           |
| FINAME   | 234,936             | 852,394                   | 820,243                    | 3,235,685               | 5,143,258        | 5,075,232        | 4,483,556        |
| Other institutions                                 | 26                  | 312                       | 363                        | 1,920                   | 2,621            | 2,460            | 3,420            |
| <b>Foreign:</b>                                    |                     |                           |                            |                         |                  |                  |                  |
| Subject to onlendings to<br>housing loan borrowers | 374                 |                           |                            |                         | 374              | 183              | 44,050           |
| <b>Total on March 31, 2006</b>                     | <b>385,476</b>      | <b>1,435,661</b>          | <b>2,039,634</b>           | <b>5,706,582</b>        | <b>9,567,353</b> |                  |                  |
| %  | 4.0                 | 15.0                      | 21.3                       | 59.7                    | 100.0            |                  |                  |
| <b>Total on December 31,<br/>2005</b>              | <b>498,264</b>      | <b>1,447,102</b>          | <b>1,467,584</b>           | <b>6,014,804</b>        |                  | <b>9,427,754</b> |                  |
| %  | 5.3                 | 15.3                      | 15.6                       | 63.8                    |                  | 100.0            |                  |
| <b>Total on March 31, 2005</b>                     | <b>419,232</b>      | <b>1,082,030</b>          | <b>1,239,702</b>           | <b>5,473,389</b>        |                  |                  | <b>8,214,353</b> |
| %  | 5.1                 | 13.2                      | 15.1                       | 66.6                    |                  |                  | 100.0            |

## c) Expenses from borrowings and onlendings

|  | R\$ thousand   |                |                |
|--|----------------|----------------|----------------|
|  | 2006           |                | 2005           |
|  | 1st Qtr.       | 4th Qtr.       | 1st Qtr.       |
| <b>Borrowings:</b>                     |                |                |                |
| Local                                  | 97             | 254            | 569            |
| Foreign                                | 28,750         | 34,939         | 25,232         |
| <b>Subtotal borrowings</b>             | <b>28,847</b>  | <b>35,193</b>  | <b>25,801</b>  |
| <b>Local onlendings:</b>               |                |                |                |
| National Treasury                      | 994            | 1,009          | 926            |
| BNDES                                  | 83,645         | 118,374        | 95,379         |
| CEF                                    | 1,425          | 1,349          | 1,979          |
| FINAME                                 | 138,711        | 140,772        | 110,386        |
| Other institutions                     | 98             | 44             | 83             |
| <b>Foreign onlendings:</b>             |                |                |                |
| Payables to foreign bankers (Note 11a) | 53,215         | 411,316        | 145,385        |
| Other expenses with foreign onlendings | (2,663)        | 3,551          | 2,712          |
| <b>Subtotal onlendings</b>             | <b>275,425</b> | <b>676,415</b> | <b>356,850</b> |

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|   |                |                |                |
|---|----------------|----------------|----------------|
| Allocation of exchange variation of foreign branches and subsidiaries | (64,536)       | 33,003         | (24,662)       |
| <b>Total</b>  | <b>239,736</b> | <b>744,611</b> | <b>357,989</b> |

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**18) Contingent Liabilities**

The Bradesco Organization is currently a defendant in a number of legal suits in the labor, civil and tax spheres, arising from the normal course of its business activities.

The provisions were recorded based on the opinion of the legal advisors, the types of lawsuit, similarity with previous lawsuits, complexity and jurisprudence and prior court sentences, whenever loss is deemed probable.

Bradesco's Management considers that the provision recorded is sufficient to cover losses generated by the corresponding legal proceedings.

**Labor claims**

These are claims brought by former employees seeking indemnity, especially, the payment of unpaid overtime. Following the effective control over working hours implemented in 1992, via electronic time cards, overtime is paid regularly during the employment contract and accordingly, claims on an individual basis subsequent to 1997 substantially reduced its amounts.

**Civil lawsuits**

These are claims for pain and suffering and property damages, mainly protests, bounced checks and the inclusion of names in the restricted credit registry.

In general, the amounts under dispute are unlikely to affect financial results since more than 60% of new lawsuits were brought at the small claims court, i.e., for amounts of less than the maximum limit of 40 minimum wages. Moreover, approximately 50% of these lawsuits are judged unfounded and the average cost of each indemnity is nearly 5% of the total amount claimed.

At present, there are no significant administrative lawsuits in course, moved as a result of the lack of compliance with National Financial System regulations or payment of fines, which could cause representative impacts on the Bank's financial results.

**Tax proceedings**

The Bradesco Organization is disputing the legality of certain taxes and contributions, for which provisions have been recorded in full, despite the likelihood of a successful medium and long-term outcome based on the opinion of the legal advisors.

**Provisions established, divided by nature are as follows:**

|                       | <b>R\$ thousand</b> |                        |                     |
|-----------------------|---------------------|------------------------|---------------------|
|                       | <b>2006</b>         | <b>2005</b>            |                     |
|                       | <b>March<br/>31</b> | <b>December<br/>31</b> | <b>March<br/>31</b> |
| Labor claims (1)      | 950,822             | 749,007                | 789,959             |
| Civil proceedings (1) | 713,742             | 539,870                | 464,212             |
| Subtotal (2)          | <b>1,664,564</b>    | <b>1,288,877</b>       | <b>1,254,171</b>    |
| Tax proceedings (3)   | 3,933,438           | 3,574,279              | 3,089,171           |

|              |                  |                  |                  |
|--------------|------------------|------------------|------------------|
| <b>Total</b> | <b>5,598,002</b> | <b>4,863,156</b> | <b>4,343,342</b> |
|--------------|------------------|------------------|------------------|

- (1) These include R\$ 172,596 thousand of labor claims and R\$ 144,268 thousand of civil proceedings related to Banco BEC S.A., consolidated as of January 2006 (Notes 1 and 4);
- (2) Note 20b; and
- (3) Classified under the item Other liabilities tax and social security (Note 20a).

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## 19) Subordinated Debt

| Instrument                      | Issuance       | Amount of<br>the<br>operation | Maturity | Remuneration                       | R\$ thousand        |                        |                     |
|---------------------------------|----------------|-------------------------------|----------|------------------------------------|---------------------|------------------------|---------------------|
|                                 |                |                               |          |                                    | 2006<br>March<br>31 | 2005<br>December<br>30 | 2005<br>March<br>31 |
| <b>In the<br/>Country:</b>      |                |                               |          |                                    |                     |                        |                     |
| Subordinated<br>CDB             | March/2002     | 528,550                       | 2012     | 100.0% of DI rate<br>p.a. DI CETIP | 1,073,151           | 1,031,458              | 902,946             |
| Subordinated<br>CDB             | June/2002      | 41,201                        | 2012     | 100.0% of CDI rate<br>+ 0.75% p.a. | 83,252              | 79,868                 | 69,519              |
| Subordinated<br>CDB             | October/2002   | 200,000                       | 2012     | 102.5% of CDI<br>rate              | 373,559             | 358,691                | 312,958             |
| Subordinated<br>CDB             | October/2002   | 500,000                       | 2012     | 100.0% of CDI rate<br>+ 0.87% p.a. | 947,245             | 908,474                | 790,039             |
| Subordinated<br>CDB             | October/2002   | 33,500                        | 2012     | 101.5% of CDI<br>rate              | 62,096              | 59,648                 | 52,113              |
| Subordinated<br>CDB             | October/2002   | 65,150                        | 2012     | 101.0% of CDI<br>rate              | 120,101             | 115,389                | 100,878             |
| Subordinated<br>CDB             | November/2002  | 66,550                        | 2012     | 101.0% of CDI<br>rate              | 122,391             | 117,589                | 102,802             |
| Subordinated<br>CDB             | November/2002  | 134,800                       | 2012     | 101.5% of CDI<br>rate              | 248,113             | 238,332                | 208,222             |
| Subordinated<br>CDB             | January/2006   | 1,000,000                     | 2011     | 104.0% of CDI<br>rate              | 1,028,696           |                        |                     |
| Subordinated<br>CDB             | February/2006  | 1,171,022                     | 2011     | 104.0% of CDI<br>rate              | 1,194,702           |                        |                     |
| Subordinated<br>CDB             | March/2006     | 710,000                       | 2011     | 104.0% of CDI<br>rate              | 714,200             |                        |                     |
| Subordinated<br>debentures      | September/2001 | 300,000                       | 2008     | 100.0% of DI rate<br>+ 0.75% p.a.  | 304,269             | 318,177                | 304,543             |
| Subordinated<br>debentures      | November/2001  | 300,000                       | 2008     | 100.0% of CDI rate<br>+ 0.75% p.a. | 321,844             | 308,763                | 321,875             |
| <b>Subtotal in<br/>Brazil</b>   |                | <b>5,050,773</b>              |          |                                    | <b>6,593,619</b>    | <b>3,536,389</b>       | <b>3,165,895</b>    |
| <b>Abroad:</b>                  |                |                               |          |                                    |                     |                        |                     |
| Subordinated<br>debt (US\$)     | December/2001  | 353,700                       | 2011     | 10.25% rate p.a.                   | 332,477             | 349,088                | 424,010             |
| Subordinated<br>debt (YEN) (1)  | April/2002     | 315,186                       | 2012     | 4.05% rate p.a.                    | 302,701             | 318,241                | 371,506             |
| Subordinated<br>debt (US\$)     | October/2003   | 1,434,750                     | 2013     | 8.75% rate p.a.                    | 1,120,936           | 1,181,941              | 1,335,844           |
| Subordinated<br>debt (EURO)     | April/2004     | 801,927                       | 2014     | 8.00% rate p.a.                    | 607,787             | 626,589                | 819,944             |
| Subordinated<br>debt (US\$) (2) | June/2005      | 720,870                       |          | 8.875% rate p.a.                   | 656,219             | 707,057                |                     |



|                      |                  |                  |                  |                  |
|----------------------|------------------|------------------|------------------|------------------|
| <b>Subtotal</b>      |                  |                  |                  |                  |
| <b>abroad</b>        | <b>3,626,433</b> | <b>3,020,120</b> | <b>3,182,916</b> | <b>2,951,304</b> |
| <b>Overall total</b> | <b>8,677,206</b> | <b>9,613,739</b> | <b>6,719,305</b> | <b>6,117,199</b> |

- (1) Including the swap to U.S. dollar cost, the rate increases to 10.15% p.a.; and
- (2) On June 3, 2005, a perpetual subordinated debt was issued in the amount of US\$ 300,000 thousand, with exclusive redemption on the part of the issuer, in its totality and by means of previous authorization of Brazilian Central Bank, considering that: (i) a 5-year term from the issuance date has elapsed and subsequently on each date of interest maturity; and (ii) at any moment in the event of change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and in case the issuer is notified in written by Brazilian Central Bank that securities may no longer be included in the consolidated capital.

## 20) Other Liabilities

### a) Tax and social security

|  | <b>R\$ thousand</b> |                        |                     |
|--|---------------------|------------------------|---------------------|
|  | <b>2006</b>         |                        | <b>2005</b>         |
|  | <b>March<br/>31</b> | <b>December<br/>31</b> | <b>March<br/>31</b> |
| Provision for Tax Risks (Note 18)          | 3,933,438           | 3,574,279              | 3,089,171           |
| Provision for Deferred Income Tax          | 948,963             | 600,899                | 439,570             |
| Taxes and Contributions on Profits Payable | 782,965             | 436,242                | 486,705             |
| Taxes and Contributions Payable            | 460,762             | 429,892                | 308,067             |
| <b>Total</b>                               | <b>6,126,128</b>    | <b>5,041,312</b>       | <b>4,323,513</b>    |

### b) Sundry

|  | <b>R\$ thousand</b> |                        |                     |
|--|---------------------|------------------------|---------------------|
|  | <b>2006</b>         |                        | <b>2005</b>         |
|  | <b>March<br/>31</b> | <b>December<br/>31</b> | <b>March<br/>31</b> |
| Provision for accrued liabilities                                | 2,208,307           | 2,388,352              | 1,989,234           |
| Credit card operations   | 1,882,578           | 2,171,029              | 1,481,340           |
| Provision for contingent liabilities (civil and labor) (Note 18) | 1,664,564           | 1,288,877              | 1,254,171           |
| Sundry creditors   | 1,036,315           | 752,704                | 747,082             |
| Acquisition of assets and rights                                 | 93,596              | 101,285                | 130,237             |
| Official operating agreements                                    | 10,277              | 14,883                 | 10,502              |
| Others   | 166,902             | 221,492                | 171,029             |
| <b>Total</b>   | <b>7,062,539</b>    | <b>6,938,622</b>       | <b>5,783,595</b>    |

**21) Insurance, Private Pension Plans And Savings Bonds Operations****a) Technical Provisions by account**

|   | Insurance   |                |             | Private pension plans (1) |                |             | Savings bonds |                |             |
|---|-------------|----------------|-------------|---------------------------|----------------|-------------|---------------|----------------|-------------|
|   | 2006        |                | 2005        | 2006                      |                | 2005        | 2006          |                | 2005        |
|   | March<br>31 | December<br>31 | March<br>31 | March<br>31               | December<br>31 | March<br>31 | March<br>31   | December<br>31 | March<br>31 |
| <b>Current and long-term liabilities</b>          |             |                |             |                           |                |             |               |                |             |
| Mathematical provision for benefits to be granted |             |                |             | 29,648,339                | 28,518,460     | 24,923,516  |               |                |             |
| Mathematical provision for benefits granted       |             |                |             | 3,266,409                 | 3,261,392      | 3,211,878   |               |                |             |
| Mathematical provision for redemptions            |             |                |             |                           |                |             | 1,738,432     | 1,709,722      | 1,664,783   |
| Unearned premiums provision                       | 1,435,291   | 1,369,138      | 1,258,259   | 30,205                    | 42,280         | 45,556      |               |                |             |
| IBNR Provision                                    | 1,354,565   | 1,279,454      | 1,076,169   | 341,265                   | 307,780        | 215,944     |               |                |             |
| Financial fluctuation provision                   |             |                |             | 652,838                   | 675,438        | 760,498     |               |                |             |
| Provision for unsettled claims                    | 532,347     | 514,680        | 471,738     | 374,666                   | 314,057        | 288,591     |               |                |             |
| Provision for draws and redemptions               |             |                |             |                           |                |             | 342,530       | 335,314        | 259,718     |
| Financial surplus provision                       |             |                |             | 360,783                   | 341,413        | 266,353     |               |                |             |
| Contribution insufficiency provision (2)          |             |                |             | 1,099,886                 | 975,257        | 195,422     |               |                |             |
| Provision for contingencies                       |             |                |             |                           |                |             | 41,785        | 40,039         | 110,984     |
| Provision for Administrative                      |             |                |             | 368,262                   | 403,538        | 27,646      | 52,283        | 53,834         |             |

## Expenses

## Other

## Technical

|                |                  |                  |                  |                   |                   |                   |                  |                  |                  |
|----------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| provisions (3) | 704,764          | 540,085          | 406,826          | 210,523           | 180,674           | 144,478           |                  |                  |                  |
| <b>Total</b>   | <b>4,026,967</b> | <b>3,703,357</b> | <b>3,212,992</b> | <b>36,353,176</b> | <b>35,020,289</b> | <b>30,079,882</b> | <b>2,175,030</b> | <b>2,138,909</b> | <b>2,035,485</b> |

- (1) Includes the insurance operations for individuals and private pension plans.
- (2) Until December 2004, the Contribution Insufficiency Provision was calculated according to the biometric table AT-1983 at the interest rate of 4.5% p.a. In 2005, the balance of the PIC for 2004 was transferred to the Mathematical Provision for Benefits to be Granted and Mathematical Provision for Benefits Granted. The 2005 amounts were calculated in accordance with the biometric table AT-2000 at an interest rate of 4.5% p.a.
- (3) ANS approved the creation of an extraordinary provision in the individual health portfolio, to set out the leveling of premiums of insured above 60 years of age prior to law 9656/98 and for remission benefits, by means of the Official Letters 264/06 and 263/06, respectively. On March 31, 2006, such provisions amounted to R\$ 333,790 thousand and R\$ 276,665 thousand. An additional provision of R\$ 149,436 thousand was established in this quarter.

