

BANK BRADESCO  
Form 6-K  
August 07, 2006

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

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**FORM 6-K**

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

**For the month of August, 2006**

**Commission File Number 1-15250**

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

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

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

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

Form 20-F  Form 40-F

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

Yes  No

|                              |                       |                  |
|------------------------------|-----------------------|------------------|
| <b>PRESS RELEASE</b>         |                       |                  |
| <b>Bovespa: BBDC3, BBDC4</b> | <b>Latibex: XBBDC</b> | <b>NYSE: BBD</b> |

*This Press Release may include information on future events. These considerations may reflect not only historical facts, but also the desires and expectations of Bradesco's management. Words such as anticipates, desires, expects, foresees, plans, predicts, projects, wishes and similar expressions are intended to identify statements, which necessarily involve known and unknown risks. Known risks include uncertainties, which are not restricted to the impact of the competitive nature of prices and services, the acceptance of services by the market, service transactions of Bradesco and of its competitors, regulatory approvals, currency fluctuations, changes in the range of services offered and other risks described in Bradesco's reports. This Press Release is valid as at this date and Banco Bradesco assumes no obligation whatsoever to update this release, either as a result of new information and/or future events.*

Monday, 08/07/2006      **1<sup>st</sup> half 2006 Earnings Results**

**Banco Bradesco (NYSE: BBD)** posted Net Income of R\$3.132 billion in the 1<sup>st</sup> half of 2006 (equivalent to EPS of R\$3.20) vis-à-vis the R\$2.621 billion recorded in the same period of 2005 (equivalent to EPS of R\$2.67), a 19.5% increase. In the first six months period, Return on Average Stockholders' Equity (ROAE), stood at 34.4% (34.9% in 1H05). Total Assets reached R\$232.9 billion, a R\$38.4 billion, or 19.7% jump. In the 2<sup>nd</sup>. Quarter, Net Income reached R\$1.602 billion, 4.7% higher in the q-o-q analysis, which was R\$1.530 billion. In the quarter Return on Average Stockholders' Equity, stood at 35.0% (34.6% in the 1<sup>st</sup>. Quarter).

In the 2<sup>nd</sup>. quarter, the following extraordinary events took place: R\$99 million gain from the Fidelity deal; R\$84 million from the partial sale of the stake held by Bradesco in ABN - American BankNote, which were fully neutralized by the R\$192 million of extraordinarily amortized goodwill.

In the 1<sup>st</sup> half of 2006, 33% of Bradesco's Net Income was originated by Insurance, Pension Plans and Savings Bonds, 23% by Loans, 25% by Fee Income, 11% by Securities and Treasury and 8% by Funding result.

Adjusted Net Interest Income reached R\$9.926 billion, up by 30.5% in the last 12 months and, in the q-o-q analysis, down by 0.5%. Fee Income grew R\$710 million, or 20.8%, between June 2005 and 2006, totaling R\$4.131 billion. Compared to the previous quarter, Fees expanded by R\$51 million, or 2.5%.

Bradesco's Efficiency Ratio for the accumulated 12-month period continues to present a constant improvement, standing at 48.1% in June 2005, 42.9% in March 2006 and, finally, 42.8% in June 2006.

In line with the policy of adding shareholder value, in the 1<sup>st</sup> half of 2006, Interest on Own Capital paid or provisioned added up to R\$1.148 billion (compared to R\$925.1 million in the 1<sup>st</sup> half of 2005).

As of June 30, the Bradesco Market Capitalization reached R\$64.2 billion, corresponding to a 62.3% jump, a significantly higher variation than the Ibovespa's, which evolved by 46.2%. Currently the Market Capitalization stands at R\$70 billion (08/04/2006).

On May 19, Standard & Poor's attributed in the international scale the credit rating in foreign currency and domestic currency BB+/B (long and short term) to Bradesco. These ratings are one notch above the sovereign credit in

foreign currency attributed to Brazil.

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**Investor Relations**

**Jean Philippe Leroy 55 11 3684.9229**  
**Édina Rosária dos Santos 55 11 3684.9302**  
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**Aurélia Garcia Nunes 55 11 3684.2086**

[www.bradesco.com.br/ri](http://www.bradesco.com.br/ri)

**Loan Portfolio**

The Loan Portfolio, including Sureties and Guarantees, reached R\$102.0 billion, up by 30.2% in the **year** and by 7.2% in the **quarter**.

Excluding Sureties and Guarantees, the Loan Portfolio reached R\$88.6 billion, increasing by R\$18.9 billion or 27% in the **year** and by R\$4.2 billion or 5.0% in the **quarter**.

