BANK BRADESCO
Form 6-K
February 16, 2007

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

FORM 6-K

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

For the month of February, 2007

Commission File Number 1-15250

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

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

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

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

Form 20-F ___X___ Form 40-F _______

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

Yes _______ No ___X____

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	**2005**			**2006**		
	3rd Qtr.	**4th Qtr.**	**Year**	**3rd Qtr.**	**4th Qtr.**	**Year**
CDI	4.74	4.31	19.00	3.51	3.12	15.03
IBOVESPA	26.08	5.93	27.71	(0.49)	22.01	32.93
USD Commercial Rate	(5.45)	5.33	(11.82)	0.46	(1.66)	(8.66)
IGP-M	(1.51)	0.99	1.20	0.84	1.54	3.83
IPCA IBGE	0.77	1.67	5.69	0.45	1.12	3.14
TJLP	2.35	2.35	9.75	1.82	1.67	7.87
TR	0.87	0.63	2.83	0.57	0.47	2.04
Savings Deposits	2.39	2.15	9.18	2.09	1.98	8.33
Number of Business Days	65	62	251	64	61	249

Closing Amount

Indicators	**2005**		**2006**	
	September	**December**	**September**	**December**
Commercial U.S. Dollar for Sale - (R$)	2.2222	2.3407	2.1742	2.1380
Euro (R$)	2.6718	2.7691	2.7575	2.8202
Country Risk (Points)	344	305	233	193
SELIC COPOM Base Rate (% p.a.)	19.50	18.00	14.25	13.25
Pre-BM&F Rate 1 year (% p.a.)	17.92	16.40	13.56	12.53

Compulsory Deposit Rates (%)

Deposits	**2005**		**2006**	
	3rd Qtr.	**4th Qtr.**	**3rd Qtr.**	**4th Qtr.**
Demand Deposits [(1)]	45	45	45	45
Additional [(2)]	8	8	8	8
	15	15	15	15

Rates and Limits (%)

Items	**2005**		**2006**	
	3rd Qtr.	**4th Qtr.**	**3rd Qtr.**	**4th Qtr.**
Income Tax	25	25	25	25
Social Contribution	9	9	9	9
PIS [(1)]	0.65	0.65	0.65	0.65

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

(1) Cash deposit No remuneration.

(2) Cash deposit SELIC rate.

(3) Restricted Securities From the amount calculated at 15%, R$300 million may be deducted

(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 relative to our business, which are based on management s current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: believes , anticipates , plans , expects , intends , aims , evaluate predicts , foresees , projects , guidelines , should and similar expressions are intended to identify forward-looking statements. These statements however, 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, depending on future events, may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such forward-looking statements.

Factors which could modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers and any other delays in loan operations; increase in the allowance for loan losses; loss of funding capacity; loss of clients or revenues; our capacity to sustain and improve performance; changes in interest rates which could, among others, adversely affect our margins; competition in the banking sector, in financial services, credit card services, insurance, asset management and other related sectors; government regulations and fiscal matters; disputes or adverse legal proceedings or ruling; as well as credit risks and other loan and investment activity risks.

Accordingly, the reader should not place excessive reliance on these forward-looking statements. These statements are valid only as at the date they 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.

The Report on Economic and Financial Analysis is available
on the Bradesco Website at www.bradesco.com.br
in Portuguese, English and Spanish.

Risk Factors and Critical Accounting Practices

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

Risks Relating to Brazil

1) Brazilian political and economic conditions have direct impact on our business and on the market 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 inside and outside 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 which 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, 1.2% in 2005 and 3.8% in 2006. 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 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 occasionally 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 by 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 five 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, 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.

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

The market price of our stocks and ADSs may be adversely affected by declines in the international financial markets and world economic conditions. Brazilian securities markets are influenced by the local and other emerging countries economy, 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 issuance in other countries, including Brazil.

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 crisis in other emerging markets may lead to reduced levels of investment in Brazil and, in addition, may hurt our ability to finance our operations through the international capital markets. If the economic situation in 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 adversely affect our operations and results

Brazilian banks and insurance companies are subject to extensive and continuous regulatory review by the Brazilian Government. We have no control over government regulations, which govern all facets of our operations, including the imposition of minimum capital requirements, compulsory deposits, loan limits and other loan restrictions.

The regulatory structure governing Brazilian banks and insurance companies is continuously evolving. Existing laws and regulations could be amended. Besides, the enforcement or interpretation of laws and regulations could change, and new laws and regulations could be adopted. Such changes could materially affect in a negative manner our operations and our results.

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

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

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

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

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

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

On December 31, 2006 Cidade de Deus Companhia Comercial de Participações held 48.46% of our common stocks and Fundação Bradesco directly and indirectly held 47.06% 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.

III

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 5 items outline the accounting policies deemed as critical, in terms of materiality, as well as 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, which include leasing operations and other operations with loan characteristic, based on the analysis of our portfolio, including probable losses estimate in these segments at the end of each period.

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

- general economic conditions in Brazil and conditions of relevant sector;
- previous experience with borrower or relevant sector of economy, including losses recent experience;
- credit quality trends;
- guarantees amounts 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 ratio expected for our loan operations portfolio in full performance on December 31, 2006, the allowance for loan losses would increase approximately R$41 million. Such sensitivity analysis is hypothetical and intends to illustrate the risk rating and loss severity impact on our 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 and notes 3e and 10 included in the Chapter 8 hereof.

2) Assessment of Securities and Derivatives

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

We estimate the fair value by using market-quoted prices when available. We observe that the fair value may be affected by the volume of 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 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 our decision to classify them upon their acquisition. Circumstantial changes may modify our strategy related to a specific security, which will require a transfer among the three categories. The classification of securities can be found in the note 8 included in the Chapter 8 of this Report.

4) Taxes on Income

The determination of the amount of our taxes and contributions is related to the analysis of our deferred tax assets and liabilities, and taxes on income payable. Generally, our assessment requires us to estimate the future values of deferred tax assets and taxes on income payable. Our assessment about the possibility of a deferred tax asset to be realized is subjective and involves evaluations and assumptions originally uncertain. The realization of deferred tax assets is subject to alterations in future tax rates and the development of our tax planning strategies. The support to our assessments and assumptions may change over time as a result of 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 taxes on income, 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 include the amount of provisions for deferred taxes, the assumptions for the calculation of allowance for loan losses, the assumptions for calculations of technical provisions for insurance, private pension plans and certificated savings plans, the choice of useful lives of certain assets and the determination 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.

V

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 79 thousand employees, a wide service network, including our branches, corporate site branches, Banco Postal and Bradesco Expresso (Correspondent Banks), besides the ATMs, always concerned with the expansion of business volume. We are also focused on expanding our businesses as a wholesale bank in all its aspects (investment bank and corporate business) and expand our private banking business.

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

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

We understand that the essence of business success in the financial sector consists of the combination between winning the client and a team highly qualified and devoted to the rendering of services, permanently trained and with rigid discipline standards at work. Our growth plans are not only translated into seeking the addition of new clients but 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 society.

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 financial and insurance segments growth, mainly by means of increased business volume. We intend to take advantage of such opportunities to increase our revenues, obtain profitability and maximize value to the stockholders, as outlined as follows:

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

expanding our financial services distribution, by using creativity in developing new products, solidly employing non-traditional means, for instance, 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 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 according to their banking, insurance and private pension needs. We believe to be in a privileged position to capitalize the synergy among banking, insurance, private pension services and other financial activities in order to sell our traditional banking products and insurance and private pension products, by means of our branch network, our brokers and dealerships network, distribution services via 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; and
- entering into reinsurance agreements with renowned reinsurance companies, executed by means of IRB-Brasil Resseguros (IRB), viewing to reducing the exposure to great risks.

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 the increase of revenues and profitability in our banking operations, with the following measures:

carry out our traditional deposit-taking activities and loan operations, continuously seeking to improve the quality of our loan portfolio, by means of risk mitigation plans and improvement in the assessment of loan granting ratings;
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 out through the Internet, by means of techniques, such as:

by continuously installing stations of access to the Internet (Web Points) in public sites, allowing clients to use our banking system via the Internet, whether or not they have access to a personal computer;
by enlarging our mobile banking service (Bradesco Mobile Banking), allowing clients to carry out their banking operations via the Internet, with compatible mobile phones; and
by providing Pocket Internet Banking for palmtops and Personal Digital Assistants (PDAs) allowing our clients to see their checking and savings accounts, credit card transactions, provide for payments, transfer funds and also obtain institutional information.

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

We intend to improve our efficiency levels:

by maintaining the austerity as guideline for our cost control policy;
by consolidating the synergies enabled by our recent acquisitions;
by still reducing our operating costs, by means of technology investments, decreasing the costs per transaction, always maintaining our automated distribution channels updated, including our distribution systems by phone, Internet and teller machines; and
by still incorporating institutions to be acquired in our existing system, in order to remove potential overlaps, redundancies and inefficiency.

6) To maintain acceptable risk levels in our operations

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

7) To enter into strategic alliances and selective acquisitions

We understand that the expansion phase of Brazilian financial institutions will occur due to 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 increases its market share or improve its efficiency. Besides focusing on the value and the quality of assets, Bradesco takes into account potential operating synergies, crossed sales opportunities, know-how acquisitions and other advantages of potential alliance or acquisition. Our analysis of potential opportunities is guided by the impact these would have over our results.

Contents

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

List of Main Abbreviations

AACD	Association of Assistance to Disabled Children
ABA	Brazilian Association of Advertisers
ABC	Activity-Based Costing
ABECS	Brazilian Association of Credit Card Companies and Services
ABEL	Brazilian Association of Leasing Companies
ABM	Activity-Based Management
ACC	Advances on Foreign Exchange Contracts
ADR	American Depositary Receipt
ADS	American Depositary Share
ADVB	Association of Sales and Marketing Managers of Brazil
AMCHAM	American Chamber of Commerce
ANAPP	National Association of Private Pension Plan Companies
ANBID	National Association of Investment Banks
ANS	National Agency for Supplementary Healthcare
AP	Personal Accident
APIMEC	Association of the Capital Markets Investment Analysts and Professionals
BACEN	Brazilian Central Bank
BDR	Brazilian Depositary Receipt
BM&F	Mercantile and Futures Exchange
BNDES	National Bank for Economic and Social Development
BOVESPA	São Paulo Stock Exchange
CBLC	Brazilian Settlement and Custody Company
CDB	Bank Deposit Certificate
IBRACON	Brazilian Institute of Independent Auditors
IBRE	Brazilian Economy Institute
IEO	Operating Efficiency Ratio
IFC	International Finance Corporation
IFT	Quarterly Financial Information
IGC	Index of Stocks with Differentiated Corporate Governance
IGP-DI	General Price Index Internal Availability
IGP-M	General Price Index Market
INSS	Social Security National Institute
IPCA	Extended Consumer Price Index
IPO	Initial Public Offering
IPTU	Municipal Real Estate Tax
IR	Income Tax
IRRF	Withholding Income Tax
ISO	International Standard Organization
ISE	Corporate Sustainability Index
ISS	Tax on Services
ITAG	Index of Stocks with Differentiated Tag Along
JCP	Interest on Own Capital
LATIBEX	Latin American Stock Exchange Market in Euros (Spain)
MBA	Master of Business Administration
MUFG	Mitsubishi UFJ Financial Group
NBR	Registered Brazilian Rule
NPL	Non-Performing Loans

CDC	Consumer Sales Financing
CDI	Interbank Deposit Certificate
CEF	Federal Savings Bank
CETIP	Clearing House for the Custody and Financial Settlement of Securities
CFPTM	Certified Financial Planner
CIAB	Information Technology Congress and Exposition of the Financial Institutions
CMN	National Monetary Council
CNSP	National Private Insurance Council
COBIT	Control Objectives for Information and Related Technology
COFINS	Contribution for Social Security Financing
COPOM	Monetary Policy Committee
COSIF	Chart of Accounts for National Financial System Institutions
COSO	Committee of Sponsoring Organizations
CPMF	Provisory Contribution on Financial Transactions
CRI	Certificate of Real Estate Receivables
CS	Social Contribution
CVM	Brazilian Securities Commission
DJSI	Dow Jones Sustainability World Index
DPVAT	Compulsory Vehicle Insurance
DR	Depositary Receipt
DRE	Statement of Income for the Year
DTVM	Securities Dealer
DVA	Value-Added Statement
EPE	Specific Purpose Entities

NYSE	New York Stock Exchange
OHSAS	Occupational Health and Safety Assessment Series
OIT	International Labor Organization
ON	Common Stocks
ONG	Non-Governmental Organization
ONU	UN (United Nations)
PAA	Advanced Service Branch
PAB	Banking Service Branch
PAE	Eletronic Service Branch in Companies
PDD	Allowance for Doubtful Accounts
PGBL	Unrestricted Benefits Generating Plan
PIS	Social Integration Program
PL	Stockholders Equity
PLR	Employee Profit Sharing
PN	Preferred Stocks
PPNG	Unearned Premiums Provisions
PRGP	Plan with Performance and Guaranteed Compensation
PTRB	Online Tax Payment
RCF	Optional Third-Party Liability
RE	Basic lines (of Insurance Products)
ROA	Return on Assets
ROAA	Return on Average Assets
ROAE	Return on Average Equity
ROE	Return on Stockholders Equity
SA 8000	Social Accountability 8000
SAP	Systems Applications and Products
SBPE	Brazilian Savings and Loan System

ERP	Enterprise Resource Planning
EXIM	Export and Import BNDES Financing Line
FGV	Getulio Vargas Foundation
FIA	Management Institute Foundation
FIDC	Credit Right Funds
FIE	Exclusive Investment Fund
FINABENS	Financing Line of other Assets and Services
FINAME	Fund for Financing the Acquisition of Industrial Machinery and Equipment
FIPE	Economic Research Institute Foundation
FIPECAFI	Accounting, Actuarial and Financial Research Institute Foundation
FIRN	Floating Rate Note
FxRN	Fixed Rate Note
IBGE	Brazilian Institute of Geography and Statistics
IBMEC	Brazilian Capital Markets Institute
IBNR	Incurred But Not Reported
IBOVESPA	São Paulo Stock Exchange Index
SEBRAE	Brazilian Micro and Small Business Support Service
SEC	U.S. Securities and Exchange Commission
SELIC	Special Clearance and Custody System
SESI	National Industry Social Service
SFH	National Housing System
SIPAT	Internal Week of Labor Accident Prevention
SPB	Brazilian Payment System
SUSEP	Superintendence of Private Insurance
TED	Instant Online Transfer
TI	Information Technology
TJLP	Long-term Interest Rate
TR	Reference Rate
TVM	Securities
UNESCO	United Nations Educational, Scientific and Cultural Organization
VaR	Value at Risk
VGBL	Long-term Life Insurance
VRGP	Life with Performance and Guaranteed Compensation

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1 - Bradesco Line by Line

Net Income

The Reported Net Income is impacted by some extraordinary events occurred in the period. Thus, in order to enable a better analysis and comparability between the periods, we present below the Reported Net Income statement, without considering such extraordinary events (Recurring Net Income), as well as Goodwill Amortizations in the 1st half of 2006.