**b) Technical Provisions by product**

|  | Insurance        |                  |                  | Private pension plans |                   |                   | Savings bonds    |                  |                  | M          |
|--|------------------|------------------|------------------|-----------------------|-------------------|-------------------|------------------|------------------|------------------|------------|
|  | 2006             | 2005             |                  | 2006                  | 2005              |                   | 2006             | 2005             |                  |            |
|  | March<br>31      | December<br>31   | March<br>31      | March<br>31           | December<br>31    | March<br>31       | March<br>31      | December<br>31   | March<br>31      |            |
| Health (1)                                     | 1,641,300        | 1,469,309        | 1,176,943        |                       |                   |                   |                  |                  |                  | 1,         |
| Auto/RCF                                       | 1,707,666        | 1,649,258        | 1,473,517        |                       |                   |                   |                  |                  |                  | 1,         |
| DPVAT  | 171,480          | 127,373          | 146,665          | 91,734                | 77,828            | 80,176            |                  |                  |                  | 1,         |
| Life   | 31,451           | 32,653           | 32,646           | 1,192,127             | 1,093,379         | 823,372           |                  |                  |                  | 1,         |
| Basic<br>elements                              | 475,070          | 424,764          | 383,221          |                       |                   |                   |                  |                  |                  |            |
| Unrestricted<br>benefits<br>generating<br>plan |                  |                  |                  |                       |                   |                   |                  |                  |                  |            |
| PGBL   |                  |                  |                  | 6,868,821             | 6,614,375         | 5,428,015         |                  |                  |                  | 6,         |
| Long-term<br>life<br>insurance                 |                  |                  |                  |                       |                   |                   |                  |                  |                  |            |
| VGBL   |                  |                  |                  | 14,499,277            | 13,529,409        | 9,810,724         |                  |                  |                  | 14,        |
| Traditional<br>plans                           |                  |                  |                  | 13,701,217            | 13,705,298        | 13,937,595        |                  |                  |                  | 13,        |
| Savings<br>bonds                               |                  |                  |                  |                       |                   |                   | 2,175,030        | 2,138,909        | 2,035,485        | 2,         |
| <b>Total</b>                                   | <b>4,026,967</b> | <b>3,703,357</b> | <b>3,212,992</b> | <b>36,353,176</b>     | <b>35,020,289</b> | <b>30,079,882</b> | <b>2,175,030</b> | <b>2,138,909</b> | <b>2,035,485</b> | <b>42,</b> |

See note 21a item 3.

**c) Guarantees of technical provisions**

|  | Insurance   |                |             | Private pension plans |                |             | Savings bonds |                |             | M   |
|--|-------------|----------------|-------------|-----------------------|----------------|-------------|---------------|----------------|-------------|-----|
|  | 2006        | 2005           |             | 2006                  | 2005           |             | 2006          | 2005           |             |     |
|  | March<br>31 | December<br>31 | March<br>31 | March<br>31           | December<br>31 | March<br>31 | March<br>31   | December<br>31 | March<br>31 |     |
| Investment<br>fund quotas<br>(VGBL and<br>PGBL)      |             |                |             | 21,368,098            | 20,143,784     | 15,238,739  |               |                |             | 21, |
| Investment<br>fund quotas<br>(except for<br>VGBL and | 2,949,299   | 2,660,014      | 2,437,040   | 10,490,415            | 10,406,645     | 10,357,960  | 1,911,471     | 1,838,358      | 2,031,331   | 15, |

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|              |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
|--------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-----------|--|
| PGBL)        |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| Government   |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| bonds        | 713,024          | 661,392          | 214,306          | 3,448,536         | 3,390,329         | 3,437,053         | 28,944           | 23,465           | 101,928          | 4         |  |
| Private      |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| securities   | 15,761           | 13,450           | 2,287            | 475,549           | 612,378           | 435,062           | 95,572           | 92,467           | 95,558           |           |  |
| Stocks       | 1,511            | 1,672            | 8,465            | 597,433           | 473,205           | 592,378           | 188,065          | 203,816          | 252,145          |           |  |
| Credit       |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| rights       | 457,252          | 522,928          | 501,484          |                   |                   |                   |                  |                  |                  |           |  |
| Real estate  |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| properties   | 17,104           | 17,261           | 17,728           | 1,314             | 1,339             | 1,413             | 11,062           | 11,129           | 12,081           |           |  |
| Deposits     |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| retained     |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| at IRB and   |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| court        |                  |                  |                  |                   |                   |                   |                  |                  |                  |           |  |
| deposits     | 57,561           | 58,211           | 67,273           | 31,832            | 26,851            | 30,912            |                  |                  |                  |           |  |
| <b>Total</b> | <b>4,211,512</b> | <b>3,934,928</b> | <b>3,248,583</b> | <b>36,413,177</b> | <b>35,054,531</b> | <b>30,093,517</b> | <b>2,235,114</b> | <b>2,169,235</b> | <b>2,493,043</b> | <b>42</b> |  |

**d) Retained premiums from Insurance, Private pension plans contributions and Savings bonds**

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 |                      | 2005                 |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Premiums written   | 2,257,991            | 2,125,820            | 2,062,011            |
| Supplementary private pension contributions (1)                                  | 1,868,695            | 2,644,915            | 1,342,767            |
| Revenues from savings bonds  | 325,556              | 386,034              | 284,164              |
| Coinsurance premiums granted   | (22,553)             | (55,234)             | (43,524)             |
| Refunded premiums  | (33,148)             | (17,646)             | (29,696)             |
| <b>Net premiums written</b>  | <b>4,396,541</b>     | <b>5,083,889</b>     | <b>3,615,722</b>     |
| Redeemed premiums  | (764,732)            | (663,566)            | (640,787)            |
| Coinsurance premiums granted, consortia and funds                                | (173,455)            | (116,538)            | (179,240)            |
| <b>Retained premiums from insurance, private pension plans and savings bonds</b> | <b>3,458,354</b>     | <b>4,303,785</b>     | <b>2,795,695</b>     |

(1) Includes the long-term life insurance (VGBL).

**22) Minority Interest In Subsidiaries**

|   | R\$ thousand  |                |               |
|---|---------------|----------------|---------------|
|   | 2006          |                | 2005          |
|   | March<br>31   | December<br>31 | March<br>31   |
| Indiana Seguros S.A.                      | 43,519        | 41,471         | 34,427        |
| BEC S.A. (1)                              | 10,399        |                |               |
| Bradesco Templeton Asset Management Ltda. | 9,162         | 8,255          | 8,143         |
| Banco Alvorada S.A.                       | 5,440         | 5,234          | 6,513         |
| Baneb Corretora de Seguros S.A.           | 3,124         | 3,010          | 2,717         |
| Other minority stockholders               | 359           | 89             | 43            |
| <b>Total</b>                              | <b>72,003</b> | <b>58,059</b>  | <b>51,843</b> |

(1) Company Consolidated as from January/2006 (Notes 1 and 4).

**23) Stockholders Equity (Parent Company)****a) Composition of capital stock**

Fully subscribed and paid-up capital comprises non-par registered, book-entry stocks, as follows:

| 2006 | 2005 |
|------|------|
|------|------|

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|                                 | <b>March<br/>31</b> | <b>December<br/>31</b> | <b>March<br/>31</b> |
|---------------------------------|---------------------|------------------------|---------------------|
| Common stock                    | 489,914,304         | 489,914,304            | 247,325,690         |
| Preferred stock                 | 489,908,838         | 489,938,838            | 244,970,706         |
| <b>Subtotal</b>                 | <b>979,823,142</b>  | <b>979,853,142</b>     | <b>492,296,396</b>  |
| Treasury (common stocks)        | (541,500)           | (464,300)              | (423,800)           |
| <b>Total outstanding stocks</b> | <b>979,281,642</b>  | <b>979,388,842</b>     | <b>491,872,596</b>  |

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## b) Movement of capital stock in the quarter

|   | Quantity of Stocks |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | Common             | Preferred          | Total              |
| <b>Outstanding stocks held on December 31, 2005</b> | <b>489,450,004</b> | <b>489,938,838</b> | <b>979,388,842</b> |
| Stocks acquired and cancelled (1)                   |                    | (30,000)           | (30,000)           |
| Stocks acquired and not cancelled                   | (77,200)           |                    | (77,200)           |
| <b>Outstanding stocks held on March 31, 2006</b>    | <b>489,372,804</b> | <b>489,908,838</b> | <b>979,281,642</b> |

(1) At the Annual and Special Stockholders Meeting as of March 27, 2006, it was resolved the cancellation of 30,000 preferred stocks, acquired by the Company by means of repurchase programs authorized by the Board of Directors, all non-par registered, book-entry stocks, held in treasury, representing its own capital stock, without its reduction.

## c) Interest on own capital

Non-voting preferred stocks are entitled to all rights and benefits attributed to common stocks and, in conformity with Bradesco's Bylaws, have priority to repayment of capital and 10% additional interest on own capital and/or dividends, in accordance with the provisions of paragraph 1, item II of Article 17 of Law 6404/1976, as amended by Law 10,303/2001.

In conformity with Bradesco's Bylaws, stockholders are entitled to interest on own capital and/or dividends, which total, at least, 30% of net income for the year, adjusted in accordance with Brazilian corporate laws.

Interest on own capital is calculated based on the stockholders' equity accounts and limited to the variation in the long-term interest rate (TJLP), subject to the existence of profits, computed prior to the deduction thereof, or of retained earnings and profit reserves in amounts that are equivalent to, or exceed twice the amount of such interest.

Banco Bradesco S.A.'s capital compensation policy, aims at distributing the interest on own capital, at the maximum amount calculated in conformity with the prevailing laws, which is estimated, net of Withholding Income Tax, in the calculation of mandatory dividends of the year provided for in the Company's Bylaws.

In a meeting held on November 11, 2005, Bradesco's Board of Directors approved the Board of Executive Officers proposal of October 10, 2005, for the payment of supplementary interest on own capital to the Company's stockholders referring to the year 2005, in the amount of R\$1.755955872 per common stock and R\$1.931551459 per preferred stock, which represent approximately 30.8 times the interest monthly paid, benefiting the stockholders registered at the Bank on that date (November 11, 2005).

The payment shall be made on April 28, 2006, by the net amount of R\$ 1.492562491 per common stock and R\$ 1.641818741 per preferred stock, already deducting the fifteen per cent (15%) withholding income tax, except for the corporate stockholders already exempted from the referred taxation, which will receive by the declared amount.

A distribution of dividends at the amount of R\$ 344,000 thousand was proposed, supplementing the interest on own capital for the 2005, of which R\$ 0.334531 are common stocks and R\$ 0.367984 are preferred stocks, to be paid on June 30, 2006, at the amount previously declared, with no withholding income tax, according to Article 10, Law 9249/95.

The calculation of Interest on own capital related to the 1<sup>st</sup> quarter of 2006 is shown as follows:

| R\$ thousand | % (1) |
|--------------|-------|
|--------------|-------|



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|   |                  |              |
|---|------------------|--------------|
| Net income for the quarter  | 1,530,259        |              |
| Legal reserve   | 76,513           |              |
| <b>Calculation basis</b>  | <b>1,453,746</b> |              |
| Monthly interest on own capital, paid and payable                 | 87,897           |              |
| Supplementary interest on own capital accrued (payable)           | 451,103          |              |
| <b>Interest on own capital (gross)</b>                            | <b>539,000</b>   | <b>37.08</b> |
| Withholding income tax on interest on own capital                 | 80,850           |              |
| <b>Interest on own capital (net) on March 31, 2006</b>            | <b>458,150</b>   | <b>31.52</b> |
| (1) Percentage of interest on own capital over calculation basis. |                  |              |

Interest on own capital was paid and proposed, as follows:

| Description          | Per stock (gross) (1) |                 | Gross amount paid/accrued | IRRF withholding tax (15%) | R\$ thousand            |
|----------------------|-----------------------|-----------------|---------------------------|----------------------------|-------------------------|
|                      | Common                | Preferred       |                           |                            | Net amount paid/accrued |
|                      | Monthly               | 0.075530        |                           |                            | 0.083083                |
| Accrued              | 0.281752              | 0.309927        | 291,000                   | 43,650                     | 247,350                 |
| <b>Total in 1Q05</b> | <b>0.357282</b>       | <b>0.393010</b> | <b>366,231</b>            | <b>54,935</b>              | <b>311,296</b>          |
| Monthly              | 0.085500              | 0.094050        | 87,897                    | 13,185                     | 74,712                  |
| Accrued              | 0.438700              | 0.482570        | 451,103                   | 67,665                     | 383,438                 |
| <b>Total in 1Q06</b> | <b>0.524200</b>       | <b>0.576620</b> | <b>539,000</b>            | <b>80,850</b>              | <b>458,150</b>          |

(1) Adjusted at stocks base after stock bonus.