Loans to **Individuals** recorded a R\$10.8 billion growth or 39.9% in the **year** and a R\$1.8 billion growth or 5.2% in the **quarter**, mostly originated by the higher demand for Personal Loans and Auto Finance, due to the improvement in the Brazilian economy.

Loans to **Corporates** grew by R\$8.1 billion or 18.9% in the **year**, mostly in Working Capital Operations, Export Financing and BNDES Onlending, in line with the expected increase in sales, considering the overall economic recovery. In the **quarter**, growth was R\$2.4 billion or 4.9%, with the main increases recorded in Export Financing, BNDES Onlendings and Overdraft operations.

**SMEs** expanded their demand for loans, recording a 29.0% increase in the Loan Portfolio **y-o-y** and a 10.9% increase **q-o-q**. Referring to **Large Corporates**, a 10.1% increase in the Loan Portfolio was recorded **y-o-y**, while in the **q-o-q** analysis, loans decreased by 0.7%, driven the impact of fx variation observed in the period. In addition, it is worth mentioning that 92% of Sureties and Guarantees operations derive from Large Corporates.

*Loan Portfolio by type of customer:*

*Asset Quality:*

Regarding Asset Quality, AA-C rated operations accounted for 92.4% of the Loan Portfolio in June 2006 (92.8% in March 2006 and 92.6% in June 2005), evidencing the quality of the Portfolio. In this same period, the Financial System recorded an 89.5% ratio (89.6% in 1Q06 and 89.9% in the 1<sup>st</sup>. Half of 2006), while private banks presented ratios of 91.5%, 91.6% and 92.6%, respectively.

The balance of Allowance for Doubtful Accounts (PDD) amounted to R\$5.8 billion, corresponding to 6.6% of the Loan Portfolio, R\$4.7 billion of which are required and R\$1.1 billion are additional provisions.

The coverage ratio, which compares the total balance of Allowance for Doubtful Accounts to the Loan



Portfolio balance overdue by more than 59 days, which do not accrue interest, stood at 157%, which Bradesco believes to be a very comfortable percentage.

*Allowance for Doubtful Accounts (PDD) Expenses*

In the **year**, the R\$857 million increase in the provisioning needs is in line with the 27% growth of the portfolio, highlighting the strong loan demand by individuals with 39.9% .

In the **quarter**, the addition of R\$178 million in provisioning expenses is mostly due to the growth of the general delinquency ratio, both in view of the change in the portfolio mix, with higher share in operations to individuals, and the slight decrease of the payment capacity of customers, observed in the entire National Financial System.

|                              | R\$ million  |              |            |              |            |            |
|------------------------------|--------------|--------------|------------|--------------|------------|------------|
|                              | 1H06         | 1H05         | Variation  | 2Q06         | 1Q06       | Variation  |
| <b>Regular PDD Expenses</b>  | <b>2,009</b> | <b>1,176</b> | <b>833</b> | <b>1,089</b> | <b>920</b> | <b>169</b> |
| Additional Provision         | 45           | 21           | 24         | 27           | 18         | 9          |
| <b>Reported PDD Expenses</b> | <b>2,054</b> | <b>1,197</b> | <b>857</b> | <b>1,116</b> | <b>938</b> | <b>178</b> |

**Deposits, Debentures and Technical Provisions**

In the chart below are highlighted the evolution of deposits and debentures on an **y-o-y** and **q-o-q** analysis:

|                   | R\$ billion  |             |             | Variation % |             |
|-------------------|--------------|-------------|-------------|-------------|-------------|
|                   | Jun/06       | Mar/06      | Jun/05      | q-o-q       | y-o-y       |
| Demand deposits   | 16.7         | 16.2        | 14.9        | 3.1         | 12.1        |
| Savings deposits  | 24.8         | 25.6        | 24.5        | (3.1)       | 1.2         |
| Time deposits     | 36.4         | 32.3        | 32.0        | 12.7        | 13.8        |
| Other             | 0.4          | 0.4         | 0.2         | -           | 100.0       |
| <b>Subtotal</b>   | <b>78.3</b>  | <b>74.5</b> | <b>71.6</b> | <b>5.1</b>  | <b>9.4</b>  |
| Debentures        | 15.3         | 15.0        | 7.8         | 2.0         | 96.2        |
| Subordinated Debt | 7.9          | 6.6         | 3.3         | 19.7        | 139.4       |
| <b>Total</b>      | <b>101.5</b> | <b>96.1</b> | <b>82.7</b> | <b>5.6</b>  | <b>22.7</b> |