	R$ million	
	2006	
	4th Quarter	**Year**
Reported Net Income	**1,703**	**5,054**
Extraordinary Events in the Period:		
(+) Full Goodwill Amortization (3rd quarter/06)		2,109
(-) Sale of investment in Usiminas	(219)	(219)
(+) Supplementary Labor Provision	-	309
(+) Extraordinary Non-Technical Health Insurance Provision	387	387
(-) Activated Tax Credit of Previous Periods	(194)	(398)
(-) Fiscal Effects	(57)	(879)
Recurring Net Income	**1,620**	**6,363**
(+) Goodwill Amortization (1st half/06)		433
(-) Fiscal Effect of Goodwill Amortization		(147)
Recurring Net Income Adjusted by Goodwill Amortizations of 1st half of 2006	**1,620**	**6,649**

Recurring Net Income Adjusted by Goodwill Amortizations in the 1st half of 2006 was R$6,649 million in 2006 and R$1,620 million in the 4th quarter of 2006.

Returns on Stockholders Equity Recurring Net Income Adjusted by Goodwill Amortizations of the 1st half of 2006 (Annualized)

	2006	
	4th Quarter	**Year**
Return on Equity ROE	29.0%	27.0%
Return on Average Equity ROAE	32.3%	31.4%
Return on Assets ROA	2.5%	2.5%
Return on Average Assets ROAA	2.6%	2.8%

Reported Net Income x Recurring Net Income Adjusted by Goodwill Amortizations of the 1st half of 2006
R$ million

For comparability and analysis purposes, in this Report on Economic and Financial Analysis, we are considering the Recurring Net Income of the year and of the 4th quarter of 2006, in the amount of R$6,363 million and R$1,620 million, respectively.

Summarized Analysis of the Statement of Recurring Income

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

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

Year/05 x Year/06 R$ million

	2005									
		Adjustments					Adjustments			
	Reported Statement of Income	Fiscal Hedge (1)	Belgo - Mineira (2)	Health Provision (3)	Adjusted Statement of Income	Reported Statement of Income	Fiscal Hedge (1)	Labor (4)	Health Provision (5)	Usimina (6)
Net Interest Income (a)	17,281	(406)	(327)		16,548	20,394	(337)			(219
Allowance for Doubtful Accounts PDD (b)	(2,507)				(2,507)	(4,412)				
Intermediation Gross Income	14,774	(406)	(327)		14,041	15,982	(337)			(219
Insurance, Private Pension Plan and Certificated Savings Plans Operating Income (c)	294			327	621	638			387	
Fee and Commission Income (d)	7,349				7,349	8,898				
Personnel Expenses (e)	(5,312)				(5,312)	(5,932)				
Supplementary Labor Provisions (3)						(309)		309		
Other Administrative Expenses (e)	(5,142)				(5,142)	(5,870)				
Tax Expenses (e)	(1,878)	51			(1,827)	(2,192)	42			
Other Operating Income/Expenses	(2,232)				(2,232)	(2,731)				

Full Goodwill Amortization (4)						(2,109)				
Operating Income	7,853	(355)	(327)	327	7,498	6,375	(295)	309	387	(219
Non-Operating Income	(106)				(106)	(9)				
Income Tax/Social Contribution and Minority Interest	(2,233)	355	111	(111)	(1,878)	(1,312)	295	(105)	(132)	7
Net Income	5,514		(216)	216	5,514	5,054		204	255	(144

(1) the partial result of derivatives used for hedge effect of investments Abroad, which in terms of Net Income, simply annuls the fiscal and tax effect (IR/CS and PIS/COFINS) of the hedge strategy;
(2) the positive result reached in the disposal of part of our stake in Belgo-Mineira in the period of 2005;
(3) the extraordinary provision in the Individual Health portfolio related to the level of premiums for insurance holders above 60 years old of plans prior to Law 9,656/98 and for the benefits related to *planos remidos* ;
(4) the supplementary constitution of provision for labor proceedings, due to CVM Resolution 489;
(5) extraordinary non-technical provision in the Individual Health portfolio related to the differences between the restatement of the plans and the corresponding medical and hospital costs;
(6) positive result recorded in the sale of our share in Usiminas in the 4^{th} quarter of 2006;
(7) activation of fiscal credits of previous periods; and
(8) full goodwill amortization in subsidiaries made in 3Q06.

Bradesco s recurring net income in 2006 reached R$6,363 million, accounting for a 15.4% increase in relation to net income of 2005. Bradesco s Stockholders Equity amounted to R$24,636 million as of December 31, 2006, equivalent to a 26.9% increase compared to the balance as of December 31, 2005. Consequently, the annualized return on Average Stockholders Equity (ROAE) reached 30.0% . Total consolidated assets reached R$265,547 million as of December 31, 2006, accounting for a 27.2% growth in relation to the balance of same date of the previous year. The annualized return on Average Assets (ROAA), in 2006, was 2.7% . Earnings per stock reached R$6.36.

The main items influencing net income in 2006, compared to the previous year, can be seen below:

(a) Net Interest Income R$3,290 million

Such growth is basically due to interest component, with a share of R$2,538 million, mainly caused by an increment in the business volume, pointing out a 19.2% increase in the volume of loan operations for individuals in 2006, mainly concerned with consumer sales and personal loan financing, the spread of which is higher . In the non-interest component, with a share of R$752 million, the highlight was for the largest gains of TVM and treasury in 2006.

(b) Allowance for Doubtful Accounts R$1,905 million

The variation is mostly due to an 18.6% increase in the volume of loan operations in the 12-month period ended on December 31, 2006, pointing out the individual client operations, with an increase of 19.2%, mainly under the type personal loan , which in view of its specific characteristic requires a higher volume of provision, as well as the increase of the delinquency ratio, as noticed in all Brazilian Financial System.

(c) Income from Insurance,Private Pension Plans and Certificated Savings Plans Operations R$404 million

The evolution is mostly due to: (i) the recovery in sales of private pension products; and (ii) the increase in the result of Auto/RCF segment.

(d) Fee and Commission Income R$1,549 million

The increase in the period is mainly due to a higher volume of operations, combined with the improvement in the segmentation process and BEC and Amex Brasil consolidation, pointing out the items Income from Cards R$457 million, Checking Accounts R$326 million, Loan Operations R$253 million and Fund Management R$198 million.

(e) Personnel, Administrative and Tax Expenses R$(1,671) million

Out of such amount, R$620 million of personnel expenses is basically due to: (i) the increase in salary levels resulting from the collective bargaining agreement of 2005, which had an impact of 8 months compared to 2005; (ii) the increase in the salary levels resulting from the 2006 collective bargaining agreement; (iii) the higher expenses with provision for labor proceedings (normal) in the period of 2006; and (iv) the consolidation of BEC and Amex Brasil.

The R$728 million of other administrative expenses basically refer to: (i) the effects on increased volume of business; (ii) the consolidation of BEC and Amex Brasil; (iii) the investments in the improvement and optimization of the technological platform; and (iv) contractual adjustments in the period.

The R$323 million of tax expenses derive basically from the increase of R$220 million in PIS/COFINS expenses and of R$47 million with ISS, due to the increase in taxable income.

3rd Quarter/06 x 4th Quarter/06 R$ million

	3rd Qtr./06						4th Qtr./06			
		Adjustments						Adjustments		
	Reported Statement of Income	**Fiscal Hedge (1)**	**Labor (2)**	**Tax Credit (3)**	**Goodwill (4)**	**Adjusted Statementof Income**	**Reported Statement of Income**	**Fiscal Hedge (1)**	**Health Provision (5)**	**Usimina (6)**
Net Interest Income (a)	4,852	15				4,867	5,321	(57)		(219
Allowance for Doubtful Accounts PDD (b)	(1,169)					(1,169)	(1,189)			
Intermediation Gross Income	**3,683**	**15**				**3,698**	**4,132**	**(57)**		**(219**
Insurance, Private Pension Plans and Certificated Savings Plans Operating Income (c)	326					326	(43)		387	
Fee and Commission Income (d)	2,343					2,343	2,424			
Personnel Expenses (e)	(1,584)					(1,584)	(1,460)			
Supplementary Labor Provisions (2)	(309)		309							
Other Administrative Expenses (e)	(1,507)					(1,507)	(1,671)			
Tax Expenses (e)	(530)	(2)				(532)	(584)	7		
Other Operating Income/Expenses	(587)					(587)	(737)			
Full Goodwill Amortization (3)	(2,109)				2,109					
Operating Income	**(274)**	**13**	**309**		**2,109**	**2,157**	**2,061**	**(50)**	**387**	**(219**
Non-Operating Income	41					41	(29)			
Income Tax/Social Contribution and Minority Interest	452	(13)	(105)	(204)	(717)	(587)	(329)	50	(132)	75
Net Income	**219**		**204**	**(204)**	**1,392**	**1,611**	**1,703**		**255**	**(144**

(1) partial result of derivatives used for hedge effect of investments abroad, which in terms of Net Income, simply annuls the fiscal and tax effect (IR/CS and PIS/COFINS) of this hedge strategy;
(2) extraordinary constitution of provisions for labor proceedings, according to CVM Resolution no. 489 made in the 3rd quarter of 2006;
(3) activation of the fiscal credits of previous periods;
(4) full goodwill amortization in subsidiaries made in 3Q06;
(5) extraordinary non-technical provision in the Individual Health portfolio related to the differences between the restatement of the plans and the corresponding medical and hospital costs;
(6) positive result recorded in the sale of our share in Usiminas in the 4th quarter of 2006;

In the 4th quarter of 2006, Bradesco s Recurring Net Income reached R$1,620 million, which corresponds to a 0.6% growth when compared to the 3rd quarter of 2006. Bradesco s Stockholders Equity amounted to R$24,636 million on December 31, 2006, a 13.1% increase in relation to September 31, 2006. Total consolidated assets reached R$265,547 million as of December 31, 2006, growing 9.2% in the quarter.

The main items influencing net income in the 4th quarter of 2006 compared to the previous quarter can be seen below:

(a) Net Interest Income R$178 million

Such variation is basically due to non-interest component, with an increase of R$225 million, motivated by lower treasury and TVM gains in the 3rd quarter, partially due to the negative adjustment of mark-to-market of derivative financial instruments used as hedge of loan operations market risk in the country adversely affected by the interest component in the amount of R$47 million resulting, basically, from the drop recorded in the spreads.

(b)Allowance for Doubtful Accounts R$(20) million

The variation is due to the slight growth of the delinquency ratio, mitigated by the increase of 6.4% in the volume of loan operations businesses of corporate clients, which require a lower volume of provision.

(c) Income from Insurance, Private Pension Plans and Certificated Savings Plans Operations R$18 million

The evolution is basically due to the improvement in the result of Pension Plans products.

(d)Fee and Commission Income R$81 million

The increase is mostly due to an expansion in the volume of operations in the quarter, reflecting substantially in Income from Cards R$27 million, Checking Accounts R$15 million, Loan Operations R$17 million and Charging R$7 million.

(e) Personnel, Administrative and Tax Expenses R$(85) million

Out of this amount, the increase of R$164 million in administrative expenses is basically due to the seasonal increase of advertising expenses in R$109 million. The growth of R$45 million of tax expenses derives mostly from higher CPMF expenses, R$32 million. The decrease in personnel expenses of R$124 million is related basically to lower PLR expenses in the amount of R$85 million and labor proceedings R$13 million, offset by the increased salary levels resulting from the 2006 collective bargaining agreement (3.5%), which had an impact in expenses of R$6 million, with R$30 million of increase in payroll in 4Q06, against R$10 million of increase in payroll and R$14 million of restatement of labor liabilities in 3Q06.

Highlights

Recurring Income

	R$ million					
	Years		Variation	2006		Variation
	2005	2006	%	3rd Qtr.	4th Qtr.	%
Adjusted Net Interest Income	16,548	19,838	19.9	4,867	5,045	3.7
Allowance for Doubtful Accounts Expenses	2,507	4,412	76.0	1,169	1,189	1.7
Fee and Commission Income	7,349	8,898	21.1	2,343	2,424	3.5
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	13,647	15,180	11.2	3,807	4,627	21.5
Personnel Expenses	5,312	5,932	11.7	1,584	1,460	(7.8)
Other Administrative Expenses	5,142	5,870	14.2	1,507	1,671	10.9
Operating Income	7,498	8,666	15.6	2,157	2,179	1.0
Recurring Net Income	**5,514**	**6,363**	**15.4**	**1,611**	**1,620**	**0.6**

Balance Sheet

	R$ million					
	December		Variation	2006		Variation
	2005	2006	%	September	December	%
Total Assets	208,683	265,547	27.2	243,192	265,547	9.2
Securities and Derivative Financial Instruments	64,451	97,250	50.9	73,022	97,250	33.2
Loan and Leasing Operations	81,130	96,219	18.6	92,013	96,219	4.6
Permanent Assets	4,358	3,492	(19.9)	3,713	3,492	(6.0)
Deposits	75,406	83,905	11.3	78,853	83,905	6.4
Borrowings and Onlendings	16,563	17,419	5.2	16,640	17,419	4.7
Technical Provisions	40,863	48,742	19.3	45,719	48,742	6.6
Stockholders Equity	19,409	24,636	26.9	21,773	24,636	13.1

Change in Number of Outstanding Stocks

	Common stocks	Preferred stocks	Total
Number of Outstanding Stocks on December 31, 2005	**489,450,004**	**489,938,838**	**979,388,842**
Stocks Acquired and Cancelled		(30,000)	(30,000)
Stocks Acquired and not Cancelled	(287,700)	(6,400)	(294,100)

Capital Increase by Subscription	10,909,152	10,909,030	21,818,182
Number of Outstanding Stocks on December 31, 2006	**500,071,456**	**500,811,468**	**1,000,882,924**

Stock Performance

	R$					
	Years		**Variation**	**2006**		**Variation**
	2005	**2006**	**%**	**3rd Qtr.**	**4th Qtr.**	**%**
Net Income per Stock (*)	5.63	6.36	13.0	1.65	1.62	(1.8)
Dividends/JCP per Stock common (after income tax) (*)	1.605	1.876	16.9	0.889	0.038	(95.7)
Dividends/JCP per Stock preferred (after income tax) (*)	1.766	2.063	16.8	0.978	0.042	(95.7)
Book Value per Stock (common and preferred) (*)	19.82	24.61	24.2	22.23	24.61	10.7
Last Business Day Price common	64.49	82.95	28.6	68.70	82.95	20.7
Last Business Day Price preferred	67.70	86.50	27.8	71.99	86.50	20.2
Market Value (R$ million) (**)	64,733	84,801	31.0	68,883	84,801	23.1

(*) For 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 closing price of Common and Preferred stocks of the last day of the period. N.B. In 4th quarter of 2006 and in the fiscal year of 2006, the calculation comprises the capital increase occurred as of 12.7.2006.