#### d) Capital and Profit Reserves

|                         | R\$ thousand     |                  |                  |
|-------------------------|------------------|------------------|------------------|
|                         | 2006             | 2005             |                  |
|                         | March 31         | December 31      | March 31         |
| <b>Capital Reserves</b> | <b>36,223</b>    | <b>36,032</b>    | <b>35,524</b>    |
| <b>Profit Reserves</b>  | <b>6,883,896</b> | <b>5,895,214</b> | <b>6,296,763</b> |
| Legal Reserve (1)       | 1,111,403        | 1,034,890        | 819,457          |
| Statutory Reserve (2)   | 5,772,493        | 4,860,324        | 5,477,306        |

1) Formed mandatorily based on 5% of net income for the year, until reaching 20% of paid-up capital stock, or 30% of the capital stock, accrued of capital reserves. After this limit, the appropriation is no longer mandatory. The legal reserve only may be used for capital increase or to offset losses; and

(2) With a view to maintaining the operating margin compatible with the development of company's active operations, it may be established at 100% of remaining net income after statutory allocations and the balance limited at 95% of paid-up capital stock;

#### e) Treasury Stocks

Banco Bradesco S.A.'s Board of Directors, in meeting held on November 22, 2005, resolved to authorize the Company's Board of Executive Officers to acquire up to 10,000,000 non-par registered, book-entry stocks, of which 5,000,000 are common stocks and 5,000,000 are preferred stocks, with a view to be held in treasury and further sale or cancellation, without reducing the capital stock. The authorization shall be in force for a six (6)-month period, between 11.23.2005 and 5.23.2006.

Up to March 31, 2006, 541,500 common stocks were acquired and held in treasury, totaling R\$ 35,350 thousand. The minimum, weighted average and maximum cost per stock is, respectively, R\$ 61.91121, R\$ 65.28083 and R\$ 72.60486 and the market value of those stocks on March 31, 2006 was R\$ 38,143 thousand and R\$ 70.44 per common stock.

**24) Fee Income**

|   | <b>R\$ thousand</b>        |                            |                            |
|---|----------------------------|----------------------------|----------------------------|
|   | <b>2006</b>                | <b>2005</b>                |                            |
|   | <b>1<sup>st</sup> Qtr.</b> | <b>4<sup>th</sup> Qtr.</b> | <b>1<sup>st</sup> Qtr.</b> |
| Checking accounts                           | 494,376                    | 489,856                    | 403,352                    |
| Loan operations                             | 359,951                    | 348,129                    | 284,757                    |
| Income on cards                             | 349,288                    | 371,232                    | 290,409                    |
| Fund management                             | 303,277                    | 274,438                    | 246,236                    |
| Collection                                  | 179,943                    | 180,249                    | 157,435                    |
| Interbank fees                              | 73,224                     | 71,057                     | 64,909                     |
| Receipt of taxes                            | 56,365                     | 55,472                     | 43,850                     |
| Consortium management                       | 44,019                     | 45,666                     | 29,793                     |
| Revenue from custody and brokerage services | 37,977                     | 33,845                     | 27,124                     |
| Others                                      | 142,128                    | 139,619                    | 113,484                    |
| <b>Total</b>                                | <b>2,040,548</b>           | <b>2,009,563</b>           | <b>1,661,349</b>           |

**25) Personnel Expenses**

|                            | <b>R\$ thousand</b> |                  |                  |
|----------------------------|---------------------|------------------|------------------|
|                            | <b>2006</b>         |                  | <b>2005</b>      |
|                            | <b>1st Qtr.</b>     | <b>4th Qtr.</b>  | <b>1st Qtr.</b>  |
| Remuneration               | 677,628             | 671,189          | 615,874          |
| Social charges             | 247,341             | 242,757          | 234,384          |
| Benefits                   | 302,204             | 311,740          | 270,939          |
| Training                   | 8,101               | 13,054           | 7,867            |
| Employee profit sharing    | 99,633              | 63,590           | 65,205           |
| Provision for labor claims | 84,102              | 59,025           | 26,454           |
| <b>Total</b>               | <b>1,419,009</b>    | <b>1,361,355</b> | <b>1,220,723</b> |

**26) Administrative Expenses**

|                                     | <b>R\$ thousand</b> |                  |                  |
|-------------------------------------|---------------------|------------------|------------------|
|                                     | <b>2006</b>         |                  | <b>2005</b>      |
|                                     | <b>1st Qtr.</b>     | <b>4th Qtr.</b>  | <b>1st Qtr.</b>  |
| Third-party services                | 270,188             | 272,643          | 226,986          |
| Communication                       | 187,175             | 187,342          | 177,942          |
| Transport                           | 123,193             | 110,754          | 104,943          |
| Financial system services           | 112,861             | 110,137          | 100,546          |
| Depreciation and amortization       | 109,257             | 133,871          | 115,535          |
| Advertising                         | 91,506              | 203,167          | 70,224           |
| Rentals                             | 80,671              | 82,606           | 76,608           |
| Assets maintenance and conservation | 76,703              | 72,824           | 73,104           |
| Data processing                     | 69,787              | 69,209           | 57,791           |
| Assets leasing                      | 54,525              | 51,528           | 67,220           |
| Water, electricity and gas          | 41,720              | 36,837           | 35,507           |
| Materials                           | 39,952              | 44,858           | 40,338           |
| Travels                             | 14,860              | 16,100           | 11,383           |
| Others                              | 45,061              | 47,779           | 34,252           |
| <b>Total</b>                        | <b>1,317,459</b>    | <b>1,439,655</b> | <b>1,192,379</b> |

**27) Tax Expenses**

|                     | <b>R\$ thousand</b> |                 |                 |
|---------------------|---------------------|-----------------|-----------------|
|                     | <b>2006</b>         |                 | <b>2005</b>     |
|                     | <b>1st Qtr.</b>     | <b>4th Qtr.</b> | <b>1st Qtr.</b> |
| COFINS Contribution | 341,964             | 283,488         | 239,411         |

|                         |                |                |                |
|-------------------------|----------------|----------------|----------------|
| Tax on Services ISS     | 69,874         | 68,731         | 55,931         |
| CPMF Expenses           | 43,569         | 74,394         | 47,132         |
| PIS/PASEP Contributions | 57,662         | 47,693         | 38,466         |
| IPTU Expenses           | 7,039          | 4,248          | 7,256          |
| Others                  | 23,690         | 22,686         | 16,399         |
| <b>Total</b>            | <b>543,798</b> | <b>501,240</b> | <b>404,595</b> |

**28) Other Operating Income**

|  | <b>R\$ thousand</b> |                 |                 |
|--|---------------------|-----------------|-----------------|
|  | <b>2006</b>         | <b>2005</b>     |                 |
|  | <b>1st Qtr.</b>     | <b>4th Qtr.</b> | <b>1st Qtr.</b> |
| Other financial income                 | 105,885             | 142,924         | 91,471          |
| Reversal of other operating provisions | 19,661              | 20,863          | 103,542         |
| Recovery of charges and expenses       | 33,114              | 47,743          | 19,277          |
| Income on sale of goods                | 15,051              | 24,407          | 7,327           |
| Others                                 | 81,005              | 64,011          | 78,223          |
| <b>Total</b>                           | <b>254,716</b>      | <b>299,948</b>  | <b>299,840</b>  |

**29) Other Operating Expenses**

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 |                      | 2005                 |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Other financial expenses                 | 275,811              | 270,122              | 186,763              |
| Sundry losses                            | 158,812              | 181,921              | 134,011              |
| Goodwill amortization                    | 118,673              | 182,536              | 96,114               |
| Cost of goods sold and services rendered | 163,346              | 162,978              | 140,896              |
| Expenses with other operating provisions | 129,668              | 135,214              | 58,781               |
| Others                                   | 113,937              | 130,586              | 87,062               |
| <b>Total</b>                             | <b>960,247</b>       | <b>1,063,357</b>     | <b>703,627</b>       |

**30) Non-Operating Income**

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 |                      | 2005                 |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| Result on sale and write-off of assets and investments | (5,240)              | (27,430)             | (7,670)              |
| Non-operating provisions recorded (reversed)           | (26,974)             | (2,407)              | (6,018)              |
| Others   | 388                  | (39,551)             | 7,838                |
| <b>Total</b>   | <b>(31,826)</b>      | <b>(69,388)</b>      | <b>(5,850)</b>       |

**31) Transactions With Parent, Subsidiary And Affiliated Companies (Direct And Indirect)**

The transactions with parent companies, subsidiaries and affiliated companies (direct and indirect) are carried out under conditions and rates compatible with average practiced with third parties, prevailing on the dates of operations, and are represented as follows:

|   | R\$ thousand         |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2006                 |                      | 2005                 |                      | 2005                 |                      |
|   | March 31             | December 31          | March 31             | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|   | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) | Income (expenses)    | Income (expenses)    | Income (expenses)    |
| <b>Interest on own capital and dividends:</b> |                      |                      |                      |                      |                      |                      |
| Bradesco Seguros S.A.                         | 422,190              | 422,190              |                      |                      |                      |                      |
| Banco Finasa S.A.                             | 67,301               | 67,301               | 162,286              |                      |                      |                      |

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|   |           |           |         |
|---|-----------|-----------|---------|
| Banco Boavista Interatlântico S.A.                  | 36,422    | 36,422    | 6,461   |
| Bradesco Vida e Previdência S.A.                    | 80,306    | 80,306    | 80,306  |
| Banco Mercantil de São Paulo S.A.                   | 80,702    | 80,702    | 67,588  |
| Banco Alvorada S.A.                                 | 145,870   | 145,870   | 57,271  |
| Bradesco Leasing S.A. Arrendamento Mercantil        | 51,725    | 51,725    | 18,995  |
| Cidade de Deus Companhia Comercial de Participações | (183,534) | (183,534) | (5,565) |
| Fundação Bradesco                                   | (115,464) | (84,494)  | (2,537) |
| Other parent, subsidiary and affiliated companies   | 84,446    | 86,642    | 58,389  |

**Demand deposits:**

|   |          |          |          |
|---|----------|----------|----------|
| Bradesco Leasing S.A. Arrendamento Mercantil      | (81)     | (7,873)  | (61)     |
| Bradesco Auto/RE Cia. de Seguros                  | (31)     | (5,068)  | (77)     |
| Finasa Promotora de Vendas Ltda.                  | (3,746)  | (1,698)  | (4,027)  |
| Bradesco Vida e Previdência S.A.                  | (32,202) | (11,613) | (34,198) |
| BRAM Bradesco Asset Management S.A.               | (387)    | (4,378)  | (497)    |
| Other parent, subsidiary and affiliated companies | (13,065) | (7,854)  | (7,255)  |

**Time deposits:**

|   |          |          |          |       |       |       |
|---|----------|----------|----------|-------|-------|-------|
| Bradesco Argentina de Seguros S.A.                | (19,751) | (22,372) | (29,878) | (215) | (322) |       |
| Bradesco Auto/RE Cia. de Seguros                  | (11,821) | (12,931) | (10,705) |       |       |       |
| Bradesco Securities Inc.                          | (4,906)  | (4,869)  | (6,507)  | (1)   |       |       |
| Other parent, subsidiary and affiliated companies | (5,004)  | (6,118)  | (11,844) | (187) | (143) | (563) |

**Foreign currency deposits abroad:**

|                                |    |     |     |
|--------------------------------|----|-----|-----|
| Banco Bradesco Luxembourg S.A. | 8  | 348 | 642 |
| Banco Bradesco Argentina S.A.  | 16 | 17  | 20  |

R\$ thousand

|   | 2006                    |                         | 2005                    |                      | 2006                 |                      | 2005 |  |
|---|-------------------------|-------------------------|-------------------------|----------------------|----------------------|----------------------|------|--|
|   | March<br>31             | December<br>31          | March<br>31             | 1st Qtr.             | 4th Qtr.             | 1st Qtr.             |      |  |
|   | Assets<br>(liabilities) | Assets<br>(liabilities) | Assets<br>(liabilities) | Income<br>(expenses) | Income<br>(expenses) | Income<br>(expenses) |      |  |
| <b>Investments in foreign currency:</b> |                         |                         |                         |                      |                      |                      |      |  |
| Banco Bradesco Luxembourg S.A.          | 86,840                  | 72,292                  | 9,655                   | 491                  | 172                  | 216                  |      |  |

**Funding/Investments in interbank deposits (a):**

**Funding:**

|  |              |              |             |           |           |           |  |  |
|--|--------------|--------------|-------------|-----------|-----------|-----------|--|--|
| Bradesco Leasing S.A. Arrendamento Mercantil                 | (15,635,849) | (15,083,186) | (2,525,367) | (617,597) | (630,107) | (103,996) |  |  |
| Banco Mercantil de São Paulo S.A.                            | (3,052,242)  | (2,924,510)  | (2,235,787) | (118,200) | (122,589) | (71,723)  |  |  |
| Banco BEM S.A.   | (805,180)    | (793,950)    | (669,998)   | (30,248)  | (32,016)  | (26,108)  |  |  |
| Banco Finasa S.A.  | (23,000)     | (240,158)    |             | (168)     | (523)     |           |  |  |
| Alvorada Cartões, Crédito, Financiamento e Investimento S.A. | (270,541)    | (253,680)    |             | (10,426)  | (1,656)   |           |  |  |
| Banco Boavista Interatlântico S.A.                           | (88,742)     | (87,622)     |             | (3,530)   | (3,622)   |           |  |  |
| Banco Alvorada S.A.  | (2,474,601)  | (3,168,086)  | (1,883,111) | (126,108) | (132,602) | (25,436)  |  |  |
| Banco BEC S.A.   | (514,096)    |              |             | (14,188)  |           |           |  |  |
| Zogbi Leasing S.A. Arrendamento Mercantil                    | (131,801)    | (133,739)    |             | (5,409)   | (5,593)   |           |  |  |
| Other parent, subsidiary and affiliated companies            | (71,714)     | (60,485)     | (78,783)    | (1,427)   | (1,295)   | (1,370)   |  |  |

**Investments:**

|                                    |            |            |            |         |         |         |  |  |
|------------------------------------|------------|------------|------------|---------|---------|---------|--|--|
| Banco Finasa S.A.                  | 17,086,533 | 16,313,051 | 10,490,175 | 656,544 | 643,725 | 397,488 |  |  |
| Banco Boavista Interatlântico S.A. |            |            | 517,709    |         |         | 10,120  |  |  |
| Banco Alvorada S.A.                |            |            | 1,001,325  |         |         | 1,325   |  |  |

**Open market funding/investments (b):**

**Funding:**

|   |           |           |          |          |         |         |  |  |
|---|-----------|-----------|----------|----------|---------|---------|--|--|
| Cia. Brasileira de Meios de Pagamento VISANET     | (131,338) | (105,565) | (59,572) | (4,590)  | (3,685) | (2,182) |  |  |
| Alvorada Serviços e Negócios Ltda.                | (237,391) | (228,123) |          | (9,268)  | (1,347) |         |  |  |
| Bradesco S.A. CTVM                                | (65,420)  | (27,698)  | (12,550) | (2,350)  | (789)   | (687)   |  |  |
| Banco Finasa S.A.                                 | (10,337)  | (7,909)   | (59,898) | (3,086)  | (4,347) | (1,492) |  |  |
| Banco BEC S.A.                                    | (411,336) |           |          | (16,581) |         |         |  |  |
| Other parent, subsidiary and affiliated companies | (36,107)  | (48,602)  | (23,862) | (3,982)  | (2,091) | (1,519) |  |  |