It is worth to highlight below presented volume of Technical Provisions for Insurance, Private Pension Plans and Savings Bonds, reflecting Grupo Bradesco de Seguros e Previdência s leadership in premiums, as well as its conservative provisioning criteria:

|                       | R\$ billion |        |        | Variation % |       |
|-----------------------|-------------|--------|--------|-------------|-------|
|                       | Jun/06      | Mar/06 | Jun/05 | q-o-q       | y-o-y |
| Private Pension Plans | 37.6        | 36.4   | 31.1   | 3.3         | 20.9  |
| Insurance             | 4.1         | 4.0    | 3.4    | 2.5         | 20.6  |
| Savings Bonds         | 2.2         | 2.2    | 2.0    | -           | 10.0  |

|              |             |             |             |            |             |
|--------------|-------------|-------------|-------------|------------|-------------|
| <b>Total</b> | <b>43.9</b> | <b>42.6</b> | <b>36.5</b> | <b>3.1</b> | <b>20.3</b> |
|--------------|-------------|-------------|-------------|------------|-------------|

### Capital

Bradesco's Accounting Stockholders' Equity in June 2006 totaled R\$21.461 billion and the Reference Stockholders Equity reached R\$31.017 billion. Thus, the Capital Adequacy Ratio (BIS) stood at 16.5% in consolidated figures. Considering that the minimum requirement in Brazil is 11%, Bradesco's potential to expand its Loan Portfolio reaches R\$94.1 billion. In this first half period Bradesco issued, in the domestic market, approximately R\$4.0 billion of Subordinated Debts (note 19), which increased the Capital Adequacy Ratio (Tier 2) by approximately 2.1% .

**Asset Management**

Total Assets under Management reached R\$137.6 billion, comprising Investment Funds, Managed Portfolios and Third-Party Funds, up by 26.9% **y-o-y** and by 4.9% **q-o-q**, as follows:

**Total Assets under Management R\$ million**

|                    | <b>Jun/06</b>  | <b>Mar/06</b>  | <b>Jun/05</b>  |
|--------------------|----------------|----------------|----------------|
| Investment Funds   | 121,640        | 116,875        | 96,024         |
| Managed Portfolios | 10,400         | 8,468          | 7,583          |
| Third-Party Funds  | 5,608          | 5,937          | 4,883          |
| <b>Total</b>       | <b>137,648</b> | <b>131,280</b> | <b>108,490</b> |

**Assets Distribution R\$ million**

|                         | <b>Jun/06</b>  | <b>Mar/06</b>  | <b>Jun/05</b>  |
|-------------------------|----------------|----------------|----------------|
| Total Fixed Income      | 126,168        | 119,501        | 99,208         |
| Total Variable Income   | 5,872          | 5,842          | 4,399          |
| Total Third-Party Funds | 5,608          | 5,937          | 4,883          |
| <b>Overall Total</b>    | <b>137,648</b> | <b>131,280</b> | <b>108,490</b> |

**Adjusted Net Interest Income**

For a better analysis, the Net Interest Income was adjusted by the effects of the sale of investments and hedge of investments abroad and is shown in the following table:

|                                     | <b>In R\$ million</b> |              |                  |              |              |                  |
|-------------------------------------|-----------------------|--------------|------------------|--------------|--------------|------------------|
|                                     | <b>1H06</b>           | <b>1H05</b>  | <b>Variation</b> | <b>2Q06</b>  | <b>1Q06</b>  | <b>Variation</b> |
| <b>Reported NII</b>                 | <b>10,221</b>         | <b>8,354</b> | <b>1,867</b>     | <b>4,961</b> | <b>5,260</b> | <b>(299)</b>     |
| ( - ) Sale of Belgo Mineira         | -                     | (327)        | 327              | -            | -            | -                |
| ( - ) Hedge/Exchange Variation      | (295)                 | (418)        | 123              | (10)         | (285)        | 275              |
| <b>Adjusted NII</b>                 | <b>9,926</b>          | <b>7,609</b> | <b>2,317</b>     | <b>4,951</b> | <b>4,975</b> | <b>(24)</b>      |
| <b>% Adjusted by Average Assets</b> | <b>9.3%</b>           | <b>8.2%</b>  | <b>-</b>         | <b>9.1%</b>  | <b>9.7%</b>  | <b>-</b>         |

*Note: For further details see page 63 of the Report on Economic and Financial Analysis.*

In the year, the R\$2.317 billion Adjusted Net Interest Income growth was due to:



- R\$1.709 billion increase in interest income operations, caused mainly by the expansion of the loan portfolio; and
- R\$608 million increase in non-interest income, mainly as a result of higher Securities and Treasury gains.