Cash Generation

	R$ million					
	2005			2006 (*)		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Net Income	1,430	1,463	5,514	1,611	1,620	6,363
Equity in the Earnings of Affiliated Companies	(64)	(7)	(76)	(7)	(30)	(72)
Allowance for Doubtful Accounts	540	770	2,507	1,169	1,189	4,412
Allowance/Reversal for Mark-to-Market Adjustment	3	8	(19)		(42)	9
Depreciation and Amortization	109	134	469	128	130	481
Goodwill Amortization	86	183	453			433
Other	34	3	110	16	7	26
Total	**2,138**	**2,554**	**8,958**	**2,917**	**2,874**	**11,652**

(*) It considers the Recurring Net Income.

Added Value with Hedge Adjustment and without Extraordinary Events

	R$ million					
	2005			2006		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Added Value (A+B+C)	**4,034**	**3,835**	**14,522**	**4,311**	**4,187**	**16,731**
A Gross Income from Financial Intermediation	3,797	3,833	14,041	3,698	3,856	15,426
B Fee and Commission Income	1,918	2,010	7,349	2,343	2,424	8,898
C Other Operating Income/Expenses	(1,681)	(2,008)	(6,868)	(1,730)	(2,093)	(7,593)
Distribution of Added Value (D+E+F+G)	**4,034**	**3,835**	**14,522**	**4,311**	**4,187**	**16,731**
D Employees	1,315	1,185	4,649	1,391	1,273	5,196
E Government	1,289	1,187	4,359	1,309	1,294	5,172
F JCP/Dividends to Stockholders (paid and provisioned) (*)	612	344	1,881	972	40	2,160
G Profit Reinvestment	818	1,119	3,633	639	1,580	4,203
Distribution of Added Value percentage	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Employees	32.6	30.9	32.0	32.4	30.4	31.1
Government	32.0	30.9	30.0	30.4	30.9	30.9
JCP/Dividends to Stockholders (paid and provisioned) (*)	15.2	9.0	13.0	22.5	1.0	12.9
Profit Reinvestments	20.2	29.2	25.0	14.7	37.7	25.1

(*) In the 3rd quarter of 2006, the Board of Directors Meeting resolutions of 10.05.2006 are considered.

Fixed Assets to Stockholders Equity Ratio Calculation

	R$ million			
	2005		2006	
	September	December	September	December
Stockholders Equity + Minority Stockholders	**18,316**	**19,467**	**21,829**	**24,694**
Subordinated Debts	6,077	6,290	10,265	10,411
Tax Credits	(82)	(99)	(149)	(59)
Exchange Membership Certificates	(66)	(69)	(80)	(84)
Reference Equity (A) (*)	**24,245**	**25,589**	**31,865**	**34,962**
Permanent Assets	7,576	7,817	8,642	8,912
Fixed Assets and Leasing	(2,960)	(3,370)	(4,844)	(5,334)
Unrealized Leasing Losses	(96)	(99)	(100)	(102)
Other Adjustments	(66)	(69)	92	799
Total Fixed Assets (B) (*)	**4,454**	**4,279**	**3,790**	**4,275**
Fixed Assets to Stockholders Equity Ratio (B/A) - %	**18.4**	**16.7**	**11.9**	**12.2**
Margin	**7,669**	**8,516**	**12,143**	**13,206**

(*) 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 2,283.

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Performance Ratios (annualized) in percentage (*)

	2005			2006		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Return on Stockholders Equity (total)	35.2	33.7	28.4	33.0	29.0	25.8
Return on Stockholders Equity (average)	36.5	35.3	32.1	32.7	32.3	30.0
Return on Total Assets (total)	2.9	2.8	2.6	2.7	2.5	2.4
Return on Total Assets (average)	2.9	2.9	2.8	2.7	2.6	2.7
Stockholders Equity on Total Assets	9.0	9.3	9.3	9.0	9.3	9.3
Capital Adequacy Ratio (Basel) Financial Consolidated	17.7	17.3	17.3	18.4	18.8	18.8
Capital Adequacy Ratio (Basel) Total Consolidated	15.5	15.2	15.2	16.2	16.5	16.5
Fixed Assets to Stockholders' Equity Ratio Financial Consolidated	42.8	45.3	45.3	46.0	48.0	48.0
Fixed Assets to Stockholders' Equity Ratio Total Consolidated	18.4	16.7	16.7	11.9	12.2	12.2
Expanded Combined Ratio	86.9	91.8	89.8	82.5	86.9	84.9
Efficiency Ratio (12 months accumulated)	47.0	45.6	45.6	42.4	42.1	42.1

(*) Recurring net income was used for calculations involving the 3rd and 4th quarter of 2006 as well as the fiscal year of 2006.

Market Share Consolidated in percentage

	2005		2006	
	September	December	September	December
Banks Source: BACEN				
Time Deposit	10.0	9.8	9.6	ND
Savings Deposit	15.3	15.5	14.6	ND
Demand Deposit	17.5	15.9	17.4	ND
Loan Operations	12.7	12.6	12.5	12.3 (*)
Number of Branches	16.7	16.5	16.8	16.6
Banks Source: ANBID				
Investment Funds + Portfolios	15.2	15.2	14.7	14.9
Banks Source: Federal Revenue Secretariat				
CPMF	20.0	20.0	19.8	19.8
Insurance, Private Pension Plans and Certificated Savings Plans Source: SUSEP and ANS				
Insurance, Private Pension Plans and Certificated Savings Plans Premiums	25.0	25.6	25.1	25.5 (*)
Insurance Premiums (including VGBL)	25.3	26.1	25.3	25.8 (*)
	27.2	26.7	28.6	25.8 (*)

Revenues from Pension Plans Contributions (excluding VGBL)				
Revenues from Certificated Savings Plans	20.3	20.5	19.8	20.0 (*)
Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	38.0	37.9	37.1	37.1 (*)
Insurance and Private Pension Plans Source: ANAPP				
Revenues from VGBL Premiums	43.5	44.8	42.5	42.9 (*)
Revenues with PGBL Contributions	25.2	27.6	32.8	31.7 (*)
Private Pension Plans Investment Portfolios (including VGBL)	44.7	43.9	42.6	42.3 (*)
Credit Card Source: ABECS				
Credit Card Revenue	10.7	10.7	14.8	15.5
Leasing Source: ABEL				
Active Operations	11.4	11.5	11.8	11.5 (*)
Banco Finasa Source: BACEN				
Finabens (Portfolio)	20.9	21.7	20.7	20.6 (*)
Auto (Portfolio) This includes Banco Bradesco	27.2	22.9	25.8	25.7 (*)
Consortia Source: BACEN				
Real Properties	21.4	24.1	26.3	27.3
Auto	15.2	16.2	17.1	20.2
Trucks, Tractors and Agricultural Implements	2.9	3.2	5.8	6.3
International Area Source: BACEN				
Export Market	20.1	20.2	22.8	22.3 (**)
Import Market	14.7	14.5	15.0	15.4 (**)

(*) Reference date: November 2006
(**) Previous data
ND Not available

Other Information

	2006		**Variation**	**December**		**Variation**
	September	**December**	**%**	**2005**	**2006**	**%**
Assets under Management in R$ million	358,557	386,586	7.8	309,048	386,586	25.1
Number of Employees	78,319	79,306	1.3	73,881	79,306	7.3
Number of Branches	3,002	3,008	0.2	2,921	3,008	3.0
Checking Account Holders million	16.8	16.8		16.5	16.8	1.8
Savings Account Holders million	32.8	35.2	7.3	35.1	35.2	0.3
Debit and Credit Card Base million	53.3	58.0	8.8	47.6	58.0	21.8

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Bradesco s Stocks

Number of Stocks (in thousands) Common and Preferred Stocks (*)

	December				2006	
	2002	**2003**	**2004**	**2005**	**September**	**December**
Common	431,606	479,018	476,703	489,450	489,296	500,071
Preferred	425,122	472,164	472,163	489,939	489,903	500,812
Subtotal Outstanding Stocks	**856,728**	**951,182**	**948,866**	**979,389**	**979,199**	**1,000,883**
Treasury Stocks	5,878	344		464	624	758
Total	**862,606**	**951,526**	**948,866**	**979,853**	**979,823**	**1,001,641**

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

On December 31, 2006, Bradesco s capital stock was R$14.2 billion, composed of 1,001,641,324 stocks, of which 500,823,456 are common and 500,817,868 are preferred, non-par and book-entry stocks. The largest stockholder is the holding company Cidade de Deus Participações, which directly holds 48.46% of our voting capital and 24.32% 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 e Investimento. Elo Participações e Investimento has as stockholders the majority of members of Bradesco s Board of Directors and Statutory Executive Board (see page 130).

Quantity of Stockholders Resident in the Country and Abroad

	December				2006	
	2002	**2003**	**2004**	**2005**	**September**	**December**
Individuals	2,153,800	2,158,808	1,254,044	1,244,572	1,253,294	1,248,275
Corporate	179,609	180,559	116,894	116,225	116,398	116,040
Subtotal Residents in the Country	**2,333,409**	**2,339,367**	**1,370,938**	**1,360,797**	**1,369,692**	**1,364,315**
Residents Abroad	373	465	3,780	3,701	3,697	3,689
Total	**2,333,782**	**2,339,832**	**1,374,718**	**1,364,498**	**1,373,389**	**1,368,004**

Concerning Bradesco s stockholders, domiciled in the country and overseas, on December 31, 2006, 1,364,315 stockholders were domiciled in Brazil, accounting for 99.73% of total stockholders base and holding 71.35% of the Bradesco s outstanding stocks.

Whereas the number of stockholders living abroad was 3,689, representing 0.27% of total stockholders base and holding 28.65% of Bradesco s outstanding stocks.

Market Value R$ million

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

Market Value / Stockholders Equity

Market Value/Stockholders Equity: indicates the number of times Bradesco s market value is higher than its book value.
Formula used: quantity of common and preferred stocks multiplied by the closing price of Common and Preferred stocks of the last business day of the period. The amount is divided by the book value of the period.

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

Dividend Yield: is the ratio of the stock price and dividends and/or interest on own capital 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 over the past 12 months, which is divided by preferred stock closing price of the last business day of the period.
(*) The Board of Directors Meeting resolutions of 10.5.2006 are considered.

Payout Index   in percentage

Payout Index: indicates the percentage of net income paid as dividends/interest on own capital.
Formula used: amount received by stockholders as dividends and/or interest on own capital, which is divided by net income adjusted by legal reserve (5% of net income).

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

Source: Economática

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

(*) For comparison purposes, 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.

(**) Recurring Net Income was used.

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

Source: Economática

Bradesco Stock Performance

Bradesco s preferred stocks appreciated by 33.1% (adjusted by dividends) at the end of 2006, whereas Ibovespa appreciated by 32.9% .

The year of 2006 was highlighted by the volatility of the worldwide markets, in particular the emerging ones, mainly due to concerns in relation to the performance of the US economy, which lead to a movement of income realization during the second quarter. At the end of the year the perception that the tightening cycle of the North American monetary policy was ending allowed a strong recovery of greater part of the worldwide markets, including the Brazilian market.

In its turn, the banking sector continued presenting a positive performance, however with no surprises as in previous years. During the year the main concern was the delinquency, which showed a slowdown in growth at the end of 2006.

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Statement of Recurring Income

	R$ million					
	Years			2006		
	2005	2006	Variation %	3rd Qtr.	4th Qtr.	Variation %
Revenues from Financial Intermediation	**32,967**	**37,665**	**14.3**	**9,623**	**9,566**	**(0.6)**
Loan Operations	16,704	20,055	20.1	5,258	5,113	(2.8)
Leasing Operations	444	653	47.1	174	193	10.9
Securities Transactions	5,552	6,090	9.7	1,794	1,716	(4.3)
Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans	6,171	6,888	11.6	1,591	1,841	15.7
Derivative Financial Instruments	1,983	1,923	(3.0)	303	291	(4.0)
Foreign Exchange Transactions	618	730	18.1	168	98	(41.7)
Compulsory Deposits	1,495	1,326	(11.3)	335	314	(6.3)
Expenses From Financial Intermediation (not including PDD)	**16,419**	**17,827**	**8.6**	**4,756**	**4,521**	**(4.9)**
Market Funding Operations	11,285	11,995	6.3	3,431	3,011	(12.2)
Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	3,765	4,005	6.4	908	1,139	25.4
Borrowings and Onlendings	1,360	1,819	33.8	415	369	(11.1)
Leasing Operations	9	8	(11.1)	2	2	
Net Interest Income	**16,548**	**19,838**	**19.9**	**4,867**	**5,045**	**3.7**
Allowance for Doubtful Accounts	(2,507)	(4,412)	76.0	(1,169)	(1,189)	1.7
Gross Income from Financial Intermediation	**14,041**	**15,426**	**9.9**	**3,698**	**3,856**	**4.3**
Other Operating Income (Expenses)	**(6,543)**	**(6,760)**	**3.3**	**(1,541)**	**(1,677)**	**8.8**
Fee and Commission Income	7,349	8,898	21.1	2,343	2,424	3.5
Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans	**621**	**1,025**	**65.1**	**326**	**344**	**5.5**
(+) Net Premiums Written	**16,825**	**19,022**	**13.1**	**4,714**	**5,662**	**20.1**
(-) Reinsurance Premiums and Redeemed Premiums	**(3,178)**	**(3,842)**	**20.9**	**(907)**	**(1,035)**	**14.1**
(=) Retained Premiums from Insurance, Private Pension Plans and Certificated Savings Plans	**13,647**	**15,180**	**11.2**	**3,807**	**4,627**	**21.5**
Retained Premiums from Insurance	7,394	8,083	9.3	2,074	2,110	1.7
Private Pension Plans Contributions	4,833	5,679	17.5	1,381	2,117	53.3
Income on Certificated Savings Plans	1,420	1,418	(0.1)	352	400	13.6
Variation in Technical Provisions for Insurance,						

Private Pension Plans and Certificated Savings Plans	**(2,429)**	**(3,515)**	**44.7**	**(901)**	**(1,569)**	**74.1**
Variation in Technical Provisions for Insurance	(325)	(622)	91.4	(151)	(85)	(43.7)
Variation in Technical Provisions for Private Pension Plans	(2,105)	(2,880)	36.8	(747)	(1,480)	98.1
Variation in Technical Provisions for Certificated Savings Plans	1	(13)		(3)	(4)	33.3
Retained Claims	(5,825)	(6,127)	5.2	(1,490)	(1,652)	10.9
Certificated Savings Plans Draws and Redemptions	(1,229)	(1,222)	(0.6)	(305)	(344)	12.8
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	**(961)**	**(1,023)**	**6.5**	**(260)**	**(269)**	**3.5**
Insurance Products Selling Expenses	(774)	(816)	5.4	(206)	(209)	1.5
Private Pension Plans Selling Expenses	(169)	(190)	12.4	(48)	(56)	16.7
Certificated Savings Plans Selling Expenses	(18)	(17)	(5.6)	(6)	(4)	(33.3)
Expenses with Private Pension Plans Benefits and Redemptions	(2,582)	(2,268)	(12.2)	(525)	(449)	(14.5)
Personnel Expenses	(5,312)	(5,932)	11.7	(1,584)	(1,460)	(7.8)
Other Administrative Expenses	(5,142)	(5,870)	14.2	(1,507)	(1,671)	10.9
Tax Expenses	(1,827)	(2,150)	17.7	(532)	(577)	8.5
Equity in the Earnings of Affiliated Companies	76	72	(5.3)	7	30	328.6
Other Operating Income	1,097	1,420	29.4	419	430	2.6
Other Operating Expenses	(3,405)	(4,223)	24.0	(1,013)	(1,197)	18.2
Operating Income	**7,498**	**8,666**	**15.6**	**2,157**	**2,179**	**1.0**
Non-Operating Income	**(106)**	**(9)**	**(91.5)**	**41**	**(29)**	
Income before Taxes and Profit Sharing	**7,392**	**8,657**	**17.1**	**2,198**	**2,150**	**(2.2)**
Taxes on Income	(1,869)	(2,285)	22.3	(585)	(528)	(9.7)
Minority Interest in Consolidated Subsidiaries	(9)	(9)		(2)	(2)	
Net Income	**5,514**	**6,363**	**15.4**	**1,611**	**1,620**	**0.6**
Annualized Return on Stockholders Equity (%)	**28.4**	**25.8**		**33.0**	**29.0**	

Analysis of the Statement of Recurring Income R$ million

Income from Loan Operations and Leasing Result

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
17,139	**20,700**	**20.8**	**5,430**	**5,304**	**(2.3)**

In the year, income was up mainly as a result of: (i) the increase in the volume of the loan portfolio, which totaled R$96,219 in December/06 against R$81,130 in December/05, i.e., a 18.6% increase, particularly in the individual client portfolio, up by 19.2%, which shows higher profitability, pointing out Auto and Personal Loan products, while in the corporate portfolio there was an increase of 18.2%, pointing out BNDES Onlending , Operations Abroad and Working Capital products; (ii) lower exchange loss variation of 8.7% in the year/06, against an exchange loss variation of 11.8% in the year/05, affecting foreign currency indexed and/or denominated operations, which comprise 9.5% of total Loan and Leasing Operations, basically derived from corporate portfolio (excluding Advances on Foreign Exchange Contracts (ACC)); which was partially affected: (iii) by the decrease in average interest rates, observing the 15.0% CDI variation in the year/06, against 19.0% in the year/05.