**Investments:**



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|   |           |           |          |          |          |          |
|---|-----------|-----------|----------|----------|----------|----------|
| Banco BEM S.A.                                    | 542,320   | 552,030   | 514,479  | 21,237   | 22,899   | 20,407   |
| Banco Alvorada S.A.                               | 392,778   | 398,436   | 387,582  | 15,376   | 16,951   | 15,558   |
| <b>Derivative financial instruments</b>           |           |           |          |          |          |          |
| <b>(swap) (c):</b>                                |           |           |          |          |          |          |
| Banco Finasa S.A.                                 | 16,087    | 28,394    | 107,567  | 1,991    | 3,360    | (7,335)  |
| Other parent, subsidiary and affiliated companies | 458       | 1,132     | 5,800    | 38       | 87       | 51       |
| <b>Foreign borrowings and onlendings</b>          |           |           |          |          |          |          |
| <b>(d):</b>                                       |           |           |          |          |          |          |
| Banco Bradesco Luxembourg S.A.                    | (116,071) | (141,544) | (64,800) | (1,313)  | (1,238)  | (412)    |
| Banco Boavista Interatlântico S.A.                | (17,894)  | (19,054)  | (23,685) | (208)    | (192)    | (161)    |
| Other parent, subsidiary and affiliated companies |           |           | (2,137)  |          |          | (18)     |
| <b>Services rendered (e):</b>                     |           |           |          |          |          |          |
| Scopus Tecnologia S.A.                            | (10,408)  | (6,161)   | (9,132)  | (39,974) | (36,425) | (34,643) |
| CPM S.A.  | (4,710)   | (5,411)   | (3,113)  | (17,475) | (9,682)  | (12,730) |
| Other parent, subsidiary and affiliated companies | 34        | (5)       | 892      | 1,218    | 1,102    | 1,208    |
| <b>Branch rentals:</b>                            |           |           |          |          |          |          |
| Bradesco Seguros S.A.                             |           |           |          | (6,884)  | (6,866)  | (6,976)  |
| Banco Mercantil de São Paulo S.A.                 |           |           |          | (3,650)  | (3,650)  | (3,842)  |
| Paineira Holdings Ltda.                           |           |           |          | (10,675) | (8,379)  |          |
| Other parent, subsidiary and affiliated companies |           |           |          | (5,003)  | (5,189)  | (5,085)  |

|  | R\$ thousand  |                         |                         |                      |                      |                      |
|--|---|-------------------------|-------------------------|----------------------|----------------------|----------------------|
|  | 2006  |                         | 2005                    |                      | 2006                 | 2005                 |
|  | March<br>31   | December<br>31          | March<br>31             | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
|  | Assets<br>(liabilities)   | Assets<br>(liabilities) | Assets<br>(liabilities) | Income<br>(expenses) | Income<br>(expenses) | Income<br>(expenses) |
| <b>Marketable Securities:</b>  |   |                         |                         |                      |                      |                      |
| Bradesco Leasing S.A. Arrendamento Mercantil   | 12,628,399  | 12,172,766              | 1,984,703               | 492,135              | 494,523              | 79,490               |
| Cibrasec Companhia Brasileira de Securitização   | 14,790  | 16,734                  | 20,396                  | 408                  | 940                  |                      |
| <b>Marketable Securities foreign (f):</b>  |   |                         |                         |                      |                      |                      |
| Banco Boavista Interatlântico S.A.   |   |                         | (510,318)               |                      |                      | (9,279)              |
| Cidade Capital Markets Limited   | (25,102)  | (27,136)                | (40,403)                | (269)                | (191)                | (345)                |
| <b>Interbank onlendings (g):</b>   |   |                         |                         |                      |                      |                      |
| Other parent, subsidiary and affiliated companies  | (4,434)   |                         |                         | (34)                 | (1)                  |                      |
| <b>Securitization transactions (h):</b>  |   |                         |                         |                      |                      |                      |
| Cia. Brasileira de Meios de Pagamento VISANET  | (591,365)   | (657,262)               | (1,324,395)             | (10,495)             | (15,031)             | (22,208)             |
| <b>Trading and intermediation of amounts:</b>  |   |                         |                         |                      |                      |                      |
| Nova Paiol Participações S.A.  |   | (29,518)                | (4,054)                 | (19)                 | 103                  | (8,298)              |
| Aquarius Holdings S.A.   | (9,401)   | (378)                   |                         | (9,024)              | (378)                |                      |
| <b>Subordinated debt:</b>  |   |                         |                         |                      |                      |                      |
| Cidade de Deus Companhia Comercial de Participações  | (22,919)  | (21,988)                | (19,139)                | (932)                | (949)                | (3,017)              |
| Fundação Bradesco  | (257,394)   | (247,286)               | (202,729)               | (10,108)             | (10,062)             | (5,789)              |
| Titanium Holdings S.A.   | (25,177)  |                         |                         | (978)                |                      |                      |
| NCD Participações Ltda.  | (33,839)  |                         |                         | (125)                |                      |                      |
| <b>Amounts receivable (Payable):</b>   |   |                         |                         |                      |                      |                      |
| Companhia Brasileira de Soluções e Serviços VisaVale   | 5,419   | 3,697                   |                         |                      |                      |                      |
| Other parent, subsidiary and affiliated companies  |   |                         |                         |                      |                      | (1,700)              |
| a) Liquidity interbank investments   | interbank deposits of affiliated companies, with rates equivalent to CDI Interbank Deposit Certificate; |                         |                         |                      |                      |                      |
| b) Repurchase and/or resale pending settlement related to purchase and sale commitments, backed by government bonds, with rates equivalent to overnight rates; |   |                         |                         |                      |                      |                      |
| c) Swap operations differences receivable and payable;   |   |                         |                         |                      |                      |                      |

- d) Loans raised in foreign currency abroad for export financing, subject to exchange variation and bearing interest at the international market rates;
- e) Contracts with Scopus Tecnologia S.A. for IT equipment maintenance services and with CPM S.A. for data processing systems maintenance services;
- f) Funding/Investments in foreign marketable securities fixed rate euronotes and eurobonds, subject to exchange variations and bearing interest at rates used for securities placed in the international markets;
- g) Funds obtained for onlendings to rural loan operations, bearing interest and charges corresponding to normal rates practiced for this type of transaction; and
- h) Transactions for securitization of the future flow of credit card bill receivables from foreign cardholders.

### **32) Financial Instruments**

#### **a) Risk Management Process**

Bradesco approaches on a comprehensive and integrated basis the management of all risks inherent to its activities, supported on its Internal Control and Compliance structure.

#### **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 risk of loss for the Organization.

As part of its Credit Risk Management improvement process, Bradesco has been 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.

## Market Risk Management

Market risk is related to the possibility of loss of income from fluctuating rates caused by mismatched maturities, currencies and indices of the Institution's asset and liability portfolios.

We present below the Balance Sheet by currency on March 31, 2006 and the position in foreign currency on December 31, 2005, and March 31, 2005.

|   | R\$ thousand       |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |                    | 2006               |                    | 2005               |                    |
|   |                    | March<br>31        | December<br>31     | March<br>31        | December<br>31     |
|   | Balance            | Domestic           | Foreign<br>(1) (2) | Foreign<br>(1) (2) | Foreign<br>(1) (2) |
| <b>Assets</b>   |                    |                    |                    |                    |                    |
| <b>Current and long-term assets</b>   | <b>211,583,328</b> | <b>184,183,829</b> | <b>27,399,499</b>  | <b>24,693,978</b>  | <b>27,681,400</b>  |
| Funds available   | 3,012,703          | 2,846,622          | 166,081            | 153,133            | 549,726            |
| Interbank Investments   | 23,759,335         | 17,758,079         | 6,001,256          | 3,134,343          | 3,681,400          |
| Marketable securities and derivative financial instruments                  | 68,669,130         | 61,831,189         | 6,837,941          | 7,881,248          | 8,945,283          |
| Interbank and Interdepartmental accounts                                    | 17,261,608         | 17,250,004         | 11,604             | 7,428              | 9,737              |
| Loans and leasing operations  | 73,301,735         | 66,535,579         | 6,766,156          | 7,162,858          | 6,602,350          |
| Other receivables and assets  | 25,578,817         | 17,962,356         | 7,616,461          | 6,354,968          | 7,892,904          |
| <b>Permanent assets</b>   | <b>4,808,022</b>   | <b>4,537,767</b>   | <b>270,255</b>     | <b>284,249</b>     | <b>425,529</b>     |
| Investments   | 922,327            | 653,541            | 268,786            | 282,703            | 423,392            |
| Property, plant and equipment in use and leased assets                      | 2,003,827          | 2,002,380          | 1,447              | 1,540              | 2,123              |
| Deferred charges  | 1,881,868          | 1,881,846          | 22                 | 6                  | 14                 |
| <b>Total</b>  | <b>216,391,350</b> | <b>188,721,596</b> | <b>27,669,754</b>  | <b>24,978,227</b>  | <b>28,106,929</b>  |
| <b>Liabilities</b>  |                    |                    |                    |                    |                    |
| <b>Current and long-term liabilities</b>                                    | <b>195,864,058</b> | <b>177,198,595</b> | <b>18,665,463</b>  | <b>19,300,466</b>  | <b>22,865,843</b>  |
| Deposits  | 74,482,497         | 71,184,078         | 3,298,419          | 2,600,379          | 2,519,043          |
| Funds obtained in the open market   | 24,036,622         | 23,944,067         | 92,555             | 578,995            | 1,883,838          |
| Funds from issuance of securities   | 6,307,259          | 3,576,478          | 2,730,781          | 2,731,472          | 4,839,334          |
| Interbank and Interdepartmental accounts                                    | 1,424,997          | 538,212            | 886,785            | 1,060,399          | 844,452            |
| Borrowings and onlendings   | 15,610,899         | 9,216,517          | 6,394,382          | 7,532,201          | 7,844,928          |
| Derivative financial derivative instruments                                 | 1,128,413          | 973,359            | 155,054            | 72,788             | 1,215              |
| Technical provisions for insurance, private pension plans and savings bonds | 42,555,173         | 42,543,511         | 11,662             | 13,967             | 23,086             |
| Other liabilities:  |                    |                    |                    |                    |                    |
| Subordinated debt   | 9,613,739          | 6,593,619          | 3,020,120          | 3,184,631          | 2,951,304          |
| Other   | 20,704,459         | 18,628,754         | 2,075,705          | 1,525,634          | 1,958,643          |
| <b>Deferred income</b>  | <b>79,863</b>      | <b>79,863</b>      |                    |                    |                    |
| <b>Minority interest in subsidiaries</b>                                    | <b>72,003</b>      | <b>72,003</b>      |                    |                    |                    |
| <b>Stockholders equity</b>  | <b>20,375,426</b>  | <b>20,375,426</b>  |                    |                    |                    |

|   |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total</b>                                  | <b>216,391,350</b> | <b>197,725,887</b> | <b>18,665,463</b>  | <b>19,300,466</b>  | <b>22,865,843</b>  |
| <b>Net position of assets and liabilities</b> |                    |                    | <b>9,004,291</b>   | <b>5,677,761</b>   | <b>5,241,086</b>   |
| Net position of derivatives (2)               |                    |                    | (12,022,047)       | (10,416,239)       | (8,592,693)        |
| Other memorandum accounts, net (3)            |                    |                    | (1,205,879)        | (188,696)          | (375,743)          |
| <b>Net exchange position (liability)</b>      |                    |                    | <b>(4,223,635)</b> | <b>(4,927,174)</b> | <b>(3,727,350)</b> |

- (1) Amounts expressed and/or indexed mainly in USD;  
(2) Excluding operations maturing in D +1, to be settled in currency of the last day of the month; and  
(3) Leasing commitments and others, recorded in memorandum accounts.

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Bradesco adopts a conservative policy regarding market risk exposure, being VaR (Value at Risk) limits defined by Senior Management, and compliance monitored on a daily basis by an area which is independent from portfolio management. The methodology used to determine VaR has a reliability level of 97.5% . The fluctuations and correlations used by the models are calculated on statistical bases that are used on forward-looking processes, in accordance with economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques.

In the chart below, we show Global VaR positions (Treasury, position in Brazil and abroad, and Trade Portfolio):

| Risk Factors                       | R\$ thousand  |               |               |
|------------------------------------|---------------|---------------|---------------|
|                                    | 2006          | 2005          |               |
|                                    | March 31      | December 31   | March 31      |
| Prefixed                           | 4,527         | 13,589        | 8,806         |
| Internal exchange coupon           | 3,410         | 28,767        | 33,051        |
| Foreign currency                   | 8,331         | 10,129        | 9,699         |
| IGP-M                              | 12,038        | 2,152         | 2,689         |
| IPCA                               | 40,900        | 21,866        | 731           |
| Reference rate (T.R.)              | 7,223         | 10,961        | 5,226         |
| Variable income                    | 2,053         | 149           | 839           |
| Sovereign/Eurobonds and Treasuries | 32,251        | 36,695        | 57,844        |
| Others                             | 3,413         | 5,267         | 810           |
| Correlated effect                  | (50,799)      | (59,897)      | (41,466)      |
| <b>VaR (Value at Risk)</b>         | <b>63,347</b> | <b>69,678</b> | <b>78,229</b> |

Investments abroad protected by hedge operations are not being considered in the VaR calculation, as these are strategically managed and on a differential basis, in amounts taking into account the tax effects, which minimize the sensitivity to risks and corresponding impacts on results, as well as foreign notes positions, which are matched with funding.

### Liquidity risk

Liquidity risk management is designed to control the different unhedged settlement terms of the Organization's rights and obligations, as well as the liquidity of the financial instruments used to manage the financial positions.