In the **quarter**, the R\$24 million reduction was originated by:

- R\$ 65 million increase in interest income operations, in line with the higher average business volumes; and
- R\$89 million decrease in non-interest income, mainly as a result of lower Securities and Treasury gains.

### **Fee Income**

The increase of this income was due to:

- increase in the operations volume;
- customer base increase; and
- the success of the segmentation process.

In the **year**, the R\$710 million growth is mainly due to the following fees:

- Checking Account - R\$191 million;
- Loan Operations - R\$132 million;
- Assets Management - R\$111 million;
- Cards - R\$109 million;
- Collection - R\$34 million; and
- Consortium - R\$29 million.

In the **quarter**, the R\$51 million increase was mainly originated by the increase in the following fees:

- Loan Operations - R\$19 million; and
- Checking Account - R\$15 million;
- Collections - R\$8 million; and
- Cards - R\$5 million.

### Personnel Expenses

In the **year**, the R\$421 million variation was due to the:

- growth in employee profit sharing expenses of R\$47 million;
- increase in severance and labor provision expenses of R\$144 million;
- impact of the acquisition of Banco BEC of R\$30 million; and
- increase in payroll, resulting from the 2005 collective bargaining agreement (6%), benefits and other, of R\$200 million.

In the **quarter**, the variation of R\$50 million was a result of the:

- lower expense in the 1<sup>st</sup> quarter due to vacation concentration of R\$41 million;
- increase in severance and labor provision expenses of R\$7 million;
- higher training expenses of R\$7 million; and
- lower employee profit sharing expenses of R\$10 million.

| <b>Number of Employees</b> | <b>June/06</b> | <b>March/06</b> | <b>June/05</b> |
|----------------------------|----------------|-----------------|----------------|
| Bradesco Multiple Bank     | 62,592         | 61,466          | 60,811         |
| Subsidiaries               | 12,703         | 12,643          | 12,051         |
| BEC                        | -              | 831             |                |
| <b>Subtotal</b>            | <b>75,295</b>  | <b>74,940</b>   | <b>72,862</b>  |
| Amex (*)                   | 2,545          | -               | -              |
| <b>Total</b>               | <b>77,840</b>  | <b>74,940</b>   | <b>72,862</b>  |

(\*) In this half, personnel expenses were not affected by American Express Brasil as the acquisition was concluded on 06/30/2006.

### Other Administrative Expenses

In the **year**, the R\$260 million growth was mostly due to the:

- increase in the customer base and in businesses;
- incorporation of Banco BEC activities in the 1<sup>st</sup> half of 2006 of R\$30 million; and
- investments in the improvement and optimization of the IT platform.

In the **quarter**, the R\$58 million increase was due to the:

- increase in third-party services expenses of R\$15 million;
- higher Advertising expenses of R\$14 million;
- higher data processing expenses R\$8 million; and
- increase in transportation expenses of R\$6 million.

## **Performance Indexes**

### Operating Efficiency Ratio:

Reflecting the focus on personnel and administrative expenses, as well as the increase on several income sources, we present the continued improvement in this ratio below:

- YTD

### Coverage Ratio:

The Coverage Ratio (Fee Income / Personnel Expenses + Administrative Expenses) has been improving over the last quarters, as follows:

## **Insurance, Private Pension Plans and Savings Bonds**

Bradesco Seguros e Previdência posted Net Income of R\$1.041 billion (+ 30.1% on 1H05). In the quarterly comparison, the result had an evolution of R\$119 million (+ 25.8% vis-à-vis the 1<sup>st</sup>. Quarter).

Until June 2006 the customer base grew by 5.0% compared to June 2005, totaling 17.308 million customers.



The breakdown of customers by segment is as follows:

| Customers                   | 2006         |              | 2005         |              |
|-----------------------------|--------------|--------------|--------------|--------------|
|                             | June         | March        | June         | March        |
| <b>Insurance</b>            | <b>76.3%</b> | <b>76.0%</b> | <b>74.9%</b> | <b>73.4%</b> |
| Health                      | 14.6%        | 14.7%        | 15.4%        | 15.9%        |
| Life/PA                     | 49.7%        | 48.9%        | 46.7%        | 45.0%        |
| Auto and P&C                | 12.0%        | 12.4%        | 12.8%        | 12.5%        |
| <b>Private Pension Plan</b> | <b>9.9%</b>  | <b>10.0%</b> | <b>9.5%</b>  | <b>9.7%</b>  |
| <b>Savings Bonds</b>        | <b>13.8%</b> | <b>14.0%</b> | <b>15.6%</b> | <b>16.9%</b> |

Premiums from **Private Pension Plans and Savings Bonds** amounted to R\$8.6 billion in the 1<sup>st</sup>. Half of 2006 compared to R\$7.4 billion in the 1<sup>st</sup>.H05, an increase of 16.4%, representing a 25% market share.