The variation in income in the quarter was mainly due to: (i) the drop in the average interest rates, observing the 3.1% CDI variation in 4Q06, against 3.5% in 3Q06; and (ii) by exchange loss variation of 1.7% in 4Q06, against exchange gain variation of 0.5% in 3Q06, affecting our foreign currency indexed and/or denominated operations, comprising 9.5% of total Loan and Leasing Operations, basically derived from the corporate portfolio (excluding Advances on Foreign Exchange Contracts (ACC)); which was partially mitigated: (iii) by an increase of 4.6% in the loan portfolio volume, which reached the amount of R$96,219 in December/06, against R$92,013 in September/06, considering that the individual client portfolio had a growth of 2.0%, which shows higher profitability than the corporate portfolio, pointing out the products connected to the consumer financing, while in the c orporate portfolio, there was an increase of 6.4%, pointing out Operations Abroad , Working Capital and BNDES Onlending products.

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

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
7,535	**8,013**	**6.3**	**2,097**	**2,007**	**(4.3)**

The increase in income in the year is practically due to: (i) higher non-interest income gains of R$558; (ii) lower exchange loss variation of 8.7% in the year/06, against an exchange loss variation of 11.8% in the year/05, impacting on the foreign currency indexed and/or denominated operations, comprising 6.2% of the portfolio; which was partially offset: (iii) by the reduction in the average interest rates, observing the 15.0% CDI variation in the year/06, against 19.0% in the year/05.

The variation in income in the quarter is mainly due to: (i) the exchange gain variation of 1.7% in 4Q06, against exchange gain variation of 0.5% in 3Q06, impacting on the foreign currency indexed and/or denominated operations, comprising 6.2% of the portfolio; (ii) a reduction in the average interest rates, observing the 3.1% CDI variation in 4Q06, against 3.5% in 3Q06; partially offset: (iii) by higher non-interest income gain R$57, basically with treasury.

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

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
6,171	**6,888**	**11.6**	**1,591**	**1,841**	**15.7**

The growth in the year was basically due to: (i) an increase in the volume of the securities portfolio, mainly comprising federal government bonds, which are linked to technical provisions, especially VGBL and PGBL products; (ii) a higher IGP-M variation of 3.8% in the year/06, against 1.2% in the year/05; (iii) higher non-interest income of R$461 in the year/06, against R$254 in the year/05, arising from higher gains of securities; partially mitigated by: (iv) the reduction in the average interest rates, observing the 15.0% CDI variation in the year/06, against 19.0% in the year/05.

The growth in the quarter was substantially due to: (i) higher non-interest income of R$147 in 4Q06, against R$28 in 3Q06; (ii)higher IGP-M variation of 1.5% in 4Q06, against 0.8% in 3Q06; and (iii) increase in the volume of securities portfolio, mainly comprising federal government bonds, which are linked to technical provisions, especially VGBL and PGBL products.

Foreign Exchange Transactions

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
618	**730**	**18.1**	**168**	**98**	**(41.7)**

This item should be analyzed deducted from expenses with foreign funding, used for import/export operation financing, in accordance with Note 11a. After the deductions, the result would be R$244 in the year/05 and R$345 in the year/06, mostly influenced by an increase

This item should be analyzed deducted from expenses with foreign funding, used for import/export operation financing, in accordance with Note 11a. After such deductions, the result had a drop, being R$96 in 3Q06 and R$90 in 4Q06, for the reduction in the average in the average volume of foreign exchange portfolio in the year.

volume of the foreign exchange portfolio in the quarter.

Compulsory Deposits

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
1,495	**1,326**	**(11.3)**	**335**	**314**	**(6.3)**

The variation in the year is basically due to: (i) a reduction in the CDI rate of 15.0% in the year/06, against 19.0% in the year/05, used to remunerate the additional compulsory deposit; (ii) a reduction in Reference Rate TR from 2.0% in the year/06 against 2.8% in the year/05, which composes the remuneration of compulsory deposit over savings deposits; which was offset: (iii) by the increase in the average volume of deposits in the year.

The variation in the quarter is essentially due to: (i) the decrease in Reference Rate TR from 0.6% in 3Q06 to 0.5% in 4Q06; (ii) the reduction in CDI rate from 3.5% in 3Q06 to 3.1% in 4Q06, used to remunerate the additional compulsory deposit; offset: (iii) by an increase in the average volume of deposits in the quarter.

Market Funding Operations Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
11,285	**11,995**	**6.3**	**3,431**	**3,011**	**(12.2)**

The variation in the year is mostly due to: (i) the increase in the average funding balance; (ii) lower exchange loss variation of 8.7% in the year/06, against exchange loss variation of 11.8% in the year/05, impacting the foreign currency indexed and/or denominated funding; which was

The reduction in the quarter mainly derives from: (i) the reduction in the average interest rates, observing the 3.1% CDI variation in 4Q06, against 3.5% in 3Q06, mainly affecting the time deposits expenses and purchase and sale commitments; and (ii) the exchange loss variation offset by: (iii) reduction in the average interest rates, observing the 15.0% CDI variation in the year/06, against 19.0% in the year/05, mainly affecting the time deposits expenses and purchase and sale commitments; and (iv) a reduction in Reference Rate TR from 2.8% in the year/05 to 2.0% in the year/06, impacting on the remuneration of savings deposits.

of 1.7% in 4Q06, against exchange gain variation of 0.5% in 3Q06, impacting on the foreign currency indexed and/or denominated funding; which was partially offset: by the increase in the average funding balance in 4Q06.

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

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
3,765	**4,005**	**6.4**	**908**	**1,139**	**25.4**

The increase in the year is basically due to: (i) higher average balance of technical provisions, especially PGBL and VGBL products; (ii) higher IGP-M variation of 3.8% in the year/06, against 1.2% in the year/05, one of the indexes which also remunerates the technical provisions; partially mitigated: (iii) by the reduction in the average interest rates, observing the 15.0% CDI variation in the year/06, against 19.0% in the year/05.

The variation in the quarter is mainly due to: (i) higher average balance of technical provisions, especially PGBL and VGBL products; and (ii) higher IGP-M variation of 1.5% in 4Q06, against 0.8% in 3Q06, one of the indexes which also remunerates the technical provisions; partially mitigated: (iii) by the drop in the average interest rates, observing the 3.1% CDI variation in 4Q06, against 3.5% in 3Q06.

Borrowings and Onlendings Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
1,360	**1,819**	**33.8**	**415**	**369**	**(11.1)**

The variation in the year is mainly due to the lower exchange loss variation of 8.7% in the year/06, against exchange loss variation of 11.8% in the year/05, impacting on foreign currency indexed and/or denominated borrowings and onlendings, which represent 35.0% of the Borrowings and Onlendings portfolio.

The decrease in the quarter is mainly due to: (i) the lower expense with bankers abroad of R$66, due to the lower volume of these operations; and (ii) the exchange loss variation of 1.7% in 4Q06, against exchange gain variation of 0.5% in 3Q06, impacting on foreign currency indexed and/or denominated borrowings and onlendings, which represent 35.0% of the Borrowings and Onlendings portfolio.

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Net Interest Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
16,548	**19,838**	**19.9**	**4,867**	**5,045**	**3.7**

The variation of R$3,290 in net interest income is composed of: (i)increase in interest income operations of R$2,538, mainly due to a growth in the business volume; and (ii) higher non-interest income of R$752, basically due to higher securities and treasury gains.

The variation of R$178 in net interest income is composed of: (i) the increase in non-interest income of R$225, partially due to the mark-to-market negative adjustment of derivative financial instruments, used as market risk hedge of loan operations in the country occurred in 3Q06, partially affected (ii) by the reduction in interest income operations of R$47, mainly for the drop verified in spreads.

Allowance for Doubtful Accounts Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
2,507	**4,412**	**76.0**	**1,169**	**1,189**	**1.7**

The increase in the year of R$1,905 is compatible with the performance of our loan portfolio, which evolved 18.6%, that is, R$15,089, over the last 12 months, pointing out to the strong growth of the individual client portfolio with 19.2% or R$6,390 in the year, jointly

The variation in the quarter is due to the slight growth of the delinquency ratio, mitigated by the increase of 6.4% in the volume of loan operations businesses of corporate clients, which require a lower volume of provision.

with the deterioration of the payment capacity of our
clients-individuals.

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Fee and Commission Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
7,349	**8,898**	**21.1**	**2,343**	**2,424**	**3.5**

The increase in the year is mainly due to a hike in the volume of operations, combined with a growth in the client base and improvement in the segmentation process, pointing out: (i) card income R$457, which includes the consolidation of Amex Brasil as of 2H/06 R$235; (ii) checking account R$326; (iii) loan operations R$253; (iv) assets under management R$198; (v) collection R$65; (vi) consortium management R$53; and (vii) collection of taxes R$49.

The variation in the quarter is mostly due to expansion of businesses, substantially reflecting on: (i) card income R$27; (ii) loan operations R$17; (iii) checking account R$15; (iv) collection R$7.

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

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
13,647	**15,180**	**11.2**	**3,807**	**4,627**	**21.5**

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

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

a) Retained Premiums from Insurance

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
7,394	**8,083**	**9.3**	**2,074**	**2,110**	**1.7**

The growth in the year basically resulted from: (i) the increase in Health insurance production R$329, substantially to the corporate plan, due to the annual readjustment of the premiums by the variation of medical costs and due to the readjustment of management taxes; (ii) the increase in Life insurance production R$170; (iii) the increase in DPVAT premiums volume R$114; (iv) the recording, in the year/06 of premiums of effective and non-issued risks, which had its accounting system changed by means of the Circular SUSEP 314 in the Auto segment R$83 and in the Basic Lines R$23; partially mitigated: (v) by the reduction of Auto insurance production, due to the fee policy adjustment in search for a better profile of the insured, with the purpose of making the product more competitive R$34.

The growth in the quarter is mainly due to: (i) the increase in the production of Health Insurance segment R$48, substantially due to the corporate plan; (ii) the increase of Life insurance business volume R$26; and partially mitigated (iii) by the lower volume of premiums in the Auto segment R$35.

b) Private Pension Plans Contributions

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
4,833	**5,679**	**17.5**	**1,381**	**2,117**	**53.3**

The increase in the year is mainly due to: (i) the recovery in the sales of VGBL product R$1,468; mitigated by: (ii) the increase in the volume of redemption of VGBL

The growth in the quarter is mainly due to the higher sale of VGBL product R$734, due to the seasonality of the period in which there is an injection of resources in

R$584. The year/05 was influenced by uncertainties generated by changes in the tax legislation, affecting business in that period.
N.B.: according to SUSEP, the recording of VGBL redemptions reduces the retained contributions.

economy (13th salary).
N.B.: according to SUSEP, the recording of VGBL redemptions reduces the retained contributions.

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c) Income on Certificated Savings Plans

Years			2006		
2005	2006	Variation %	3rd Qtr.	4th Qtr.	Variation %
1,420	**1,418**	**(0.1)**	**352**	**400**	**13.6**

The income of certificated savings plans remained practically steady.

The growth in the quarter is mainly due to the larger volume of sale of Pé Quente GP Ayrton Senna (in partnership with Instituto Ayrton Senna), P é Quente Bradesco SOS Mata Atl â ntica (in partnership with Fundação SOS Mata Atlântica) and Pé Quente Bradesco 1000 products, as well as the launching of Pé Quente Bradesco SOS Mata Atlântica 300 product.

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

Years			2006		
2005	2006	Variation %	3rd Qtr.	4th Qtr.	Variation %
(2,429)	**(3,515)**	**44.7**	**(901)**	**(1,569)**	**74.1**

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

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

a) Variation in Technical Provisions for Insurance

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(325)	**(622)**	**91.4**	**(151)**	**(85)**	**(43.7)**

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The main variations occurred in the year/06 were comprised of: (i) higher constitution of premium provisions in the Health portfolio R$357, Life R$132, Auto R$20 and Basic Lines R$15 segments; (ii) constitution of 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$76 and Basic Lines R$22.

The variation in technical provisions is directly related to the sale of insurance in their respective effectiveness periods. The main variation of provisions in 4Q06 occurred in the Auto segment R$45, Health segment R$36 and Life segment R$21.

b) Variation in Technical Provisions for Private Pension Plans

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(2,105)	**(2,880)**	**36.8**	**(747)**	**(1,480)**	**98.1**

Variations in technical provisions are directly related to production, combined with benefits and redemptions. The variations in the year are mainly due to the increase in production of VGBL R$765.

Variations in technical provisions are directly related to production, combined with benefits and redemptions. The variations in the quarter are mainly due to the higher sale of VGBL product R$657.

c) Variation in Technical Provisions for Certificated Savings Plans

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
1	**(13)**		**(3)**	**(4)**	**33.3**

The variation is mainly due to the constitution of administrative technical provision.

There were no material variations.