In the chart below we show the Balance Sheet by Maturity on March 31, 2006:

|                                     | R\$ thousand       |                     |                      |                    |               |                    |
|-------------------------------------|--------------------|---------------------|----------------------|--------------------|---------------|--------------------|
|                                     | Up to 30 days      | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate | Total              |
| <b>Assets</b>                       |                    |                     |                      |                    |               |                    |
| <b>Current and long-term assets</b> | <b>118,680,947</b> | <b>30,861,884</b>   | <b>15,435,434</b>    | <b>46,605,063</b>  |               | <b>211,583,328</b> |
| Funds available                     | 3,012,703          |                     |                      |                    |               | 3,012,703          |

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|  |                    |                   |                   |                   |                  |                    |
|--|--------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| Interbank Investments  | 18,303,321         | 4,486,652         | 558,009           | 411,353           |                  | 23,759,335         |
| Marketable securities and derivative financial instruments (1) | 53,107,976         | 1,366,596         | 367,949           | 13,826,609        |                  | 68,669,130         |
| Interbank and Interdepartmental accounts                       | 16,868,167         | 2,258             | 2,750             | 388,433           |                  | 17,261,608         |
| Loan and leasing operations                                    | 11,862,115         | 24,502,093        | 12,675,359        | 24,262,168        |                  | 73,301,735         |
| Other receivables and assets                                   | 15,526,665         | 504,285           | 1,831,367         | 7,716,500         |                  | 25,578,817         |
| <b>Permanent assets</b>  | <b>68,038</b>      | <b>340,184</b>    | <b>382,522</b>    | <b>2,692,935</b>  | <b>1,324,343</b> | <b>4,808,022</b>   |
| Investments  |                    |                   |                   |                   | 922,327          | 922,327            |
| Property, plant and equipment in use and leased assets         | 19,260             | 96,295            | 115,554           | 1,370,702         | 402,016          | 2,003,827          |
| Deferred   | 48,778             | 243,889           | 266,968           | 1,322,233         |                  | 1,881,868          |
| <b>Total on March 31, 2006</b>                                 | <b>118,748,985</b> | <b>31,202,068</b> | <b>15,817,956</b> | <b>49,297,998</b> | <b>1,324,343</b> | <b>216,391,350</b> |
| <b>Total on December 31, 2005</b>                              | <b>113,375,657</b> | <b>29,724,125</b> | <b>15,032,100</b> | <b>49,164,856</b> | <b>1,386,192</b> | <b>208,682,930</b> |
| <b>Total on March 31, 2005</b>                                 | <b>108,621,206</b> | <b>22,491,322</b> | <b>15,790,275</b> | <b>42,728,677</b> | <b>1,667,427</b> | <b>191,298,907</b> |

R\$ thousand

|   | Up to 30 days      | From 31 to 180 days | From 181 to 360 days | More than 360 days | Indeterminate     | Total              |
|---|--------------------|---------------------|----------------------|--------------------|-------------------|--------------------|
| <b>Liabilities</b>  |                    |                     |                      |                    |                   |                    |
| <b>Current and long-term liabilities</b>                                    |                    |                     |                      |                    |                   |                    |
| Deposits (2)  | 103,204,446        | 11,734,017          | 9,396,540            | 70,872,836         | 656,219           | 195,864,058        |
| Funds obtained in the open market   | 44,945,409         | 4,898,293           | 2,057,073            | 22,581,722         |                   | 74,482,497         |
| Funds from issuance of securities   | 11,373,276         | 597,767             | 955,423              | 11,110,156         |                   | 24,036,622         |
| Interbank and interdepartmental accounts                                    | 351,646            | 952,864             | 534,543              | 4,468,206          |                   | 6,307,259          |
| Borrowings and onlendings   | 1,424,997          |                     |                      |                    |                   | 1,424,997          |
| Derivative financial instruments  | 1,835,975          | 3,508,186           | 4,123,486            | 6,143,252          |                   | 15,610,899         |
| Technical provisions for insurance, private pension plans and savings bonds | 1,064,310          | 5,634               | 56,108               | 2,361              |                   | 1,128,413          |
| Other liabilities   | 28,926,941         | 1,205,282           | 598,126              | 11,824,824         |                   | 42,555,173         |
| Subordinated debt   | 91,012             | 26,113              |                      | 8,840,395          | 656,219           | 9,613,739          |
| Other   | 13,190,880         | 539,878             | 1,071,781            | 5,901,920          |                   | 20,704,459         |
| <b>Deferred income</b>  | <b>79,863</b>      |                     |                      |                    |                   | <b>79,863</b>      |
| <b>Minority interest in subsidiaries</b>                                    |                    |                     |                      |                    | <b>72,003</b>     | <b>72,003</b>      |
| <b>Stockholders equity</b>  |                    |                     |                      |                    | <b>20,375,426</b> | <b>20,375,426</b>  |
| <b>Total on March 31, 2006</b>  | <b>103,284,309</b> | <b>11,734,017</b>   | <b>9,396,540</b>     | <b>70,872,836</b>  | <b>21,103,648</b> | <b>216,391,350</b> |
| <b>Total on December 31, 2005</b>   | <b>102,886,488</b> | <b>14,184,336</b>   | <b>7,719,422</b>     | <b>63,718,294</b>  | <b>20,174,390</b> | <b>208,682,930</b> |
| <b>Total on March 31, 2005</b>  | <b>99,409,763</b>  | <b>16,130,109</b>   | <b>7,771,444</b>     | <b>51,397,456</b>  | <b>16,590,135</b> | <b>191,298,907</b> |
| <b>Accumulated net assets on March 31, 2006</b>                             | <b>15,464,676</b>  | <b>34,932,727</b>   | <b>41,354,143</b>    | <b>19,779,305</b>  |                   |                    |
| <b>Accumulated net assets on December 31, 2005</b>                          | <b>10,489,169</b>  | <b>26,028,958</b>   | <b>33,341,636</b>    | <b>18,788,198</b>  |                   |                    |
| <b>Accumulated net assets on March 31, 2005</b>                             | <b>9,211,443</b>   | <b>15,572,656</b>   | <b>23,591,487</b>    | <b>14,922,708</b>  |                   |                    |

(1) Investment fund applications are classified as up to 30 days; and

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

At Bradesco Organization, liquidity risk management involves a series of controls, mainly, the establishment of technical limits and an ongoing assessment of the positions assumed and financial instruments used.

### Capital risk



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Bradesco's capital risk is managed to optimize the risk-return ratio, aiming at minimizing losses, through the implementation of well-defined business strategies and maximizing efficiency in the combination of factors which impact the Capital Adequacy Ratio (Basel).

| Calculation Basis<br>Capital Adequacy Ratio<br>(Basel)           | R\$ thousand       |                           |                    |                           |                    |                           |
|--|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|
|  | 2006               |                           | 2005               |                           |                    |                           |
|  | March 31           |                           | December 31        |                           | March 31           |                           |
|  | Financial<br>(1)   | Economic<br>financial (2) | Financial<br>(1)   | Economic<br>financial (2) | Financial<br>(1)   | Economic<br>financial (2) |
| Stockholders equity  | 20,375,426         | 20,375,426                | 19,409,274         | 19,409,274                | 16,538,292         | 16,538,292                |
| Decrease in tax credits  |                    |                           |                    |                           |                    |                           |
| BACEN Res. 3059  | (149,154)          | (149,154)                 | (99,436)           | (99,436)                  | (82,366)           | (82,366)                  |
| Minority interest/other  | 16,085             | 71,002                    | 5,568              | 57,033                    | 6,762              | 51,843                    |
| <b>Reference stockholders equity Tier I</b>                      | <b>20,242,357</b>  | <b>20,297,274</b>         | <b>19,315,406</b>  | <b>19,366,871</b>         | <b>16,462,688</b>  | <b>16,507,769</b>         |
| <b>Reference stockholders equity Tier II (subordinated debt)</b> | <b>8,549,093</b>   | <b>8,550,095</b>          | <b>6,289,833</b>   | <b>6,290,860</b>          | <b>5,742,700</b>   | <b>5,742,700</b>          |
| <b>Total reference stockholders equity (Tier I + Tier II)</b>    | <b>28,791,450</b>  | <b>28,847,369</b>         | <b>25,605,239</b>  | <b>25,657,731</b>         | <b>22,205,388</b>  | <b>22,250,469</b>         |
| <b>Risk weighted assets</b>                                      | <b>151,192,276</b> | <b>172,288,320</b>        | <b>148,391,646</b> | <b>168,476,982</b>        | <b>129,759,259</b> | <b>148,669,349</b>        |
| <b>Capital adequacy ratio</b>                                    | <b>19.04%</b>      | <b>16.74%</b>             | <b>17.26%</b>      | <b>15.23%</b>             | <b>17.11%</b>      | <b>14.97%</b>             |

Capital Adequacy Ratio Variation (Basel) R\$ thousand and %

|   | R\$ thousand              |                           |                           |                           |                             |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|---------------------------|
|   | 1 <sup>st</sup> Qtr./2006 |                           | 4 <sup>th</sup> Qtr./2005 |                           | March/2005 to<br>March/2006 |                           |
|   | Financial<br>(1)          | Economic<br>financial (2) | Financial<br>(1)          | Economic<br>financial (2) | Financial<br>(1)            | Economic<br>financial (2) |
| <b>Movement in the reference stockholders equity:</b> |                           |                           |                           |                           |                             |                           |
| <b>Starting period</b>                                | <b>25,605,239</b>         | <b>25,657,731</b>         | <b>24,261,447</b>         | <b>24,310,046</b>         | <b>22,205,388</b>           | <b>22,250,469</b>         |
| Net income for the period                             | 1,530,259                 | 1,530,259                 | 1,462,553                 | 1,462,553                 | 5,838,907                   | 5,838,907                 |
| Interest on own capital/dividends                     | (539,000)                 | (539,000)                 | (344,000)                 | (344,000)                 | (2,053,769)                 | (2,053,769)               |
| Mark-to-market adjustment                             |                           |                           |                           |                           |                             |                           |
| TVM and derivatives                                   | (17,303)                  | (17,303)                  | 91,321                    | 91,321                    | 254,887                     | 254,887                   |
| Subordinated debt                                     | 2,259,260                 | 2,259,260                 | 213,004                   | 213,004                   | 2,806,394                   | 2,806,394                 |
| Others  | (47,005)                  | (43,578)                  | (79,086)                  | (75,193)                  | (260,357)                   | (249,519)                 |
| <b>End of period</b>                                  | <b>28,791,450</b>         | <b>28,847,369</b>         | <b>25,605,239</b>         | <b>25,657,731</b>         | <b>28,791,450</b>           | <b>28,847,369</b>         |
| <b>Movement in weighted assets:</b>                   |                           |                           |                           |                           |                             |                           |
| <b>Starting period</b>                                | <b>148,391,646</b>        | <b>168,476,982</b>        | <b>136,843,876</b>        | <b>156,815,121</b>        | <b>129,759,259</b>          | <b>148,669,349</b>        |
| Marketable securities                                 | 991,067                   | 2,456,246                 | (1,540,793)               | 252,572                   | (2,866,318)                 | 2,551,402                 |
| Loan operations                                       | 2,240,255                 | 2,218,916                 | 4,755,422                 | 4,823,877                 | 15,971,879                  | 16,018,995                |
| Check clearing and related services                   | 226,787                   | 226,787                   | (361,637)                 | (361,636)                 | 2,422                       | 2,422                     |
| Tax credit  | 796,725                   | 833,286                   | (3,295,557)               | (3,375,516)               | (1,909,953)                 | (2,291,793)               |
| Risk (swap, market, interest and exchange rates)      | (4,354,673)               | (4,325,036)               | 7,891,238                 | 7,911,393                 | 1,927,484                   | 1,963,747                 |
| Memorandum accounts                                   | 1,146,483                 | 1,149,674                 | 814,879                   | 822,323                   | 1,858,623                   | 1,869,258                 |
| Other assets  | 1,753,986                 | 1,251,465                 | 3,284,218                 | 1,588,848                 | 6,448,880                   | 3,504,940                 |
| <b>End of period</b>                                  | <b>151,192,276</b>        | <b>172,288,320</b>        | <b>148,391,646</b>        | <b>168,476,982</b>        | <b>151,192,276</b>          | <b>172,288,320</b>        |
|   | 1 <sup>st</sup> Qtr./2006 |                           | 4 <sup>th</sup> Qtr./2005 |                           | March/2005 to<br>March/2006 |                           |
|   | Financial<br>(1)          | Economic<br>financial (2) | Financial<br>(1)          | Economic<br>financial (2) | Financial<br>(1)            | Economic<br>financial (2) |
| <b>Starting period</b>                                | <b>17.26%</b>             | <b>15.23%</b>             | <b>17.73%</b>             | <b>15.50%</b>             | <b>17.11%</b>               | <b>14.97%</b>             |
| <b>Movement in the reference stockholders equity:</b> |                           |                           |                           |                           |                             |                           |
| Net income for the period                             | 1.03%                     | 0.91%                     | 1.07%                     | 0.93%                     | 4.50%                       | 3.93%                     |
| Interest on own capital/dividends                     | (0.37%)                   | (0.32%)                   | (0.25%)                   | (0.21%)                   | (1.58%)                     | (1.38%)                   |
| Mark-to-market adjustment                             |                           |                           |                           |                           |                             |                           |
| TVM and derivatives                                   | (0.01%)                   | (0.01%)                   | 0.07%                     | 0.06%                     | 0.19%                       | 0.17%                     |
| Subordinated debt                                     | 1.50%                     | 1.32%                     | 0.15%                     | 0.13%                     | 2.14%                       | 1.89%                     |

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|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Others   | (0.03%)       | (0.03%)       | (0.06%)       | (0.05%)       | (0.20%)       | (0.18%)       |
| <b>Movement in weighted assets:</b>                |               |               |               |               |               |               |
| Marketable securities                              | (0.13%)       | (0.25%)       | 0.21%         | (0.02%)       | 0.50%         | (0.33%)       |
| Loan operations                                    | (0.28%)       | (0.21%)       | (0.65%)       | (0.50%)       | (2.52%)       | (1.82%)       |
| Check clearing service and related services        | (0.03%)       | (0.02%)       | 0.05%         | 0.04%         |               |               |
| Tax credit   | (0.09%)       | (0.08%)       | 0.41%         | 0.33%         | 0.25%         | 0.23%         |
| Risk ( swap , market, interest and exchange rates) | 0.53%         | 0.41%         | (0.96%)       | (0.75%)       | (0.25%)       | (0.20%)       |
| Memorandum accounts                                | (0.14%)       | (0.11%)       | (0.10%)       | (0.08%)       | (0.24%)       | (0.19%)       |
| Other assets                                       | (0.22%)       | (0.12%)       | (0.41%)       | (0.15%)       | (0.88%)       | (0.35%)       |
| <b>End of period</b>                               | <b>19.02%</b> | <b>16.74%</b> | <b>17.26%</b> | <b>15.23%</b> | <b>19.04%</b> | <b>16.74%</b> |

- (1) Financial companies only; and
- (2) Financial and non-financial companies

**b) Market value**

The book values, net of provisions for mark-to-market adjustments, of the main financial instruments are summarized as follows:

| Portfolios   | R\$ thousand      |                      |  |                      |                  |                        |                |                  |
|--|-------------------|----------------------|--|----------------------|------------------|------------------------|----------------|------------------|
|  | Book Value        | Market Value         | Unrealized Income (Loss) without tax effects |                      |                  |                        |                |                  |
|  |                   |                      | In the Result                                |                      |                  | In Stockholders Equity |                |                  |
|  | 2006              | 2006                 | 2005   | 2006                 | 2005             | 2006                   | 2005           |                  |
| March 31   | March 31          | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr.                         | 1 <sup>st</sup> Qtr. | March 31         | December 31            | March 31       |                  |
| <b>Marketable securities and derivative financial instruments (Notes 3c, 3d e 8)</b> | <b>68,669,130</b> | <b>69,634,831</b>    | <b>1,736,557</b>                             | <b>1,590,779</b>     | <b>1,164,850</b> | <b>965,701</b>         | <b>793,018</b> | <b>786,677</b>   |
| Adjustment of securities available for sale (Note 8CII)                              |                   |                      | 770,856                                      | 797,761              | 378,173          |                        |                |                  |
| Adjustment of securities held to maturity (Note 8d item 6)                           |                   |                      | 965,701                                      | 793,018              | 786,677          | 965,701                | 793,018        | 786,677          |
| Loan and leasing operations (1) (Notes 3e and 10)                                    | 84,426,349        | 84,688,875           | 262,526                                      | 263,202              | 287,837          | 262,526                | 263,202        | 287,837          |
| Investments (2) (Notes 3h and 13)  | 922,327           | 1,246,564            | 324,237                                      | 260,535              | 73,793           | 324,237                | 260,535        | 73,793           |
| Treasury stock (Note 23e)  | 35,350            | 38,143               | 2,793  | 109                  | (1,306)          |                        |                |                  |
| Time deposits (Notes 3k and 16a)   | 32,295,927        | 32,251,803           | 44,124                                       | 20,351               | 960              | 44,124                 | 20,351         | 960              |
| Funds from issuance of securities (Notes 16c)  | 6,307,259         | 6,304,427            | 2,832  | 27,704               | 28,331           | 2,832                  | 27,704         | 28,331           |
| Borrowings and onlendings (Notes 17a and 17b)  | 15,610,899        | 15,582,092           | 28,807                                       | 60,766               | 1,062            | 28,807                 | 60,766         | 1,062            |
| Subordinated debt (Note 19)  | 9,613,739         | 10,190,950           | (577,211)                                    | (625,128)            | (109,289)        | (577,211)              | (625,128)      | (109,289)        |
| <b>Unrealized income (loss) without tax effects</b>                                  |                   |                      | <b>1,824,665</b>                             | <b>1,598,318</b>     | <b>1,446,238</b> | <b>1,051,016</b>       | <b>800,448</b> | <b>1,069,371</b> |

- (1) Includes foreign exchange contracts, leasing operations and other receivables with loan concession features; and
- (2) This refers to stocks of publicly-held companies not considering the increment in investments in affiliated companies.

**Determination of market value of financial instruments:**

- Marketable securities and derivative financial instruments, investments, subordinated debts and treasury stocks are based on the market price practiced on the balance sheet date. In the event no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics;
- Prefixed loan operations were determined by discounting estimated cash flows, using interest rates applied by the Bradesco Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date; and
- Time deposits, funds from issuance of securities and borrowings and onlendings were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

### 33) Employee Benefits

Banco Bradesco and its subsidiaries sponsor a supplementary private pension plan for employees and directors. The unrestricted benefits generating plan (PGBL) is of the variable contribution type, which permits the accumulation of savings by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in an Exclusive Financial Investment Fund – FIE.

The PGBL is managed by Bradesco Vida e Previdência S.A. and BRAM – Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIE funds.

The contributions paid by employees and directors of Bradesco and its subsidiaries are equivalent to 4% of salary, except for participants who in 2001 opted to migrate to the PGBL plan from the variable benefits plan, whose contributions to the PGBL plan were maintained at the levels in force for the defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of the defined contribution plan (PGBL) are fully covered by the net assets of the corresponding FIE fund.

In addition to the aforementioned variable contribution plan (PGBL), former participants of the defined benefits plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the latter plan. For participants of the defined benefits plan, transferred or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by guaranteeing assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A., which had previously merged Banco BEA) maintains a supplementary pension plan managed by Caixa de Previdência dos Funcionários do BEA – CABEA, which is currently undergoing a sponsorship withdrawal process, with reference date established on November 30, 2002 and whose sponsor's contributions ceased from December 1, 2002. Participants also no longer contribute as from the same date. The plan's actuarial liabilities are fully covered by the plan's net assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A.) sponsors supplementary pension plans of both variable contribution (PGBL) and defined benefit types, through Fundação Baneb de Seguridade Social – BASES (for former Baneb employees). The actuarial liabilities of the variable contribution and defined benefit plans are fully covered by the net assets of the plans.

Banco BEM S.A. sponsors supplementary pension plans of both variable benefit and defined contribution types, through Aid Fund and Retirement of Banco do Estado do Maranhão's Employees – CAPOF. The actuarial liabilities of the variable benefit and defined contribution plans are fully covered by the net assets of the plans.

Banco BEC S.A. sponsors a defined benefit plan by means of Cabec – Caixa de Previdência Privada do Banco do Estado do Ceará. The actuarial liabilities of the plan are fully covered by the net assets of the plan.

The funds guaranteeing the private pension plans are invested in compliance with applicable legislation (government bonds and private securities, listed company's stock and real estate properties).

Bradesco and its facilities abroad provide its employees and managers with a private pension plan with variable contribution, which enables to accumulate financial resources during the professional career of the participant, by means of contributions paid by himself/herself and in equal proportion by Bradesco. The contributions of employees and managers and of Bradesco in its facilities overseas are jointly equivalent to at most 5% of the annual salary of the benefit.

Expenses with contributions made during 1Q06 amounted to R\$ 79,098 thousand (4Q05 R\$ 87,404 thousand and 1Q05 R\$ 64,786 thousand).

In addition, Bradesco and its subsidiaries offer their employees and directors a number of other benefits including: healthcare insurance, dental care, group life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, amounted to R\$ 310,305 thousand in 1Q06 (4Q05 R\$ 324,794 thousand and 1Q05 R\$278,806 thousand).

**34) Income Tax and Social Contribution****a) Calculation of income tax and social contribution charges**

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 | 2005                 |                      |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Income before income tax and social contribution</b>                              | <b>2,465,646</b>     | <b>1,804,154</b>     | <b>1,577,961</b>     |
| <b>Total income tax and social contribution at rates of 25% and 9%, respectively</b> | <b>(838,320)</b>     | <b>(613,412)</b>     | <b>(536,507)</b>     |
| <b>Effect of additions and exclusions on tax calculation:</b>                        |                      |                      |                      |
| Equity in the earnings of affiliated companies                                       | 1,596                | 2,476                | (1,918)              |
| Exchange gain/loss   | (164,159)            | 100,310              | (5,531)              |
| Non-deductible expenses, net of non-taxable income                                   | (35,666)             | (30,521)             | (26,838)             |
| Tax credit recorded in prior periods   |                      | 41,490               |                      |
| Interest on own capital (paid and accrued)   | 143,683              | 135,162              | 124,519              |
| Other amounts  | (37,242)             | 27,723               | 73,462               |
| <b>Income tax and social contribution for the period</b>                             | <b>(930,108)</b>     | <b>(336,772)</b>     | <b>(372,813)</b>     |

**b) Breakdown of income tax and social contribution result**

|  | R\$ thousand         |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2006                 | 2005                 |                      |
|  | 1 <sup>st</sup> Qtr. | 4 <sup>th</sup> Qtr. | 1 <sup>st</sup> Qtr. |
| <b>Current taxes</b>   |                      |                      |                      |
| <b>Income tax and social contribution payable</b>              | <b>(1,274,447)</b>   | <b>711,911</b>       | <b>(535,436)</b>     |
| <b>Deferred taxes:</b>   |                      |                      |                      |
| Amount recorded/realized for the period on temporary additions | 393,535              | (1,029,482)          | 195,048              |
| Use of opening balances:                                       |                      |                      |                      |
| Negative basis of social contribution                          | (11,934)             | (15,808)             | (10,863)             |
| Tax loss   | (37,262)             | (43,716)             | (28,132)             |
| Prior periods tax credits were recorded on:                    |                      |                      |                      |
| Negative basis of social contribution                          |                      | 10,351               |                      |
| Tax loss   |                      | 25,247               |                      |
| Temporary additions  |                      | 5,892                |                      |
| Constitution/utilization in the period on:                     |                      |                      |                      |
| Negative basis of social contribution                          |                      | (140)                | 2,084                |
| Tax loss   |                      | (1,027)              | 4,486                |
| <b>Total deferred taxes</b>                                    | <b>344,339</b>       | <b>(1,048,683)</b>   | <b>162,623</b>       |
| <b>Income tax and social contribution for the period</b>       | <b>(930,108)</b>     | <b>(336,772)</b>     | <b>(372,813)</b>     |



## c) Origin of tax credits of deferred income tax and social contribution

|  | R\$ thousand                |                    |                    |                         |                            |
|--|-----------------------------|--------------------|--------------------|-------------------------|----------------------------|
|  | Balance<br>on<br>12.31.2005 | Amount<br>recorded | Amount<br>realized | Balance on<br>3.31.2006 | Balance<br>on<br>3.31.2005 |
| Allowance for doubtful accounts  | 2,035,344                   | 349,053            | 198,687            | 2,185,710               | 2,723,376                  |
| Provision for civil contingencies  | 170,705                     | 17,246             | 10,696             | 177,255                 | 151,905                    |
| Provision for tax contingencies  | 722,019                     | 78,274             | 1,179              | 799,114                 | 568,231                    |
| Provision for labor claims   | 253,642                     | 36,797             | 28,091             | 262,348                 | 268,586                    |
| Provision for mark-to-market adjustment of securities and investments                    | 132,767                     | 7,899              | 5,234              | 135,432                 | 167,707                    |
| Provision for loss on non-operating assets   | 60,349                      | 2,453              | 3,420              | 59,382                  | 77,289                     |
| Mark-to-market adjustment of trading securities  | 86,928                      | 89,808             | 85,444             | 91,292                  | 100,154                    |
| Goodwill amortization  | 345,484                     | 6,275              | 21,308             | 330,451                 | 356,544                    |
| Provision for interest on own capital (1)  |                             | 113,798            |                    | 113,798                 | 98,940                     |
| Other  | 149,039                     | 75,475             | 29,484             | 195,030                 | 288,481                    |
| <b>Total tax credits over temporary differences</b>                                      | <b>3,956,277</b>            | <b>777,078</b>     | <b>383,543</b>     | <b>4,349,812</b>        | <b>4,801,213</b>           |
| Tax losses and negative basis of social contribution                                     | 455,608                     |                    | 49,196             | 406,412                 | 560,317                    |
| Subtotal   | 4,411,885                   | 777,078            | 432,739            | 4,756,224               | 5,361,530                  |
| Social contribution Provisional Measure 2158-35 as of 8.24.2001 (2)                      | 798,743                     |                    | 16,859             | 781,884                 | 873,722                    |
| <b>Total tax credits (Note 11b)</b>  | <b>5,210,628</b>            | <b>777,078</b>     | <b>449,598</b>     | <b>5,538,108</b>        | <b>6,235,252</b>           |
| <b>Deferred tax liabilities (Note 34f)</b>   | <b>600,899</b>              | <b>511,808</b>     | <b>163,744</b>     | <b>948,963</b>          | <b>439,570</b>             |
| <b>Net tax credits of deferred tax liabilities</b>                                       | <b>4,609,729</b>            | <b>265,270</b>     | <b>285,854</b>     | <b>4,589,145</b>        | <b>5,795,682</b>           |
| <b>Percentage of net tax credits over total reference stockholders equity (Note 32a)</b> | <b>18.0%</b>                |                    |                    | <b>15.9%</b>            | <b>26.0%</b>               |
| <b>Percentage of net tax credits over total assets</b>                                   | <b>2.2%</b>                 |                    |                    | <b>2.1%</b>             | <b>3.0%</b>                |

(1) Tax credit in interest on own capital is recorded up to the allowed fiscal limit.

(2) Until the end of the year the amount of R\$ 66,769 thousand is estimated to be realized, which will be recorded when it is effectively used (item d).

## d) Expected realization of tax credits over temporary differences, tax losses and negative basis of social contribution and social contribution tax credit M.P. 2158-35

|      | R\$ thousand          |                     |                               |                     |           |
|------|-----------------------|---------------------|-------------------------------|---------------------|-----------|
|      | Temporary differences |                     | Tax losses and negative basis |                     | Total     |
|      | Income tax            | Social contribution | Income tax                    | Social contribution |           |
| 2006 | 891,832               | 307,632             | 59,929                        | 19,899              | 1,279,292 |

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|                             |                  |                  |                |               |                  |
|-----------------------------|------------------|------------------|----------------|---------------|------------------|
| 2007                        | 1,013,483        | 347,005          | 76,050         | 16,795        | 1,453,333        |
| 2008                        | 1,292,669        | 404,782          | 81,942         | 16,080        | 1,795,473        |
| 2009                        | 61,892           | 20,919           | 83,648         | 13,095        | 179,554          |
| 2010                        | 7,244            | 2,309            | 38,775         | 199           | 48,527           |
| 2011 (1 <sup>st</sup> Qtr.) | 41               | 4                |                |               | 45               |
| <b>Total</b>                | <b>3,267,161</b> | <b>1,082,651</b> | <b>340,344</b> | <b>66,068</b> | <b>4,756,224</b> |

R\$ thousand

**Tax credit over social contribution M.P 2158 - 35**

|       | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011 to<br/>2013</b> | <b>Total</b> |
|-------|-------------|-------------|-------------|-------------|-------------|-------------------------|--------------|
| Total | 66,769      | 86,406      | 79,247      | 126,259     | 174,613     | 248,590                 | 781,884      |

Projected realization of tax credit is estimated and not directly related to expected accounting income.

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$ 5,058,968 thousand (December 31, 2005 R\$ 4,623,785 thousand and March 31, 2005 R\$ 5,576,998 thousand), of which R\$ 4,035,142 thousand (December 31, 2005 R\$ 3,577,618 thousand and March 31, 2005 R\$ 4,378,914 thousand) comprises temporary differences, R\$ 366,022 thousand comprises tax losses and negative basis of social contribution (December 31, 2005 R\$ 400,957 thousand and March 31, 2005 R\$ 484,202 thousand) and R\$ 657,804 thousand (December 31, 2005 R\$ 645,210 thousand and March 31, 2005 R\$ 713,882 thousand) comprises tax credit over social contribution M.P. 2158-35.

**e) Unrecorded tax credits**

The amount of R\$ 343,242 thousand was not recorded as tax credit (December 31, 2005 R\$ 196,224 thousand and March 31, 2005 R\$ 153,526 thousand).