Retained Claims

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(5,825)	**(6,127)**	**5.2**	**(1,490)**	**(1,652)**	**10.9**

The growth in the year is due to: (i) an increase in reported claims in the Life R$112, Health R$71, Auto R$4 and DPVAT R$140 segments, this last one influenced by the IBNR provision complement, to comply with the CNSP Resolution 138, which mentions that the difference between the amount accumulated by the assets ensuring the IBNR provision and the balance of this provision must be fully recorded in IBNR expenses; mitigated: (ii) by the reduction of reported claims of Basic Lines R$25.
N.B.: Despite the nominal increase, the claims ratio decreased from 82.3% to 79.1%.

The variation in the quarter is due to: (i) the increase in Health segment R$139, Basic Lines R$20 and Life segment R$15; mitigated: (ii) by the decrease in reported claims of the Auto R$8 and DPVAT R$4 segments.
N.B.: Between the quarters, we recorded an increase in the claims ratio from 77.8% to 81.5%.

Certificated Savings Plans Draws and Redemptions

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(1,229)	**(1,222)**	**(0.6)**	**(305)**	**(344)**	**12.8**

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

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

Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(961)	**(1,023)**	**6.5**	**(260)**	**(269)**	**3.5**

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

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

a) Insurance Products Selling Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(774)	**(816)**	**5.4**	**(206)**	**(209)**	**1.5**

The increase in the year basically results from the growth in insurance sales, specially in the Auto R$22 and Life R$11 segments. In the sale/received premium ratio, there was a slight drop in the indexes (11.6% in the year/05 and 11.2% in the year/06).

In nominal terms, selling expenses remained practically steady in 4Q06 when compared to 3Q06. In the sale/received premiums ratio, there was a slight drop in the indexes (11.3% in 3Q06 and 11.0% in 4Q06).

b) Private Pension Plans Selling Expenses

Years			**2006**		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(169)	**(190)**	**12.4**	**(48)**	**(56)**	**16.7**

The variation in the year is basically a result of the increase in selling expenses of the traditional plans R$21.

The variation in the quarter is mainly a result of the increase in selling expenses of the traditional plans R$5.

c) Certificated Savings Plans Selling Expenses

Years			**2006**		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(18)	**(17)**	**(5.6)**	**(6)**	**(4)**	**(33.3)**

In nominal terms, selling expenses remained steady in the year/06 in relation to the year/05.

The variation in the quarter derives from higher selling expenses occurred in 3Q06 due to the use of Fundação SOS Mata Atlântica brand.

Private Pension Plans Benefits and Redemptions Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(2,582)	**(2,268)**	**(12.2)**	**(525)**	**(449)**	**(14.5)**

The variation in the year was derived from: (i) lower volume of redemptions in traditional plans R$235 and in PGBL R$116; mitigated: (ii) by the higher volume of benefits granted R$37.

The variation in the quarter is mainly due to (i) the lower volume of redemptions in traditional plans R$51 and PGBL R$10; and (ii) the higher volume of benefits granted R$15.

Personnel Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(5,312)	**(5,932)**	**11.7**	**(1,584)**	**(1,460)**	**(7.8)**

The variation in the year is mainly due to: (i) the increase in salary levels, resulting from the 2006 collective bargaining agreement (3.5%) which had an impact of R$54, of which labor liabilities restatement was R$14 and increase in payroll was R$40; (ii) the higher expenses with provision for labor proceedings R$105; (iii) the consolidation of BEC/Fidelity/ Amex Brasil R$157; (iv) higher expenses of PLR R$127, which comprises supplementary PLR R$63, in conformity with the collective bargaining agreement of 2006; and (v) the increase in salary levels resulting from the 2005 collective bargaining agreement (6.0%), benefits and other R$177.

The variation in the quarter is basically due to: (i) the increase in salary levels, resulting from the 2006 collective bargaining agreement (3.5%)which had an impact of R$6 on expenses, and the increase in payroll in 4T06 was R$30, against an increase in payroll of R$10 and labor liabilities restatement of R$14 in 3Q06; (ii) the lower PLR expenses R$70 in 4Q06 against R$155 in 3Q06, which includes supplementary PLR R$63; and (iii) lower expenses with provisions for labor proceedings R$13.

Other Administrative Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(5,142)	**(5,870)**	**14.2**	**(1,507)**	**(1,671)**	**10.9**

The increase in the year is basically due to: (i) the increase in the client base and businesses; (ii) the consolidation of BEC/Amex Brasil in the year/06; (iii) the contractual adjustments; and (iv) the investments in the improvement and optimization of the technological platform (IT).

The variation in the quarter mainly derives from: (i) seasonal increase of advertising expenses R$109; (ii) data processing R$22; and (iii) transport R$13.

Tax Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(1,827)	**(2,150)**	**17.7**	**(532)**	**(577)**	**8.5**

The increase in the year mainly derives from: (i) PIS/COFINS increased expenses by R$220 in view of the increase of taxable income; and (ii) ISS increased expenses R$47.

The variation in the quarter is essentially due to: (i) the increase in CPMF expenses R$32, which refers mainly to the investment of funds obtained in debentures and the payment of dividends/JCP.

Equity in the Earnings of Affiliated Companies

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
76	**72**	**(5.3)**	**7**	**30**	**328.6**

The variation in the year is substantially due to: (i) lower results obtained in IRB Brasil-Resseguros R$29; which was partially offset: (ii) by the positive result reached in Bradesco Templeton R$24.

The variation in the quarter mainly derives from higher results obtained in the affiliated companies in 4Q06, basically the IRB-Brasil Resseguros R$22.

Other Operating Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
1,097	**1,420**	**29.4**	**419**	**430**	**2.6**

The increase in the year is basically due to: (i) higher net interest income R$190; and (ii) higher revenues of recovery of charges and expenses R$24.

The increase in the quarter is basically due to: (i) the reversal of operating provisions R$52; (ii) higher net interest income R$6; mitigated: (iii) by the reduction of charges and expenses recovery R$37.

Other Operating Expenses

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(3,405)	**(4,223)**	**24.0**	**(1,013)**	**(1,197)**	**18.2**

The increase in the year is mostly due to: (i) higher financial expenses R$467; (ii) increase in sundry losses R$130; (iii) higher costs of services rendered R$106; and (iv) higher operating provisions R$44.

The variation in the quarter basically derives from: (i) higher interest expenses R$72; (ii) higher costs of services rendered R$40; and (iii) higher expenses with operating provisions R$13.

Operating Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
7,498	**8,666**	**15.6**	**2,157**	**2,179**	**1.0**

The increase in the year derives from: (i) higher net interest income R$3,290; (ii) increased fee and commission income R$1,549; (iii) increase in contribution margin of insurance, private pension plans and certificated savings plans operations R$404; partially affected by: (iv) higher allowance for doubtful accounts expenses R$1,905; (v) higher tax expenses R$323; (vi) increased personnel and administrative expenses R$1,348; and (vii) increased operating expenses (net of income) R$495; and (viii) the decrease in the equity in the earnings of affiliated companies R$4.

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

The variation in the quarter derives from: (i) higher net interest income R$178; (ii) increased fee and commission income R$81; (iii) increase in contribution margin of insurance, private pension plans and certificated savings plans operations R$18; (iv) lower personnel expenses R$124 (v) increase in the equity in the earnings of affiliated companies R$23; partially affected by: (vi) increased administrative expenses R$164; (vii) higher tax expenses R$45; (viii) increased operating expenses (net of income) R$173; and (ix) higher expenses with allowance for doubtful accounts R$20.

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

Non-Operating Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(106)	**(9)**	**(91.5)**	**41**	**(29)**	

The variation in the year is mainly due to higher recording of non- operating provisions in 2005, mainly related to non-operating assets.

The variation in the quarter is substantially due to higher reversals of non-operating provisions carried out in 3Q06.

Taxes on Income

Years			2006		
2005	**2006**	**Variation %**	**3rd Qtr.**	**4th Qtr.**	**Variation %**
(1,869)	**(2,285)**	**22.3**	**(585)**	**(528)**	**(9.7)**

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

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

Comparative Balance Sheet

	R$ million					
Assets	**December**		**Variation %**	**2006**		**Variation %**
	2005	**2006**		**September**	**December**	
Current and Long-Term Assets	**204,325**	**262,055**	**28.3**	**239,479**	**262,055**	**9.4**
Funds Available	**3,363**	**4,762**	**41.6**	**3,947**	**4,762**	**20.6**
Interbank Investments	**25,006**	**25,989**	**3.9**	**34,363**	**25,989**	**(24.4)**
Securities and Derivative Financial Instruments	**64,451**	**97,250**	**50.9**	**73,022**	**97,250**	**33.2**
Interbank and Interdepartmental Accounts	**17,095**	**19,311**	**13.0**	**17,949**	**19,311**	**7.6**
Restricted Deposits:						
Brazilian Central Bank	16,445	18,665	13.5	16,993	18,665	9.8
Other	650	646	(0.6)	956	646	(32.4)
Loan and Leasing Operations	**70,740**	**83,467**	**18.0**	**79,907**	**83,467**	**4.5**
Loan and Leasing Operations	75,546	90,012	19.1	86,041	90,012	4.6
Allowance for Doubtful Accounts	(4,806)	(6,545)	36.2	(6,134)	(6,545)	6.7
Other Receivables and Assets	**23,670**	**31,276**	**32.1**	**30,291**	**31,276**	**3.3**
Foreign Exchange Portfolio	6,937	7,946	14.5	8,620	7,946	(7.8)
Other Receivables and Assets	16,886	23,431	38.8	21,752	23,431	7.7
Allowance for Other Doubtful Accounts	(153)	(101)	(34.0)	(81)	(101)	24.7
Permanent Assets	**4,358**	**3,492**	**(19.9)**	**3,713**	**3,492**	**(6.0)**
Investments	**985**	**697**	**(29.2)**	**1,019**	**697**	**(31.6)**
Property, Plant and Equipment in Use and Leased Assets	**1,995**	**2,152**	**7.9**	**2,082**	**2,152**	**3.4**
Deferred Charges	**1,378**	**643**	**(53.3)**	**612**	**643**	**5.1**
Deferred Charges	531	643	21.1	612	643	5.1
Goodwill on Acquisition of Subsidiaries, Net of Amortization	847					
Total	**208,683**	**265,547**	**27.2**	**243,192**	**265,547**	**9.2**
Liabilities						
Current and Long-Term Liabilities	**189,164**	**240,673**	**27.2**	**221,190**	**240,673**	**8.8**
Deposits	**75,406**	**83,905**	**11.3**	**78,853**	**83,905**	**6.4**
Demand Deposits	15,956	20,527	28.6	17,598	20,527	16.6
Savings Deposits	26,201	27,612	5.4	25,415	27,612	8.6
Interbank Deposits	146	290	98.6	173	290	67.6
Time Deposits	32,837	34,925	6.4	35,376	34,925	(1.3)
Other Deposits	266	551	107.1	291	551	89.3
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	**24,639**	**47,676**	**93.5**	**36,264**	**47,676**	**31.5**
Funds from Issuance of Securities	**6,204**	**5,636**	**(9.2)**	**6,097**	**5,636**	**(7.6)**
Securities Issued Abroad	2,731	2,175	(20.4)	2,521	2,175	(13.7)
Other Funds	3,473	3,461	(0.3)	3,576	3,461	(3.2)
Interbank and Interdepartmental						

Accounts	**2,040**	**2,232**	**9.4**	**1,914**	**2,232**	**16.6**
Borrowings and Onlendings	**16,563**	**17,419**	**5.2**	**16,640**	**17,419**	**4.7**
Borrowings	7,135	5,778	(19.0)	5,767	5,778	0.2
Onlendings	9,428	11,641	23.5	10,873	11,641	7.1
Derivative Financial Instruments	**239**	**519**	**117.2**	**508**	**519**	**2.2**
Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	**40,863**	**49,129**	**20.2**	**45,719**	**49,129**	**7.5**
Other Liabilities	**23,210**	**34,157**	**47.2**	**35,195**	**34,157**	**(2.9)**
Foreign Exchange Portfolio	2,207	2,387	8.2	3,290	2,387	(27.4)
Taxes and Social Security Contributions, Social and Statutory Payables	6,296	8,206	30.3	8,305	8,206	(1.2)
Subordinated Debt	6,719	11,949	77.8	11,767	11,949	1.5
Sundry	7,988	11,615	45.4	11,833	11,615	(1.8)
Future Taxable Income	**52**	**181**	**248.1**	**173**	**181**	**4.6**
Minority Interest in Consolidated Subsidiaries	**58**	**57**	**(1.7)**	**56**	**57**	**1.8**
Stockholders Equity	**19,409**	**24,636**	**26.9**	**21,773**	**24,636**	**13.1**
Total	**208,683**	**265,547**	**27.2**	**243,192**	**265,547**	**9.2**

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Equity Analysis R$ million

Funds Available

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
3,363	**4,762**	**41.6**	**3,947**	**4,762**	**20.6**

The variation in the year is due to: (i) the increased volume of funds available in domestic currency R$1,347; and (ii) the increase in the volume in foreign currency R$52.

The variation in the quarter is due to: (i) the increased volume in domestic currency R$1,055; offset: (ii) by the decreased volume of funds available in foreign currency R$240.

Interbank Investments

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
25,006	**25,989**	**3.9**	**34,363**	**25,989**	**(24.4)**

The growth in the year derives mainly from: (i) the increase in open market investments, own portfolio position, in the amount of R$9,971; partially offset by (ii) the decrease in third-party portfolio position in the amount of R$8,978; and (iii) the decrease in investments in interbank deposits of R$18.

The reduction in the quarter is basically due to: (i) the decrease in third- party portfolio position in the amount of R$14,103; and (ii) the reduction in interbank deposits of R$1,232; partially offset: (iii) by the increase in open market investments, own portfolio position, in the amount of R$6,954.

Securities (TVM) and Derivative Financial Instruments

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
64,451	**97,250**	**50.9**	**73,022**	**97,250**	**33.2**

The increase in the year is substantially due to: (i) additional funds derived from the increase in funding, particularly technical provisions for insurance, private pension plans and certificated savings plans, as well as the issuance of subordinated debt of R$4,504; (ii) the variation in average interest rates, observing the 15.0% CDI variation in the year/06; partially mitigated by: (iii) exchange loss variation of 8.7% in the year/06, impacting on foreign currency indexed and/or denominated securities, which comprise 6.2% of the portfolio; and (iv) the redemption/maturity of securities. The portfolio profile (excluded from purchase and sale commitments), based on Management s intent, is distributed as follows: Trading Securities 66.1%; Securities Available for Sale 30.2%; and Securities Held to Maturity 3.7%. In December/06, 58.2% of the tota l portfolio (excluded from purchase and sale commitments) was represented by Government Bonds, 16.8% by Private Securities and 25.0% by PGBL and VGBL fund quotas.

The variation in the quarter partially reflects: (i) additional funds arising from increased funding, especially the technical provisions for insurance, private pension plans and certificated savings plans and demand and time deposits; (ii) the variation in average interest rates, observing the 3.1% CDI variation in 4Q06; which was partially mitigated by: (iii) the redemption/maturity of securities; and (iv) exchange loss variation of 1.7% in 4Q06, impacting on foreign currency indexed and/or denominated securities, which comprise 6.2% of the portfolio.