**f) Deferred tax liabilities**

|  | R\$ thousand   |                |                |
|--|----------------|----------------|----------------|
|  | 2006           | 2005           |                |
|  | March<br>31    | December<br>31 | March<br>31    |
| IRPJ, CSLL, PIS and COFINS on mark-to-market adjustments of derivative financial instruments | 277,416        | 288,417        | 141,013        |
| Subsequent depreciation  | 147,808        | 132,531        | 93,271         |
| Operations in future liquidity market  | 377,492        | 76,992         | 78,250         |
| Revaluation reserve  | 5,378          | 5,663          | 12,005         |
| Other  | 140,869        | 97,296         | 115,031        |
| <b>Total</b>   | <b>948,963</b> | <b>600,899</b> | <b>439,570</b> |

**35) Other Information**

a) Bradesco Organization's assets under management on March 31, 2006 amounted to R\$ 131,279,531 thousand (December 31, 2005 R\$ 121,182,430 thousand and March 31, 2005 R\$ 104,756,927 thousand).

b) On March 20, 2006 Banco Bradesco S.A. informed its stockholders, clients and the general market that it entered into a partnership with American Express Company, to take over its credit card operations and similar activities in Brazil. Among other documents the Agreement for Purchase and Sale of Stocks and the Agreement of Independent Operator were entered into, which will govern the relationship between the parties. The holders of American Express cards in Brazil will continue to have the same services and benefits, including travel assistance in more than 2,200 Services Branches and more than 550,000 ATMs worldwide. The more than 23,000 ATMs of Bradesco will also be made available for card holders. In line with the recent and successful partnerships entered into by American Express worldwide (nearly 100), by means of its Global Network Services division, Bradesco is committed to maintain high standards of quality, safety and trust of the American Express brand. The finalization of the Operation is subject to the approval of competent authorities and the closing is expected to take place at the end of the 1<sup>st</sup> half of 2006.

c) On March 28, 2006 Banco Bradesco S.A., Fidelity National Information Services, Inc. (Fidelity National) and Banco ABN AMRO Real S.A. (Banco Real) informed its stockholders and the general market that they entered into

an agreement to make a Partnership with the purpose of providing card processing services. The new company, which will be called Fidelity Processadora e Serviços S.A. (Fidelity), will serve the current clients of Fidelity National and the new Partners, as well as other card issuers. The services to be provided comprise the entire activity chain of cards, such as processing, call center management, back office support, risk management and collection services. The platform for card processing in the new company will be the modern BASE2000 of Fidelity National. Fidelity National, a world leader in the provision of technology services for financial institutions, expects to process over the next 24 months more than 20 million cards in Brazil and more than 63 million cards worldwide. The Partnership will make Fidelity one of the country's largest card processing companies.

## Management Bodies

Cidade de Deus, Osasco, SP, May 5, 2006

### Board of Directors

#### Chairman

Lázaro de Mello Brandão

#### Vice-Chairman

Antônio Bornia

#### Members

Mário da Silveira Teixeira Júnior  
Márcio Artur Laurelli Cypriano  
João Aguiar Alvarez  
Denise Aguiar Alvarez Valente  
Raul Santoro de Mattos Almeida  
Ricardo Espírito Santo Silva Salgado

### Board of Executive Officers

#### Executive Officers

Chief Executive Officer  
Márcio Artur Laurelli Cypriano

#### Executive Vice-Presidents

Laércio Albino Cezar  
Arnaldo Alves Vieira  
Luiz Carlos Trabuco Cappi  
Sérgio Socha  
Julio de Siqueira Carvalho de Araujo  
Milton Almicar Silva Vargas  
José Luiz Acar Pedro  
Norberto Pinto Barbedo

#### Managing Directors

Armando Trivelato Filho  
Carlos Alberto Rodrigues Guilherme  
José Alcides Munhoz  
José Guilherme Lembi de Faria  
Luiz Pasteur Vasconcellos Machado  
Milton Matsumoto  
Cristiano Queiroz Belfort  
Sérgio de Oliveira  
Odair Afonso Rebelato  
Aurélio Conrado Boni  
Domingos Figueiredo de Abreu  
Paulo Eduardo D. Avila Isola  
Ademir Cossello

### Departmental Directors

Adineu Santesso  
Airton Celso Exel Andreolli  
Alexandre da Silva Glüher  
Alfredo Antônio Lima de Menezes  
André Rodrigues Cano  
Antônio Carlos Del Cielo  
Candido Leonelli  
Clayton Camacho  
Denise Pauli Pavarina de Moura  
Douglas Tevis Francisco  
Fernando Barbaresco  
Fernando Jorge Buso Gomes  
Jair Delgado Scalco  
João Batistela Biazon  
José Luiz Rodrigues Bueno  
José Maria Soares Nunes  
Josué Augusto Pancini  
Laércio Carlos de Araújo Filho  
Luiz Alves dos Santos  
Luiz Carlos Angelotti  
Luiz Carlos Brandão Cavalcanti Júnior  
Luiz Fernando Peres  
Marcelo de Araújo Noronha  
Marcos Bader  
Maria Eliza Sganserla  
Mario Helio de Souza Ramos  
Mauro Roberto Vasconcellos Gouvêa  
Milton Clemente Juvenal  
Moacir Nachbar Junior  
Nilton Pelegriano Nogueira  
Octavio Manoel Rodrigues de Barros  
Ricardo Dias  
Robert John van Dijk  
Roberto Sobral Hollander  
Romulo Nagib Lasmar  
Sérgio Alexandre Figueiredo Clemente  
Sergio Sztajn  
Toshifumi Murata

### Regional Directors

Altair Antônio de Souza  
Aurélio Guido Pagani

### Compensation Committee

Lázaro de Mello Brandão  
Antônio Bornia  
Mário da Silveira Teixeira Júnior  
Márcio Artur Laurelli Cypriano

### Audit Committee

Mário da Silveira Teixeira Júnior  
Hélio Machado dos Reis  
Paulo Roberto Simões da Cunha  
Yves Louis Jacques Lejeune

### Compliance and Internal Controls Committee

Mário da Silveira Teixeira Júnior  
Milton Almicar Silva Vargas  
Domingos Figueiredo de Abreu  
Roberto Sobral Hollander  
Nilton Pelegriano Nogueira

### Executive Committee of Disclosure

Milton Almicar Silva Vargas  
José Luiz Acar Pedro  
Julio de Siqueira Carvalho de Araujo  
Carlos Alberto Rodrigues Guilherme  
José Guilherme Lembi de Faria  
Domingos Figueiredo de Abreu  
Luiz Carlos Angelotti  
Denise Pauli Pavarina de Moura  
Romulo Nagib Lasmar  
Jean Philippe Leroy

### Fiscal Council

#### Sitting Members

Domingos Aparecido Maia  
José Roberto Aparecido Nunciaroni  
Ricardo Abecassis Espírito Santo Silva

#### Deputy Members

Jorge Tadeu Pinto de Figueiredo  
Nelson Lopes de Oliveira

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Cláudio Fernando Manzato  
Fernando Antônio Tenório  
Idevalter Borba  
Luiz Carlos de Carvalho  
Márcia Lopes Gonçalves Gil  
Marcos Daré  
Paulo de Tarso Monzani  
Tácito Naves Sanglard

Renaud Roberto Teixeira

**General Accounting Department**

Moacir Nachbar Junior

Accountant CRC (Regional Accounting Council) 1SP198208/O-5

**Report of Independent Auditors on Limited Review**

(A free translation from the original in Portuguese)

To

The Board of Directors and Stockholders  
Banco Bradesco S.A.

1. We have carried out a limited review of the consolidated Quarterly Information of Banco Bradesco S.A. and its subsidiaries, comprising the balance sheet as of March 31, 2006 and the related statements of income, of changes in stockholders' equity and of changes in financial position for the quarter then ended. This information is the responsibility of the Bank's management.
2. Our review was carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil - IBRACON, in conjunction with the Federal Accounting Council - CFC and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Bank with regard to the main criteria used for the preparation of the Quarterly Information and (b) a review of the significant information and the subsequent events which have, or could have significant effects on the financial position and operations of the Bank.
3. Based on our limited review, we are not aware of any material modifications which should be made to the Quarterly Information referred to above in order for such information to be stated in conformity with accounting practices adopted in Brazil.
4. Our limited review was conducted for the purpose of issuing our report on the limited review of the Quarterly Information referred to in paragraph one, taken as a whole. The statements of consolidated cash flows and added value presented to provide additional information on the Bank are not required by the Brazilian Central Bank as an integral part of the Quarterly Information. The statements of consolidated cash flows and added value were subjected to the procedures described in paragraph 2 and, based on our review, we are not aware of any material modifications that should be made thereto in order for such information to be presented in conformity with accounting practices adopted in Brazil.
5. The Quarterly Information referred to in paragraph 1 also includes accounting information, presented for comparison purposes, for the quarters ended March 31, 2005 and December 31, 2005. The limited reviews of the Quarterly Information for these quarters, as well as the audit of the financial statements for the year ended December 31, 2005, were conducted by other independent auditors, whose reports on the limited reviews dated May 6, 2005 and February 21, 2006, respectively, and audit report dated February 21, 2006, were issued without exceptions.

São Paulo, May 5, 2006

Auditores Independentes  
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti  
Contador





**Fiscal Council's Report**

Banco Bradesco S.A.

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory attributions, having examined the Management Report and the Financial Statements related to the first quarter of 2006 in view of the unqualified opinion of PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, examined based on the current corporate law, fairly reflect the Company's equity and financial position.

Cidade de Deus, Osasco, SP, May 5, 2006

José Roberto A. Nunciaroni  
Ricardo Abecassis E. Santo Silva  
Domingos Aparecido Maia

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**Glossary of Technical Terms**

**Acquirer:** company responsible for affiliating, maintaining and paying establishments of a Card flag. In Brazil, the only VISA acquirer is VisaNet.

**Activity Based Costing:** is a methodology used to facilitate the analysis of the costs of activities that consume the most significant volume of resources. The volume, relationship between cause and effect and the effectiveness with which the resources are consumed during the activities comprise the objective of the strategic ABC cost analysis, ensuring that indirect costs are directed as a priority to these activities and processes and subsequently to products, services and customers.

**Added value:** value created by the company as a result of its productive activities, representing the level of the company's contribution to society.

**Advisor:** economic/financial consultant.

**Asset management companies:** the main activity of these companies is to manage third-party funds. The companies may be part of a financial group, but must create operating barriers, such as a Chinese Wall to avoid possible conflicts of interest and focus their business on the management of investors' funds.

**Back test:** this method is used to test the validity of the statistical models used, through the comparison of historical data and data generated by the models.

**Basel Capital Accord:** agreement signed by the Basel Committee, Switzerland, in 1988, designed to establish new conditions for the system used to regulate and supervise banking activities (compulsory for G-10 countries). The methodology used seeks to ensure that minimum capital requirements are compatible with the degree of risk of transactions. In June 2004, this agreement was revised and related changes must be implemented by January 2007.

**Basel Committee:** formed by the presidents of the central banks of the world's 10 most developed economies for purposes of introducing regulations for compliance by G-10 countries.

**Bonds:** government securities or corporate bonds, which are subscribed and traded.

**Brazilian Depositary Receipts - BDRs:** these are certificates comprising securities issued by publicly held companies headquartered abroad, negotiable in the Brazilian market.

**Broker dealer:** a specialized firm, which trades securities for its own account or as an intermediary for third parties.

**Capital adequacy ratio (Basel):** index introduced by the Basel Committee and regulated by the Brazilian Central Bank, which shows the ratio between the bank's stockholders' equity and its risk weighted assets.

**Capital savings:** comprise the capital paid as a lump sum to the beneficiaries indicated in the plan proposal, in the event of decease of the pension plan participant.

**Cash management:** cash administration.

**Claims:** this is the realization of risk provided for in the insurance contract, which causes material or personal damages to the policyholders or their beneficiaries.

**Claims ratio:** used by insurance companies to measure the proportion of expenses for claims to earned premium. Accordingly, the lower the ratio, the better the insurance company's risk selection strategy.

**Co-insurance:** insurance distributed among various insurance companies, with the related risk distributed in proportion to the corresponding quota held.

**Combined ratio:** ratio used by the insurance companies, according to which the sum of the expenses incurred with claims, administrative expenses and selling expenses are divided by the premium earned. Accordingly, the lower the ratio, the higher the efficiency of the insurance company.

**Commercial paper:** securities issued by publicly held companies for purposes of raising public funds for financing working capital.

**Committee of Sponsoring Organizations COSO:** a not-for-profit entity, dedicated to improving the presentation of financial reports based on ethics, efficient internal controls and corporate governance. Its members are representatives from the industry, accounting firms, investment companies and the New York Stock Exchange.

**Compliance:** adherence to a set of laws, rules and instructions introduced by either governmental or internal bodies.

**Compulsory deposits:** this compulsory reserve is the percentage of demand deposits and the terms under which banks are obliged to deposit at the Brazilian Central Bank (BACEN). The National Monetary Council (CMN) establishes the required percentage for purposes of limiting the expansion of credit operations in the economy. The compulsory deposit is a classic Central Bank instrument used to control the volume of currency available in the banking system.

**Consigned loan:** this is a line of personal credit for companies' employees whose loan installments are deducted from payroll.

**Contingent liabilities:** reflect the uncertainty as to whether, when and for how much an obligation will be paid. In general, the amounts recorded as contingencies are calculated based on the progress of the related lawsuits.

**Corporate finance:** banks act as intermediaries in complex transactions involving corporate mergers, spin-offs and acquisitions. In this segment, in conjunction with specialized consulting firms, the banks use their experience in financial and investment transactions ensuring that they are made feasible through the use of funds, which are obtained either locally or from abroad.

**Corporate governance:** system by which companies are managed and monitored, involving relationships between stockholders, the board of directors, the executive board, the independent auditors, audit committee and fiscal council. Good corporate governance practices are designed to increase the company's value, facilitating access to capital and ensuring that it will continue as a going concern on a perennial basis.

**Corporate Sustainability Index (ISE):** index which reflects the return of a portfolio composed of companies' stocks with the best performances regarding all dimensions related to corporate sustainability, i.e., economic-financial, social, environmental and corporate governance.

**Correspondent banks:** these are commercial companies or service providers contracted by banks to operate in banking services authorized by the Brazilian Central Bank (BACEN). Since they are usually located in different commercial outlets, the correspondent bank can offer extended hours, often on a 24-hour basis.

**Courier:** messenger service, available for use by customers, to carry out a number of bank services, including check deposits, bill payments, checkbook delivery, among others, with no need for customers to leave the home or office.

**Covenants:** commitments contained in any formal debt agreement establishing that certain acts must be fulfilled, while others must not be executed. These commitments are designed to protect the lender's interests and involve matters such as working capital, dividend payment and the ratio of indebtedness.

**Coverage of technical reserves:** is the allocation of assets, by insurance, private pension plans and savings bonds companies, in particular financial assets, in sufficient amount to cover technical reserves. These assets must offer diversity, liquidity, security and profitability.

**Coverage ratio:** measures the ratio between the amount of the allowance for loan losses (PDD) and the amount of non-performing loans (D to H rated credits)

**Credit scoring:** is a method using statistical tools to measure the probability of loss on a credit operation based on historical data.

**Cross selling:** sale of related merchandise and services.

**Depository Receipts DRs:** are deposit receipts issued by a foreign institution (Depository), guaranteed by shares of a local company.