Interbank and Interdepartmental Accounts

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
17,095	**19,311**	**13.0**	**17,949**	**19,311**	**7.6**

The variation in the year is mainly due to: (i) the increase in volume of compulsory demand deposits of R$1,157, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R$16,731 in December/2005 to R$21,304 in December/2006; (ii) the increase in the volume of the compulsory of savings accounts deposits of R$227 referring to the increase in the balance of these deposits by 5.4% in the year; and (iii) the increase in the additional compulsory on deposits R$837.

The variation in the quarter is basically due to: (i) the increase in volume of compulsory demand deposits of R$914, due to an expansion in average balance of these deposits, basis for payment in respective periods, from R$18,540 in September/2006 to R$21,304 in December/2006; (ii) the increase in the volume of the compulsory of savings accounts deposits of R$323; and (iii) the increase in the additional compulsory on deposits R$435; offset: (iv) by the decrease in the item Checks Clearing and Relationship with Correspondents Services in the amount of R$379, in view of accounts balance, represented by checks and other documents, at the end of the year.

Loan and Leasing Operations

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
81,130	**96,219**	**18.6**	**92,013**	**96,219**	**4.6**

The increase in the year is basically due to: (i) the individual client portfolio, with a 19.2% growth, in particular in the Auto products, up by 18.6% and Personal Loan , up by 20.4%. In the corporate portfolio, the growth rate was of 18.2%, as a result of the 23.8% increase in micro, small and medium-sized companies portfolio, coupled with a 12.8% increase in the portfolio of large companies (Corporate). In the corporate portfolio we point out the products Operations Abroad , up by 49.2% BNDES Onlending up by 26.1% and Working Capital with an increase of 20.7%, as a result of the maintenance of the economic activity level; partially offset by: (ii) exchange loss variation of 8.7% in the year/06, impacting on foreign currency indexed and/or denominated contracts, comprising 9.5% of the total portfolio. In December/06, the portfolio was distributed at 58.8% for corporate (26.3% of which was directed to industry, public and private sectors, 13.9% to commerce, 16.7% to services, 1.4% to agribusiness and 0.5% to financial intermediation) and 41.2% for individuals. In terms of concentration, the 100 largest borrowers accounted for 22.4% of the portfolio in December/05 and for 21.4% in December/06.

The Loan Portfolio under Normal Course reached the amount of R$87,947 in December/06. Out of this total, 32.3% 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 variation in the quarter is mainly due to: (i) the 6.4% growth recorded in the corporate portfolio resulting from the 7.0% increase in the portfolio of small and medium-sized companies (SME) and the increase of 5.9% in the portfolio of large companies (Corporate). It is worth pointing out the increase of 17.0% in Working Capital and of 11.8% in Operations Abroad , as a result of the maintenance of the economic activity level. The 2.0% growth in the individual client portfolio, especially in the Auto products, with a 3.2% increase, is reflected by a stable economic scenario; offset: (ii) by the exchange loss variation of 1.7% in 4Q06, impacting foreign currency indexed and/or denominated contracts, which account for 9.5% of total portfolio. In terms of concentration, the 100 largest borrowers accounted for 22.6% of the portfolio in September/06 and 21.4 % in December/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)

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
(4,959)	**(6,646)**	**34.0**	**(6,215)**	**(6,646)**	**6.9**

The variation in the PDD balance for the year was mostly due to: (i) an 18.6% increase in the volume of loan operations, pointing out individual clients operations, with a 19.2% increase, which due to its specific feature, requires a higher volume of provisioning. PDD ratio in relation to the loan portfolio increased from 6.1% in December/05 to 6.9% in December/06. Provision coverage ratio in relation to the loan portfolio under abnormal course, respectively, rated between E and H, decreased from 182.7% in December/05 to 151.4% in December/06, and between D and H, reduced from 150.1% in December/05 to 127.2% in December/06. However, the preventive maintenance of high provision levels made all performance indicators remain in adequate levels. In the year, PDD in the amount of R$4,412 was recorded, R$102 was incorporated arising from acquired institutions and R$2,82 7 was written off. The exceeding PDD volume in relation to the minimum required increased from R$1,014 in December/05 to R$1,100 in December/06.

The increase in the PDD balance in the quarter basically reflects a 4.6% growth of the loan portfolio in the quarter, particularly, the individual client portfolio with a 2.0% growth, with a slight growth in the delinquency ratio. The PDD ratio in relation to the loan portfolio increased from 6.8% in September/06 to 6.9% in December/06, and the provision coverage ratios in relation to the loan portfolio under abnormal course, respectively, rated from E to H, decreased from 156.0% in September/06 to 151.4% in December/06, and those rated from D to H increased from 131.1% in September/06 to 127.2% in December/06. However, the preventive maintenance of high provision levels made all performance indicators remain in adequate levels. In the quarter, PDD in the amount of R$1,189 was recorded, and R$758 was written off. The exceeding PDD volume in relation to the minimum required incr eased from R$1,092 in September/06 to R$1,100 in December/06.

Other Receivables and Assets

December	2006

2005	2006	Variation %	September	December	Variation %
23,256	30,873	32.8	29,887	30,873	3.3

The variation in the year is mainly due to: (i) a R$2,368 increase in the balance of credit card operations, not included in loan operations, basically for the consolidation of Amex Brasil R$1,344, acquired in 2Q06; (ii) the increase in tax credits R$2,055, basically as a result of temporary provisions; (iii) deposits in guarantee R$1,297; and (iv) the increase in foreign exchange operations R$1,009;

N.B.: balances are deducted (net of corresponding PDD) of R$414 in December/05 and of R$403 in December/06, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

The increase in the quarter is basically due to: (i) credit card operations R$751, not included in loan operations; (ii) the Negotiation and Intermediation of Amounts item R$238; partially offset: (iii) by the reduction in the foreign exchange portfolio R$674.

N.B.: balances are deducted (net of corresponding PDD) of R$404 in September/06 and of R$403 in December/06, allocated to the Loan and Leasing Operations and Allowance for Doubtful Accounts items.

Permanent Assets

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
4,358	**3,492**	**(19.9)**	**3,713**	**3,492**	**(6.0)**

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

The variation in the quarter is mostly due to: (i) the transfer of Banco Espírito Santo (BES) investment to current assets R$398, mitigated by: (ii) the increase in property, plant and equipment and leased assets R$70 and deferred charges R$31.

Deposits

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
75,406	**83,905**	**11.3**	**78,853**	**83,905**	**6.4**

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

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

a) Demand Deposits

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
15,956	**20,527**	**28.6**	**17,598**	**20,527**	**16.6**

The increase in the year is due to the growth in client base. The evolution of R$4,571 is composed of: individuals R$1,669 and corporations R$2,902.

The variation in the quarter is due to funds stemming from individuals R$1,045 and funds from corporate clients R$1,884.

b) Savings Deposits

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
26,201	**27,612**	**5.4**	**25,415**	**27,612**	**8.6**

The increase in the year is mainly due to: (i) the remuneration of deposits (TR + 0.5% p.m.) reaching 8.3%, in the year; which was mitigated: (ii) by withdrawals occurred in the year.

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

c) Time Deposits

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
32,837	**34,925**	**6.4**	**35,376**	**34,925**	**(1.3)**

The increase in the year is basically due to (i) the deposit remuneration; which was mitigated: (ii) by migration of funds to other forms of investment by institutional investors, mainly by means of issuance of debentures and subordinated debts.

The decrease in the quarter is substantially due to (i) migration of funds to other forms of investment by institutional investors, mainly by means of issuance of debentures; which was mitigated: (ii) by the deposit remuneration in 4Q06.

d) Interbank Deposits and Other Deposits

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
412	**841**	**104.1**	**464**	**841**	**81.3**

The variation in the year results from: (i) a hike in the volume of the Interbank Deposits item R$144; and (ii) increase in the Other Deposits Investment Account item R$285.

The variation in the quarter is due to: (i) the increase in the volume of Interbank Deposits item R$117; and (ii) the increase in the Other Deposits Investment Account item R$260.

Federal Funds Purchased and Securities Sold under Agreements to Repurchase

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
24,639	**47,676**	**93.5**	**36,264**	**47,676**	**31.5**

The variation of balance in the year derives substantially from: (i) an increase in funding volume, using the funds backed by debentures issued R$9,874; and (ii) the increase in the unrestricted portfolio R$7,609.
N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, at the amount of R$5,882 in December/05 and R$8,771 in December/06.

The increase of balance in the quarter mostly derives from: (i) an increase in funding volume, using the own portfolio R$17,402 (which includes funds backed by debentures issued R$4,539); (ii) the increase in the unrestricted portfolio R$7,607; offset: (iii) by the reduction of third-party portfolio R$13,597.
N.B.: include investment funds applied in purchase and sale commitments with Bradesco, whose owners are subsidiaries included in the consolidated financial statements, in the amount of R$6,187 in September/06 and R$8,771 in December/06.

Funds from Issuance of Securities

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
6,204	**5,636**	**(9.2)**	**6,097**	**5,636**	**(7.6)**

The variation in the year basically derives from: (i) decreased balance of securities issued abroad, mainly in view of the redemptions of Eurobonds, overdue and not renewed; and (ii) exchange loss variation of 8.7% in the year/06, which impacted on the funds from issuance of securities abroad, the balances of which were R$2,731

In the quarter, the variation mostly derives from: (i) the decrease in the balance of securities issued abroad by R$346, basically due to the maturity of MTN Program Issues R$273; and (ii) the reduction of funds issued in the country R$115.

in December/05 and R$2,175 in December/06, as per
Note 16c.

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Interbank and Interdepartmental Accounts

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
2,040	**2,232**	**9.4**	**1,914**	**2,232**	**16.6**

The variation in the year is mostly due to higher volume of foreign currency payment orders.

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

Borrowings and Onlendings

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
16,563	**17,419**	**5.2**	**16,640**	**17,419**	**4.7**

The variation in the year is basically due to: (i) the increase in the volume of funds from domestic loans and onlendings, mainly by means of BNDES R$1,294, and FINAME R$864; which was offset: (ii) by exchange loss variation of 8.7% in the year, which impacted on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R$7.533 in December/05 and R$6,096 in December/06.

The variation in the quarter mainly results from: (i) the increase in the volume of funds from domestic loans and onlendings, mainly by means of BNDES R$267 and FINAME R$496; which was offset: (ii) by the exchange loss variation of 1.7% in the quarter, which impacted on the foreign currency indexed and/or denominated loans and onlendings liabilities, the balances of which were R$6,040 in September/06 and R$6,096 in December/06.

Provisions for Insurance, Private Pension Plans and Certificated Savings Plans

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
40,863	**49,129**	**20.2**	**45,719**	**49,129**	**7.5**

The increase in the year is basically due to: (i) the growth in sales of supplementary private pension plans and insurance policies, and (ii) the restatement and interest of technical provisions. The largest variations recorded were: (a) in the private pension segment, VGBL plans at R$5,217 and PGBL plans at R$1,583; and (b) in the insurance segment, in the provisions for the Life segment at R$457, as well as in the provisions of the Health segment R$394.

The increase in the quarter is mainly due to: (i) the monetary restatement and interest of technical provisions; and (ii) 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$2,110 and PGBL plans at R$497; and (b) in the insurance segment, in Auto/RCF segment provisions at R$57, as well as in the provisions for the Life segment R$120.

Other Liabilities, Derivative Financial Instruments and Future Taxable Income

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
28,518	**40,560**	**42.2**	**41,363**	**40,560**	**(1.9)**

The variation in the year mostly derives from: (i) the issuance of Subordinated Debt R$4,504; (ii) the increase in the balance of items Tax and Social Security R$2,973; and (iii) the increase in Credit Cards operations R$2,337, which includes R$1,236 from Amex Brasil.
N.B.: excludes advances on foreign exchange contracts of R$5,017 and R$5,703, allocated to the specific item in loan operations in December/05 and December/06, respectively.

The variation in the quarter is mainly due to the decrease in the item: (i) Collection of Taxes and Other Contributions R$1,413; (ii) Loan Portfolio R$688; partially offset: (iii) by Credit Cards operations R$1,197.
N.B.: excludes advances on foreign exchange contracts of R$5,487 and R$5,703, allocated to the specific item in loan operations in September/06 and December/06, respectively.

Minority Interest in Consolidated Subsidiaries

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
58	**57**	**(1.7)**	**56**	**57**	**1.8**

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

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

Stockholders Equity

December			2006		
2005	**2006**	**Variation %**	**September**	**December**	**Variation %**
19,409	**24,636**	**26.9**	**21,773**	**24,636**	**13.1**

The variation in the year is due to: (i) the appropriation of recorded net income R$5,054; (ii) the increase in the reserve for securities and derivatives mark-to-market adjustment R$1,138; (iii) capital increase of R$1,200; (iv) premium in stock subscription R$18; which was partially offset by: (v) interest on own capital/dividends paid and provisioned R$2,160; and (vi) treasury stock buyback R$23.

The variation in the quarter is due to: (i) the appropriation of recorded net income R$1,703; (ii) increase in reserve for securities and derivatives mark-to-market adjustment R$743; (iii) capital increase of R$1,200; (iv) premium in stock subscription R$18; which was offset by: (v) interest on own capital paid and provisioned R$791; and (vi) treasury stock buyback R$10.

2 - Main Statement of Income Information

Consolidated Statement of Recurring Income R$ thousand

	Years				
	2006	**2005**	**2004**	**2003**	**2002**
Revenues from Financial Intermediation	**37,666,266**	**33,701,225**	**26,203,227**	**28,033,866**	**31,913,379**
Loan Operations	20,055,120	16,704,318	12,731,435	12,294,528	15,726,929
Leasing Operations	653,260	444,389	300,850	307,775	408,563
Operations with Securities	6,090,822	5,552,008	4,921,179	7,832,965	9,527,663
Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans	6,887,472	6,498,435	5,142,434	5,359,939	3,271,913
Derivative Financial Instruments	1,923,358	2,389,002	1,238,890	55,192	(2,073,247)
Foreign Exchange Transactions	729,647	617,678	691,302	797,702	4,456,594
Compulsory Deposits	1,326,587	1,495,395	1,177,137	1,385,765	594,964
Expenses from Financial Intermediation	**17,827,105**	**16,419,196**	**12,972,347**	**14,752,199**	**20,441,257**
Market Funding Operations	11,994,711	11,285,324	8,486,003	10,535,497	10,993,327
Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	4,004,823	3,764,530	3,215,677	3,120,342	2,241,283
Borrowings and Onlendings	1,819,413	1,360,647	1,253,175	1,083,379	7,194,161
Leasing Operations	8,158	8,695	17,492	12,981	12,486
Net Interest Income	**19,839,161**	**17,282,029**	**13,230,880**	**13,281,667**	**11,472,122**
Allowance for Doubtful Accounts	4,412,413	2,507,206	2,041,649	2,449,689	2,818,526
Gross Income from Financial Intermediation	**15,426,748**	**14,774,823**	**11,189,231**	**10,831,978**	**8,653,596**
Other Operating Income (Expenses)	**(6,759,505)**	**(6,921,319)**	**(7,071,120)**	**(7,278,870)**	**(6,343,850)**
Fee and Commission Income	8,897,882	7,348,879	5,824,368	4,556,861	3,711,736
Operating Income on Insurance, Private Pension Plans and Certificated Savings Plans	1,025,221	293,769	(60,645)	(148,829)	658,165
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	15,179,418	13,647,089	13,283,677	11,726,088	10,134,873
Net Premiums Written	19,021,852	16,824,862	15,389,170	13,111,896	10,687,384
Reinsurance Premiums and Redeemed Premiums	(3,842,434)	(3,177,773)	(2,105,493)	(1,385,808)	(552,511)
Variation in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	(3,515,047)	(2,755,811)	(3,964,106)	(3,670,163)	(2,784,647)
Retained Claims	(6,126,664)	(5,825,292)	(5,159,188)	(3,980,419)	(3,614,963)
Certificated Savings Plans Draws and Redemptions	(1,221,626)	(1,228,849)	(1,223,287)	(1,099,554)	(720,932)
Insurance, Private Pension Plans and Certificated Savings Plans Selling Expenses	(1,022,737)	(961,017)	(867,094)	(762,010)	(667,527)
Private Pension Plans Benefits and Redemptions Expenses	(2,268,123)	(2,582,351)	(2,130,647)	(2,362,771)	(1,688,639)
Personnel Expenses	(5,932,406)	(5,311,560)	(4,969,007)	(4,779,491)	(4,075,613)
Other Administrative Expenses	(5,870,030)	(5,142,329)	(4,937,143)	(4,814,204)	(4,028,377)
Tax Expenses	(2,149,905)	(1,878,248)	(1,464,446)	(1,054,397)	(847,739)
Equity in the Earnings of Affiliated Companies	72,324	76,150	163,357	5,227	64,619
Other Operating Income	1,420,217	1,096,968	1,198,532	1,697,242	1,320,986
Other Operating Expenses	(4,222,808)	(3,404,948)	(2,826,136)	(2,741,279)	(3,147,627)
Operating Income	**8,667,243**	**7,853,504**	**4,118,111**	**3,553,108**	**2,309,746**

Non-Operating Income	**(8,964)**	**(106,144)**	**(491,146)**	**(841,076)**	**186,342**
Income before Taxes on Profit and Interest	**8,658,279**	**7,747,360**	**3,626,965**	**2,712,032**	**2,496,088**
Taxes on Income	**(2,286,765)**	**(2,224,455)**	**(554,345)**	**(396,648)**	**(460,263)**
Minority Interest in Consolidated Subsidiaries	**(9,007)**	**(8,831)**	**(12,469)**	**(9,045)**	**(13,237)**
Net Income	**6,362,507**	**5,514,074**	**3,060,151**	**2,306,339**	**2,022,588**
Profitability on Stockholders' Equity	**25.83%**	**28.41%**	**20.11%**	**17.02%**	**18.65%**
Net Interest Income/Total Assets	**7.47%**	**8.28%**	**7.15%**	**7.54%**	**8.03%**

	2006				2005			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Revenues from Financial Intermediation	**9,566,436**	**9,624,065**	**9,678,900**	**8,796,865**	**10,114,120**	**8,371,118**	**6,710,887**	**7,772,028**
Loan Operations	5,112,754	5,258,086	5,166,814	4,517,466	5,220,326	4,296,030	3,478,848	3,709,114
Leasing Operations	192,898	174,990	151,474	133,898	128,647	133,604	95,551	86,587
Operations with Securities	1,716,957	1,793,642	1,532,264	1,047,959	2,236,854	1,357,055	302,896	1,655,203
Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans	1,840,259	1,591,834	1,622,810	1,832,569	1,748,960	1,515,755	1,464,488	1,442,010
Derivative Financial Instruments	290,601	303,403	528,246	801,108	118,208	586,559	923,238	355,147
Foreign Exchange Operations	98,051	167,557	349,797	114,242	296,868	89,974	58,759	172,077
Compulsory Deposits	314,916	334,553	327,495	349,623	364,257	392,141	387,107	351,890
Expenses from Financial Intermediation	**4,520,722**	**4,756,794**	**4,729,262**	**3,820,327**	**5,510,528**	**4,034,524**	**2,763,910**	**4,110,234**
Market Funding Operations	3,010,976	3,430,965	3,016,360	2,536,410	3,713,534	2,897,471	1,864,385	2,809,934
Price-level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans	1,138,529	907,865	915,781	1,042,648	1,050,944	872,695	901,840	939,051
Borrowings and Onlendings	369,088	415,788	794,801	239,736	744,611	262,910	(4,863)	357,989
Leasing Operations	2,129	2,176	2,320	1,533	1,439	1,448	2,548	3,260
Net Interest Income	**5,045,714**	**4,867,271**	**4,949,638**	**4,976,538**	**4,603,592**	**4,336,594**	**3,946,977**	**3,661,794**
Allowance for Doubtful	1,189,941	1,168,044	1,115,986	938,442	770,560	539,900	562,149	634,597

Accounts								
Gross Income from Financial Intermediation	**3,855,773**	**3,699,227**	**3,833,652**	**4,038,096**	**3,833,032**	**3,796,694**	**3,384,828**	**3,027,197**
Other Operating Income (Expenses)	**(1,675,438)**	**(1,542,072)**	**(1,752,656)**	**(1,789,339)**	**(1,807,520)**	**(1,688,151)**	**(1,595,371)**	**(1,452,144)**
Fee and Commission Income	2,423,752	2,342,847	2,090,735	2,040,548	2,009,563	1,918,367	1,759,600	1,661,349
Operating Income of Insurance, Private Pension Plans and Certificated Savings Plans	345,135	325,144	239,400	115,542	263,092	146,207	99,316	112,376
Insurance, Private Pension Plans and Certificated Savings Plans Retained Premiums	4,626,761	3,807,017	3,287,286	3,458,354	4,303,785	3,546,484	3,001,125	2,795,695
Net Premiums Written	5,662,096	4,714,041	4,249,174	4,396,541	5,083,889	4,314,294	3,810,957	3,615,722
Reinsurance Premiums and Redeemed Premiums	(1,035,335)	(907,024)	(961,888)	(938,187)	(780,104)	(767,810)	(809,832)	(820,027)
Variation of Technical Provisions of Insurance, Private Pension Plans and Certificated Savings Plans	(1,568,675)	(901,468)	(465,746)	(579,158)	(1,318,642)	(739,487)	(279,264)	(91,196)
Retained Claims	(1,651,421)	(1,489,845)	(1,476,763)	(1,508,635)	(1,533,502)	(1,462,742)	(1,456,990)	(1,372,058)
Certificated Savings Plans Draws and Redemptions	(343,384)	(305,545)	(288,144)	(284,553)	(331,479)	(337,735)	(313,144)	(246,491)
Insurance, Private Pension Plans and Certificated	(268,731)	(259,861)	(251,020)	(243,125)	(263,324)	(244,611)	(224,258)	(228,824)

Savings Plans Selling Expenses								
Private Pension Plans Benefits and Redemption Expenses	(449,415)	(525,154)	(566,213)	(727,341)	(593,746)	(615,702)	(628,153)	(744,750)
Personnel Expenses	(1,460,199)	(1,584,533)	(1,468,665)	(1,419,009)	(1,361,355)	(1,483,256)	(1,246,226)	(1,220,723)
Other Administrative Expenses	(1,671,274)	(1,506,957)	(1,374,340)	(1,317,459)	(1,439,655)	(1,270,824)	(1,239,471)	(1,192,379)
Tax Expenses	(577,132)	(532,175)	(532,474)	(508,124)	(523,037)	(454,201)	(446,760)	(403,339)
Equity in the Earnings of Affiliated Companies	30,257	7,587	29,786	4,694	7,281	64,227	10,283	(5,641)
Other Operating Income	430,410	418,941	316,150	254,716	299,948	237,711	259,469	299,840
Other Operating Expenses	(1,196,387)	(1,012,926)	(1,053,248)	(960,247)	(1,063,357)	(846,382)	(791,582)	(703,627)
Operating Income	**2,180,335**	**2,157,155**	**2,080,996**	**2,248,757**	**2,025,512**	**2,108,543**	**1,789,457**	**1,575,053**
Non-Operating Income	**(29,038)**	**40,570**	**11,330**	**(31,826)**	**(69,388)**	**(10,149)**	**(20,757)**	**(5,850)**
Income before Taxes on Profit and Interest	**2,151,297**	**2,197,725**	**2,092,326**	**2,216,931**	**1,956,124**	**2,098,394**	**1,768,700**	**1,569,203**
Taxes on income	**(530,168)**	**(584,759)**	**(490,445)**	**(681,393)**	**(488,742)**	**(665,871)**	**(350,848)**	**(364,055)**
Minority Interest in Consolidated Subsidiaries	**(1,580)**	**(2,393)**	**245**	**(5,279)**	**(4,829)**	**(2,294)**	**(1,985)**	**277**
Net Income	**1,619,549**	**1,610,573**	**1,602,126**	**1,530,259**	**1,462,553**	**1,430,229**	**1,415,867**	**1,205,425**
Profitability on Stockholders' Equity (Annualized)	**29.00%**	**33.04%**	**33.88%**	**33.60%**	**33.72%**	**35.20%**	**36.63%**	**32.50%**
Net Interest Income/Total Assets (Annualized)	**7.82%**	**8.25%**	**8.80%**	**10.09%**	**8.77%**	**9.21%**	**9.26%**	**8.63%**

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Recurring Profitability

Bradesco s Recurring Net Income reached R$6,363 million in 2006, against R$5,514 million reached in 2005, which corresponds to a 15.4% increase. Stockholders Equity amounted to R$24,636 million on December 31, 2006, with a growth of 26.9% compared to the balance of December 31, 2005. Accordingly, the annualized Return on Average Stockholders Equity (ROAE) reached 30.0% . Total Assets added up to R$265.547 million until December 31, 2006, growing 27.2% when compared to the balance of December 31, 2005. The annualized Return on Average Assets (ROAA) in 2006 was 2.7% . Earnings per stock reached R$6.36.

In the 4th quarter of 2006, the Recurring Net Income was R$1,620 million, representing an increase of R$9 million or 0.6% compared to the Net Income of the 3rd quarter of 2006. The annualized Return on Average Stockholders Equity (ROAE) reached 32.3% and the Return on Average Assets (ROAA) was 2.6% . Earnings per stock reached R$1.62.

The 4Q06 showed growth in the income composing the Net Interest Income, composed mainly by higher non-interest results, reaching the amount of R$543 million, a R$225 million increase, compared to 3Q06, deriving, basically from results obtained in Securities and Treasury operations, partly, in 3Q06, from the mark-to-market negative adjustment of the derivative financial instruments used as market risk hedge for loans operations in the country. On the other hand, the result with interest reached the amount of R$4,502 million, a R$47 million decrease in relation to the previous quarter. That decrease is mainly due to the fall in the interest rates, which had a negative impact on the result of several of Bradesco s assets and liabilities, and whose main effect was felt on the demand and savings deposits, effect that was partly offset by the increase in the funding volumes.

The Operating Income from Insurance, Private Pension Plans and Certificated Savings Plans contributed in 4Q06 with an increase of R$18 million, due basically to the improvement in the result of private pension products.

In the 4th quarter of 2006, we could see a slight increase of the general delinquency ratio, which was mitigated by the 6.4% increase in business volume of loan operations of corporate clients, which require a lower level of provisioning. As a result, there was recording of Allowance for Doubtful Accounts, in the amount of R$1,189 million in 4Q06, which results in a R$20 million increase when compared to the recording of R$1,169 million in 3Q06, reaching a level of Allowance for Doubtful Accounts of R$6,646 million on December 31, 2006.

In the 4th quarter of 2006, some extraordinary events occurred (not considered in the Recurring Net Income), such as: we recorded an additional provision in the health portfolio in the amount of R$387 million (R$255 million, net of tax effects), in order to balance the differences between the readjustments in the plans and the correspondent medical and hospital costs, whose effect in the Net Income was mitigated by the activation of fiscal credits of previous periods in the amount of R$194 million and by the result obtained in the sale of our stake in Usiminas in the amount of R$219 million (R$144 million, net of tax effects).

The Operating Efficiency Ratio, in the 12-month period ended on December 31, 2006 was of 42.1%, an increase of 0.3 percentage point when compared to the 12-month period ended on September 30, 2006, which was of 42.4%, and an improvement of 3.5 percentage points when compared to the period ended on December 31, 2005, principally as a result of the combination of strict expense control with permanent efforts for increase in revenue.

The Coverage Ratio in the last 12 months [(fee and commission income)/(personnel expenses + administrative expenses)] improved 1.4 percentage point, increasing from 74.0% in September 2006 to 75.4% in December 2006, and 5.1 percentage points when compared to the 70.3% of December 2005.

Results by Business Segment

Income Breakdown in percentage

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

Variation in the Main Statement of Income Items

2006 compared to 2005 R$ million

(1) Composition: Premiums and Net Contributions of variations in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans deducted from Claims, Redemptions, Benefits and Commissions, not including Financial Income on Insurance activities and price-level restatement and interest on Technical Provisions, which are included in the Net Interest Income.

(2) Composition: Tax Expenses, Equity in the Earnings of Affiliated Companies, Other Operating Income, Other Operating Expenses, Non-Operating Income and Minority Interest in Subsidiaries.

4th Quarter of 2006 compared to the 3rd Quarter of 2006 R$ million

(1) Composition: Premiums and Net Contributions of variations in Technical Provisions for Insurance, Private Pension Plans and Certificated Savings Plans deducted from Claims, Redemptions, Benefits and Commissions, not including Financial Income on Insurance activities and price-level restatement and interest on Technical Provisions, which are included in the Net Interest Income.

(2) Composition: Tax Expenses, Equity in the Earnings of Affiliated Companies, Other Operating Income, Other Operating Expenses, Non-Operating Income and Minority Interest in Subsidiaries.

Variation in Items Composing the Net Interest Income with Exchange Adjustment

2006 compared to 2005 R$ million

(1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).

(2) Includes Funding Expenses in the Market, 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 Result of Operations with Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans + Income on Derivative Financial Instruments + Adjustments to Income on Foreign Exchange Transactions (Note 11a).

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

4th Quarter of 2006 compared to the 3rd Quarter of 2006 R$ million

(1) Includes Revenues from Loan Operations + Income on Leasing Operations + Income on Foreign Exchange Transactions (Note 11a).

(2) Includes Market Funding Expenses, excluding Expenses 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 Result of Operations with Securities, less expenses with Purchase and Sale Commitments + Financial Income on Insurance, Private Pension Plans and Certificated Savings Plans + Income on Derivative Financial Instruments + Adjustments to Income on Foreign Exchange Transactions (Note 11a).