**Derivatives:** financial instruments used by companies, substantially for protection purposes and classified in 4 categories: futures market, swap, forward market and options.

**Earned premium:** the portion of an insurance premium retained which corresponds to the period of risk time passed, i.e., it is the deferral of the retained premium for the period counted from the date of the insurance coverage.

**Eurobonds:** securities with notional value expressed in U.S. dollars or other currencies and which the banks issue through institutions abroad, the resources of which will be used to finance credit operations in Brazil. These are medium to long-term securities at fixed or floating rates and with premium or discount, depending on market demand. The eurobond market is an important source of capital for multinational companies and governments, including those located in developing countries.

**Euronotes:** are long-term notes, issued by governments and major companies and traded in the international financial market.

**Exchange coupon rate:** is the difference between the internal interest rate and the expected Brazilian exchange rate devaluation and, in general, is compatible with the composition of the remuneration offered by exchange bills in investments pegged to the variation in the U.S. dollar, i.e., the interest rate in U.S. dollar paid to an investor who assumes the risk of investing in another currency.

**Exchange exposure:** assets and liabilities subject to exchange risks as a result of local currency valuation or devaluation as compared to other currencies.

**Financial holding company (FHC):** status granted by the U.S. Federal Reserve – FED, which permits the subsidiary company of a foreign financial institution to carry out its activities under the same conditions as local US banks. This status is awarded subsequent to a detailed analysis of key factors determined by US banking legislation. For purposes of obtaining FHC status, the institution must comply with 3 main requirements: a) it must be properly capitalized, b) properly managed and c) submit a proper request for FHC status to the Federal Reserve Board – FRB.

**Financial intermediation:** is a bank's main activity. The bank obtains funds from customers with resources available for investment, which are lent to borrowers. Other activities such as leasing and exchange transactions also comprise financial intermediation.

**Financial margin:** this is the difference between interest income and expense generated by investments, funds obtained, credit and leasing operations and foreign exchange transactions. Non-interest income also comprises financial margin, derived from securities, treasury transactions and credit recoveries.

**Floating funds:** permanence of third-party funds in banks for a specific period without remuneration.

**Global Compact:** initiative of the United Nations in which encourages participant entities to commit with guiding its actions in the sense of contributing to the development of a more inclusive and sustainable economy, broadening its scale in the social-environmental area. It is based on values aiming at promoting institutional education. The power of transparency and dialog is used to identify and disclose new practices which have as base the universal principles. It is comprised of 10 principles related to human rights, labor, environmental protection and bribery.

**GoodPriv@cy:** it is an international data privacy and protection seal, which comprises requirements for data protection and privacy management within the corporations.

**Greenfield:** implementation of new projects, i.e., those that are not characterized as expansion.

**Hedge:** an instrument used to offset risk investments subject to price and rate fluctuations.

**Holding:** it is the company holding share control over another company or a group of subsidiary companies.

**Home broker:** relationship channel between investors and brokerage houses, for stock market trading purposes through the online transmission of buy and sell orders via internet, permitting real time access to price quotations and share portfolio monitoring, among other resources.

**IBOVESPA:** this is the most important Brazilian stock market performance index, as it portrays the behavior of main stocks traded on BOVESPA. It is established from an imaginary Reais investment in a theoretical number of stocks (portfolio). Each stock composing this portfolio has a certain weight, which varies according to its liquidity. Frequently, both the composition and weights change so that the index may accurately represent the stock market. Its basic purpose is to work as a market behavior average index. Hence, the stocks composing this index account for more than 80% of the number of trades and financial volume traded on the spot market. As the stocks integrating this portfolio are highly representative, it is possible to affirm that if most of stocks are climbing, the market, measured by Bovespa Index, is bull, and if it is declining, it is a bear market.

**Interbank accounts:** comprise checks which are being cleared between banks and other notes, such as bank docket payments, as well as restricted deposits at the Brazilian Central Bank (deposits in foreign currency, deposits for exchange contracts, payment of funds for rural credit, credits subject to the National Housing System – SFH, etc).

**Interbank deposits:** securities negotiated in the interbank market between financial institutions.

**Interdepartmental accounts:** comprise the amounts, which are in transit between the bank's branches and departments or other group member companies (brokerage firms, insurance companies, supplementary private pension entities etc.).

**Investment advisory service:** these are consulting services for investors and include financial advice, preparation of financial reports and management of customer funds. The services are provided by consultants who are properly registered at the regulatory organs.

**Leasing:** this is an alternative medium, or long-term, financing method, documented through an agreement in which the leasing company purchases the assets, which are then ceded for use by the lessee in exchange for payment in installments.

**Libor:** it is the preferential interest rate charged on foreign currency loans and prevailing in the international financial market. It is used among first-tier banks.

**Market-making:** the maintenance of buy and sell offers for a specific securities and preparation to buy or sell standard lots at publicly quoted prices.

**Market share:** percentage sales or inventories in a specific segment of a certain company. It could also be the share that a specific brand holds in the market in which it operates.

**Mark-to-market:** method used to adjust a security or portfolio based on present market values.

**Merchant banking:** activities carried out by a financial institution including investment bank activity, advisory services, and intermediary services in mergers and acquisitions.

**Microcredit:** is the granting of limited loan amounts to small informal business owners and microcompanies, with difficult access to the traditional financial system, especially since they are unable to offer real guarantees. This credit is used for production purposes (working capital and investment) and its main features are less bureaucracy, access by all customer income brackets and a quick and efficient approvals process.

**Mobile banking (WAP):** this technology allows banks to offer their customers banking services (balances, statements, institutional information consultation, rates and prices) via mobile communication equipment, such as cell phones. An option in addition to other channels, such as the Internet, magnet strip cards, branches and call centers.

**Money laundering:** method by which funds derived from illegal activities are incorporated into the economic system. The main purpose is to disguise the illicit origin of the funds using transactions, which cannot be traced.

**Operating efficiency ratio:** ratio between administrative expenses (personal + administrative) and operating income.

**Overnight:** one-day investments, which are guaranteed by government securities or corporate bonds, comprising a transaction between two institutions involving a sale, with a repurchase commitment.

**Over-the-counter market:** in which transactions are not carried out in the stock exchanges. Not only shares, but also assets, including derivatives, can be traded in this market. Since they attend certain customer specifications, not provided for in stock exchange trading, over-the-counter trades are also known as tailor-made transactions.

**Own position:** securities maintained in stock, available for trading, derived from definitive purchases or repurchases, recorded as fixed income securities.

**PGBL (Unrestricted Benefits Generating Plan):** this is a supplementary private pension product destined to accumulate funds and converting them into future income. PGBL is very flexible, since amongst other facilities, it allows that funds invested in this plan may be redeemed at any time (observing the grace period). It is interesting to participant, submitting income tax return, as it is possible to deduct the contributions amount from the income tax calculation basis up to the limit of 12% of annual gross income. Upon receipt of redemption or yield, income tax will be withheld at source over total received, pursuant to prevailing laws (progressive or regressive tables).

**Plano remido:** in the health Insurance Line products, this is a plan in which insurance holders do not have the obligation to pay premiums to the insurance company, which, in turn, still has the obligation to pay benefits to the holder.

**Privatization currency:** government securities generally traded with discount and accepted by the government in payment for the acquisition of state-owned companies.

**Project finance:** is the combination of contracts which involve a specific business venture, inter-relating all the operating agents and the guarantees related thereto. Project finance is a technical model in which the project is the center of gravity of the interaction between the related agents. Project finance is generally used in major engineering projects.

**Purchase and sale commitments:** a financial investment through which the bank sells government securities or corporate bonds to the customer, and whereby the bank is committed to repurchase and the customer to resell the related securities within the terms established in the contract.

**Qualified custody service:** this consists of the physical and financial settlement of assets and their safekeeping, as well as the administration and information on related income. The custody service also comprises the financial settlement of derivatives, swap contracts and forward transactions.

**Quality certification (ISO International Organization for Standardization):** is the combination of activities carried out by an independent commercial body designed to certify, publicly and in documental form, that a determined product, process or service complies with specific requirements. ISO certification improves the company's image, facilitating purchase decisions by customers and consumers.

**Rating agencies:** companies experienced in analyzing the risk of public and private, financial or non-financial institutions. Based on detailed analyses, these agencies attribute a score to the companies or countries under analysis which serves as a risk indicator for investors.

**Reinsurance:** is the ceding by the insurance company to the reinsurer of that portion of a liability which exceeds the limit of its capacity to retain risks. Reinsurance is a form of risk distribution and is contracted with IRB-Brasil Resseguros S.A., which has the monopoly on reinsurance in Brazil.

**Retained premium:** is the portion of an insurance premium which remains with the insurance company in the exact proportion of its retention, i.e., the portions ceded as co-insurance and re-insurance are excluded from the premium issued, as well as refunds and cancellations.

**Retrocession:** is the transaction used by the reinsurer to cede to the local or international market, the liabilities which exceed the limits of its capacity to retain risks, i.e., retrocession is the reinsurance of reinsurance.

**SANA (Automatic System of Stocks Negotiation):** structured system aiming at facilitating the participation of small individual investors in the stock market, assuring easy purchasing and selling of stocks in the Stock Market, in small lots, through computer terminals. The system can also be used in public offerings intermediation.

**Sarbanes-Oxley Act, Section 404:** established to restore confidence in the financial information disclosed by companies listed in the U.S. stock exchanges. The U.S. politicians, Sarbanes (senator) and Oxley (federal congressman) drew up legislation to provide improved orientation on the following: clarity in the presentation of financial information, corporate governance, internal controls process and independence of the independent auditors and increased assurance procedures. Pursuant to Section 404, both companies and their auditors must identify all key controls for each of their processes and test thoroughly the effectiveness and management appraisal capacity of these controls.

**Securitization:** is the financial transaction whereby a loan and other debts are converted into securities which are negotiable in the market.

**SMS:** short message service, used in cell phones. The service allows the user to send and receive text messages containing different types of information.

**Social responsibility:** is the philosophy whereby certain companies conduct their business as a partner, co-responsible for social development. The socially responsible company is capable of assimilating the interests of different stakeholders (stockholders, employees, service providers, suppliers, consumers, community, government and environment), ensuring that these interests are fully integrated into the planning of its activities, in the pursuit to meet the demands of all segments, not just those of the stockholders or owners.

**Sovereign risk:** this is an index calculated by the US investment bank J. P. Morgan used to measure the degree of risk to which a foreign investor is exposed when investing in a particular country. Technically, this risk is the surcharge payable in relation to the guaranteed return on US treasury bonds, since the US is considered to offer less risk to



investors. Every 100 points represent 1% of additional interest as compared to US interest.

**Spread:** this is the difference between the interest rate charged to the borrower by the bank and the rate paid to customers for the use of the funds invested.

**Stock guide:** this is a report used as a guide for those interested in accompanying the performance of the secondary share market and an important tool for use in capital market area studies. Its content is updated periodically and includes information on all major listed companies. The inclusion of companies in this report is directly related to their share liquidity. The companies are grouped under different sectors, facilitating a comparative analysis of their performance (share behavior and profitability) in their own activity segment and between the different sectors.

**Stress testing:** a technique used to assess the response of an asset and/or liability portfolio to extreme variations in the prices, interest and exchange rates which affect these portfolios. The purpose of the stress test is to quantify possible loss on the portfolio in the event of an adverse market situation.

**Structured transactions:** a combination of two or more financial instruments (e.g. a purchase and sale commitment + Swap), designed to take advantage of market opportunities or secure protection against financial risks.

**Subordinated debt:** this is an instrument customarily used by financial institutions for obtaining funds since it is classified as tier II capital for purposes of calculating the capital adequacy ratio (Basel) and accordingly increases their credit granting capacity. In the event of bankruptcy, this debt is the ultimate obligation payable by the financial institution and is subordinate to the payment of all other creditors.

**Subordinated perpetual debt:** this is a security without maturity, which pays interest on a periodical basis on dates set out in advance. It includes an exclusive redemption option for the issuer after the term contractually determined has elapsed as from the issuance date.

**Supplementary private pension plan:** a method used to accumulate resources over the years in the form of savings to be withdrawn during retirement. This plan is supplementary to the government retirement pension scheme.

**Sustainability:** assumes that the companies will commit with the economic-social-environmental tripod, i.e., value generation, environmental care and social development.

**Swap:** financial derivative with a view to promoting the swap (simultaneously) of financial assets between economic agents involved.

**Tag Along:** right assured by law through which the minority stockholders holding common stocks have the power of selling their stocks for a predetermined percentage, when a publicly-held company's control is sold.

**Technical reserves:** these are liabilities recorded by the insurance companies to guarantee the payment to policyholders of claims occurred or which will occur in the future as a result of the risks assumed. For the supplementary private pension entities and savings bonds companies, these liabilities comprise the amounts accumulated with funds derived from the cost of the benefits contracted, for payment purposes of such benefits. All technical reserves are calculated established on actuarial bases.

**Third-party position:** securities with repurchase commitments not subject to resale commitments, i.e., they are the institutions own portfolio securities related to the open market, recorded as fixed income securities subject to repurchase.

**Track record:** accumulated experience.

**Treasury stocks:** own company stocks acquired to remain in treasury or for further cancellation.

**Underwriting:** term used internationally to define the launching of stocks or debentures for public subscription, generally carried out by financial institutions authorized by the CVM, via three types of contracts: straight (the financing institution subscribes the total launch and payment is made directly to the issuing company), stand-by (the financing company is bound to subscribe the securities not acquired by the public) and best-efforts (the financing company does not assume the responsibility to subscribe the securities and returns those that were not acquired by the public to the issuing company).

**Verified by Visa:** electronic means of debit and credit card transactions verification at virtual stores, providing clients with greater protection and security.

**VGBL (Long-term life insurance):** this is a life insurance guaranteeing insured's coverage in case of his/her survival with a view to accumulating funds and converting them into future income. It works as a private pension plan, as it was developed based on PGBL. VGBL is very flexible, since amongst other facilities, it allows that funds invested in this plan may be redeemed at any time (observing the grace period). The most important difference between PGBL and VGBL is the tax treatment given to each one. While in PGBL income tax is levied over the total redeemed or received as income, in VGBL the taxation occurs only over financial investments yields, according to prevailing laws (progressive or regressive tables). VGBL is more indicated for those participants submitting simplified income tax return. In addition, this is an option for those insured who already exceeded the limit of income tax deduction in a supplementary private pension plan (12%) and who are planning to invest a bit more in his/her future.

**V@R (value at risk):** is the expected maximum potential loss of an asset and/or liability portfolio with pre-established confidence level and over a specific time horizon.

**Web point:** this is a self-service terminal providing access to Internet Banking services.

**WebTA:** is the online transfer of files between the Bank and its corporate customers with security, efficiency and economy, using cryptography and data compaction.

**Wireless:** this technology permits connection between equipment with no direct physical link. For example, internet access by cell phones is made feasible through the use of wireless technology.

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