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

Analysis of the Adjusted Net Interest Income and Average Rates

Loan Operations x Income

R$ million	Years		2006	
	2005	**2006**	**3rd Qtr.**	**4th Qtr.**
Loan Operations	63,423	79,267	80,737	84,283
Leasing Operations	2,027	3,185	3,377	3,743
Advances on Foreign Exchange Contracts	4,986	5,483	5,627	5,595
1 Total Average Balance (Quarterly)	70,436	87,935	89,741	93,621
2 Income (Loan Operations, Leasing and Exchange) (*)	17,278	20,864	5,489	5,368
3 Average Rate Annualized Exponentially (2/1)	24.5%	23.7%	26.8%	25.0%

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

Securities (TVM) x Income on TVM

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
Securities	64,081	74,727	71,631	85,136
Interbank Investments	23,298	27,328	30,942	30,176
Purchase and Sales Commitments/Liabilities	(22,976)	(32,374)	(32,761)	(41,970)
Derivative Financial Instruments	(912)	(558)	(452)	(514)
4 Total Average Balance (Quarterly)	63,491	69,123	69,360	72,828
5 Income on Securities (Net of Purchase and Sales Commitments Expenses) (*)	9,622	10,408	2,489	2,677
6 Average Rate Annualized Exponentially (5/4)	15.2%	15.1%	15.1%	15.5%

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

Total Assets x Income from Financial Intermediation

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
7 Total Assets Average Balance (Quarterly)	196,273	232,982	237,143	254,369
8 Income from Financial Intermediation	32,967	37,665	9,623	9,566
9 Average Rate Annualized Exponentially (8/7)	16.8%	16.2%	17.2%	15.9%

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Funding x Expenses

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
Deposits	71,634	78,168	78,524	81,379
Funds from Acceptance and Issuance of Securities	5,827	6,089	6,149	5,867
Interbank and Interdepartmental Accounts	1,725	1,915	1,938	2,073
Subordinated Debt	6,361	10,191	11,335	11,858
10 Total Funding Average Balance (Quarterly)	85,547	96,363	97,946	101,177
11 Expenses (*)	5,809	6,357	1,929	1,561
12 Average Rate Annualized Exponentially (11/10)	6.8%	6.6%	8.1%	6.3%

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

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

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
13 Provisions for Insurance, Private Pension Plans and Certificated Savings Plans Average Balance (Quarterly)	36,925	44,441	44,833	47,421
14 Expenses (*)	3,765	4,005	908	1,139
15 Average Rate Annualized Exponentially (14/13)	10.2%	9.0%	8.3%	10.0%

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

Borrowings and Onlendings (Local and Foreign) x Expenses

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
Borrowings	7,013	6,039	5,619	5,772
Onlendings	8,667	10,299	10,428	11,257
16 Total Borrowings and Onlendings Average Balance (Quarterly)	15,680	16,338	16,047	17,029
17 Expenses for Borrowings and Onlendings (*)	777	1,071	274	300
18 Average Rate Annualized Exponentially (17/16)	5.0%	6.6%	7.0%	7.2%

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

Total Assets x Net Interest Income

R$ million	Years		2006	
	2005	2006	3rd Qtr.	4th Qtr.
19 Total Assets Average Balance (Quarterly)	196,273	232,982	237,143	254,369
20 Net Interest Income (*)	16,548	19,838	4,867	5,045
21 Average Rate Annualized Exponentially (20/19)	8.4%	8.5%	8.5%	8.2%

(*) Gross Income from Financial Intermediation excluding PDD.

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Financial Market Indicators

Analysis of Net Interest Income

a) Net Interest Income Adjustment

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

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

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

Hedge Fiscal Effect of Investments Abroad R$ million

	Effect in 2005				**Effect in 2006**			
Effect in the Accounts	**Net Interest Income**	**Tax Expenses**	**IR/CS**	**Net Income**	**Net Interest Income**	**Tax Expenses**	**IR/CS**	**Net Income**
Partial Result of the Hedge of Investments Abroad	1.095	(51)	(355)	689	907	(42)	(295)	570
Foreign Exchange Variation of Investments Abroad	(689)			(689)	(570)			(570)
Total	**406**	**(51)**	**(355)**		**337**	**(42)**	**(295)**	

	Effect in the 3rd Quarter of 2006				**Effect in the 4th Quarter of 2006**			
Effect in the Accounts	**Net Interest Income**	**Tax Expenses**	**IR/CS**	**Net Income**	**Net Interest Income**	**Tax Expenses**	**IR/CS**	**Net Income**

Partial Result of the Hedge of Investments Abroad	(40)	2	13	(25)	154	(7)	(50)	97
Foreign Exchange Variation of Investments Abroad	25			25	(97)			(97)
Total	(15)	2	13		57	(7)	(50)	

For a better evaluation of Net Interest Income evolution in the periods, the effects of this hedge and the foreign exchange variation of investments abroad in net interest income were excluded, according to the table above, as well as the result of R$327 million reached in the sale of our stake in Belgo-Mineira, occurred in 2005, and the R$219 million result obtained in the sale of stake in Usiminas, occurred in 4Q06, as follows:

Adjusted Net Interest Income

	R$ million					
	Years			2006		
	2005	**2006**	**Variation**	**3rd Qtr.**	**4th Qtr.**	**Variation**
Reported Net Interest Income	**17,281**	**20,394**	**3,113**	**4,852**	**5,321**	**469**
(-) Sale Belgo-Mineira	(327)		327			
(-) Sale Usiminas		(219)	(219)		(219)	(219)
(-) Hedge/Exchange Variation	(406)	(337)	69	15	(57)	(72)
Adjusted Net Interest Income	**16,548**	**19,838**	**3,290**	**4,867**	**5,045**	**178**
% Adjusted over Average Assets	**8.4%**	**8.5%**		**8.5%**	**8.2%**	

b) Comments on the Adjusted Net Interest Income Variation

In the period ended on December 31, 2006, the adjusted net interest income reached R$19,838 million, representing an increase of R$3,290 million or 19.9% compared to the same period of the previous year (R$16,548 million). In 4Q06, the result of the adjusted net interest income reached R$5,045 million, against R$4,867 million in 3Q06, representing a R$178 million increase, or 3.7% in the comparison between quarters.

The analytical opening of the net interest income result among interest and non-interest results is shown below:

Adjusted Net Interest Income Breakdown

	R$ million					
	Years			2006		
	2005	**2006**	**Variation**	**3rd Qtr.**	**4th Qtr.**	**Variation**
Net Interest Income Interest	15,130	17,668	2,538	4,549	4,502	(47)
Net Interest Income Non-Interest	1,418	2,170	752	318	543	225
Adjusted Net Interest Income	**16.548**	**19.838**	**3.290**	**4.867**	**5.045**	**178**

The adjusted interest net interest income year-to-date result, in relation to the year of 2005, grew by R$2,538 million or 16.8% . Comparing the same result in 4Q06 in relation to the quarter immediately before that, we can observe a slight decrease of R$47 million. Below we detail the products and their respective impacts, trying to highlight the effects of the fall in the spread and of the increment in volumes.

During 2006, the decrease in the CDI rate of 19% in 2005 to 15% in 2006 had a negative impact on the result of several of Bradesco s assets and liabilities, but the main effect took place in the demand and savings deposits. However, a great part of that decrease was offset by the increase in these fundings volumes, since in 2006 the demand deposits and the savings deposits grew by 28.6% and 5.4%, respectively. In the quarterly analysis the same negative spread effect takes place in these fundings, as the CDI rate in 3Q06 was 3.5% and fell to 3.1% in 4Q06, but the growth in the volumes partly offset that decrease, since the demand deposits and the savings deposits grew by 16.6% and 8.6%, respectively.

The growth in the balance of loan operations also contributed to the increase in the net interest income, since at the end of 4Q06 the amount of the loan operations reached R$96.2 billion, representing a 4.6% expansion in 4Q06 and an 18.6% growth in the last twelve months.

In 4Q06, the growth in the credits granted to companies was superior to the ones granted to individuals (the contrary happened in the year-to-date), i.e., the operations with companies grew by 6.4%, whereas those with individuals grew by 2.0% in this quarter. The portfolios aimed at companies that showed the best performances and contributed positively to the increase in the net interest income are: the guaranteed checking account operations, working capital, securities cashing, leasing and onlendings from the National Bank for Economic and Social Development (BNDES).

Although credits for individuals in the last quarters presented a growth pace slowdown, when analyzing the year-to-date figures we can observe a 19.2% growth (without considering the acquired loan portfolios, the growth would be 27.1%), whereas the operations aimed at companies grew by 18.2% . The operations with individuals that stood out this year were the consumption financing operations, especially vehicle financing operations, personal credit, leasing, credit card and assets financing, which showed a 4.9% growth in the quarter, reaching the amount of R$35.4 billion in December 2006.

The growth of these operations is a lot associated to the growth of the client base that during 2006 started integrating 333 thousand new individuals accounts and 28 thousand new companies accounts, product of the strong presence of Bradesco brand name in the Brazilian market and result of a good management focusing on the clients, basically due to ripening the segmentation process of client base, where Bradesco tries to cater for all market niches in a personalized manner, respecting the characteristics of each client segment.

The increase in the volume of operations has been a fundamental factor for the restructuring of the net interest income due to the global decrease of spreads. Thus, Bradesco constantly searches for strategic positioning by means of the expansion of the client base and consequent growth of operating volumes, focused on the sustainable extension of the net interest income.

Comparing the quarterly history since 2005, it can be observed that the interest net interest income result showed a constant growth during the last seven quarters, despite the slight reduction in 4Q06. The annualized net interest income rate of interest in the last two quarters of 2006 has presented a retraction due, mostly, to the CDI rate drop, as observed, which directly influenced the remuneration of own working capital, technical provisions of insurance, private pension plans and certificated savings plans, funding and floating. Another factor that reduced the margin rate was the largest contribution of corporate entities in the loan operation that present spreads smaller when compared to individual clients, but, on the other hand, require a lower provisioning level.

The result of the adjusted net interest income coming from non-interest results in 4Q06 showed an increase of R$225 million motivated by lower gains with TVM and treasury in 3Q06, resulting, partly, from the mark-to-market negative adjustment of the derivative financial instruments used as market risk hedge for loan operations in the country. When analyzing the evolution of the twelve-month period of 2006 compared to the same period of the previous year, we can see an increase of R$ 752 million, basically due to gains with TVM and treasury in 2006.

Allowance for Doubtful Accounts (PDD)

PDD Evolution

	R$ million					
	2005			2006		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Opening Balance	**4,450**	**4,647**	**4,145**	**5,833**	**6,215**	**4,959**
Amount Recorded	540	770	2,507	1,168	1,190	4,412
Amount Written-off	(343)	(458)	(1,693)	(786)	(759)	(2,827)
Balance Derived from Acquired Institutions						102
Closing Balance	**4,647**	**4,959**	**4,959**	**6,215**	**6,646**	**6,646**
Specific Allowance	2,053	2,288	2,288	3,290	3,635	3,635
Generic Allowance	1,642	1,657	1,657	1,833	1,911	1,911
Exceeding Allowance	952	1,014	1,014	1,092	1,100	1,100
Credit Recoveries	**174**	**193**	**682**	**166**	**197**	**638**

PDD on Loan and Leasing Operations

	R$ million			
	2005		2006	
	September	December	September	December
PDD (A)	4,647	4,959	6,215	6,646
Loan Operations (B)	75,244	81,130	92,013	96,219
PDD over Loan Operations (A/B)	6.2%	6.1%	6.8%	6.9%

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

	R$ million			
	2005		2006	
	September	December	September	December
(1) Total Allowance	4,647	4,959	6,215	6,646
(2) Abnormal Course Loans (E-H)	2,426	2,714	3,983	4,390
Coverage Ratio (1/2)	191.5%	182.7%	156.0%	151.4%

Coverage Ratio Non Performing Loans (NPL) (*)

	R$ million			
	2005		2006	
	September	December	September	December
(1) Total Allowance	4,647	4,959	6,215	6,646
(2) Non Performing Loans	2,341	2,702	3,889	4,284
NPL Ratio (1/2)	198.5%	183.5%	159.8%	155.1%

(*) 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 82 to 86 of this Report.

Fee and Commission Income

	R$ million					
	2005			2006		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Checking Accounts	454	490	1,758	532	547	2,084
Card Income	335	371	1,301	514	541	1,758
Loan Operations	334	348	1,289	393	411	1,543
Assets under Management	276	275	1,048	327	309	1,245
Charging	178	180	687	191	198	752
Interbank Fees	69	71	271	70	76	289
Collection	54	56	206	66	68	254
Consortium Purchase Plan Management	40	45	148	52	58	202
Custody and Brokerage Services	35	34	126	39	42	158
Other	143	140	515	159	174	613
Total	**1,918**	**2,010**	**7,349**	**2,343**	**2,424**	**8,898**

Fee and Commission Income increased 21.1 % in the nine-month period of 2006, or a R$1,549 million growth when compared to the same period of the previous year, amounting to R$8,898 million.

Major components for growth of Fee and Commission Income were in the periods:

- the growth of 35.1%, represented by the increase of R$457 million in the item Cards (including R$235 related to the consolidation of Amex Brasil) is directly related to the increase of 21.8% of the cards base, from 47.6 million to 58.0 million, influenced by the consolidation of Amex Brasil;

- the strategy of client segmentation (Private, Prime, Corporate, Middle Market and Retail), jointly with the tariff realignment and client base growth boosted the item Checking Accounts , up by R$326 million;

- the increase in the volume of Loan Operations, especially to individuals, with highlights to the products Personal Loan and Vehicles , which was the major factor for the increase in the item Revenues from Loan Operations , with a R$253 million improvement; and

- the volume growth of 21.4% in managed funds, from R$121.2 billion on December 31, 2005 to R$147.1 billion on December 31, 2006, which was the main reason for the growth in the item Assets under Management , which increased by R$198 million.

When compared to the previous quarter, Fee and Commission Income showed an expansion of 3.5%, with a R$81 million growth, as a result of the increased volume of businesses in 4Q06, pointing out increases of 5.3%, 4.3%, 3.7% and 2.8%, respectively, in the items Credit Cards R$27 million, Loan Operations R$17 million, Charging R$7 million and Checking Accounts R$15 million.

Administrative and Personnel Expenses

	R$ million					
	2005			2006		
	3rd Qtr.	4th Qtr.	Year	3rd Qtr.	4th Qtr.	Year
Administrative Expenses						
Third-Party Services	251	252	950	334	344	1,200
Communications	183	187	727	203	213	792
Transportation	104	111	420	135	148	535
Advertising and Promotions	79	203	439	114	223	534
Depreciation and Amortization	108	134	469	129	130	481
Financial System Services	105	110	416	113	121	458
Rentals	81	83	320	92	94	350
Maintenance and Repairs	71	67	275	75	74	291
Data Processing	50	58	196	67	87	268
Leasing of Assets	55	51	236	53	52	215
Security and Vigilance	37	38	148	46	45	173
Materials	48	45	174	45	45	172
Water, Electricity and Gas	34	37	143	37	41	160
Travel	14	16	56	17	19	71
Other	51	47 &nb				