Technical Provisions totaled R\$43.9 billion, representing 37.4% of the entire Brazilian Technical Provisions, according to Susep's figures.

Combined Ratio:

The improvement in the combined ratio is due to:

- 1) The reduction in the losses of the Basic lines and Health, and in the conjugation of the profile implementation completed one and a half year ago and an expressive growth of the residential insurance (with low loss ratios). Referring to Health the losses dropped, a result of the operating efforts and measures taken by the company.
- 2) The reduction of the administrative cost of all the insurance group which represents, in nominal terms, the same levels of 2003.

| Ratios          | 2006 |       |      | 2005  |       |       |
|-----------------|------|-------|------|-------|-------|-------|
|                 | 1H   | 2Q    | 1Q   | 1Q    | 2Q    | 1Q    |
| Combined        | 99.7 | 101.9 | 99.3 | 101.4 | 101.6 | 101.1 |
| Combed Enlarged | 85.0 | 85.4  | 86.0 | 90.4  | 88.8  | 92.1  |
| International   | 93.8 | 95.8  | 92.2 | 95.2  | 96.1  | 94.3  |

Loss Ratios by Lines (%)

| Lines                    | 2006        |             |             | 2005        |             |             |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                          | 1H          | 2Q          | 1Q          | 1H          | 2Q          | 1Q          |
| Health                   | 85.0        | 85.5        | 84.5        | 95.8        | 97.2        | 94.4        |
| Life/AP/VGBL             | 72.0        | 79.3        | 66.1        | 62.6        | 71.2        | 53.6        |
| Auto/RCF and Basic Lines | 71.9        | 72.0        | 71.8        | 73.7        | 74.7        | 72.6        |
| DPVAT                    | 77.9        | 77.1        | 127.3       | 71.4        | 71.0        | 71.7        |
| <b>TOTAL</b>             | <b>78.5</b> | <b>79.9</b> | <b>78.7</b> | <b>82.2</b> | <b>84.5</b> | <b>79.9</b> |

**Highlights of the Market Relations Department**

*IR Area*

Concerning the relationship with investors and the market in general, the IR Area conducted and attended, in the first half of 2006, 63 internal and external meetings, 7 conference calls, 4 APIMEC presentations (Brazilian Association of Analysts and Professionals of Investment) and 4 Conferences abroad.

*RSA (Social-environmental responsibility) Area*

On May 29, 2006, the Avenida Paulista building obtained the Certifications of ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System). This building was totally refurbished and adapted with the purpose of meeting all the specifications and rules required for the referred certifications.

Bradesco is the 1<sup>st</sup> bank in Brazil to receive without any non-conformity these Certifications. This achievement shows the commitment to the sustainability of the company.

In the 2<sup>nd</sup> quarter, Bradesco decided to adopt the reviewed version of the Equator Principles, ratifying the commitment to evaluate all project financing operations in terms of their impact to the environment with amounts equal or higher than US\$10 million.

#### **Other Highlights of the Quarter**

- On May 15, the integration of Banco BEC S.A. activities with Bradesco, with the change of BEC Branches into Bradesco Branches. This initiative optimizes resources, merging specialties and the dedication of the work force, always with the purpose of providing customers with the best quality in products and services.
- The Board of Directors of Banco Bradesco S.A., at a meeting held on May 22, 2006, resolved to authorize the Company's Board of Executive Officers to acquire up to 10,000,000 registered book-entry stocks: 5,000,000 common stocks and 5,000,000 preferred stocks, with the purpose of remaining in treasury and subsequent sale or cancellation, without reduction of the Stock Capital. The authorization will be in force for 6 (six) months, from 5/24 to 11/24/2006.
- On June 8, a partnership with Gbarbosa, one of the main retail chains of Northeastern Brazil, to manage Private Label Credi-Hiper Credit Card was closed, and, on July 14, with COOP Cooperativa de Consumo, Latin America's largest cooperative, for the launch and management of Private Label Coop Fácil Card. These partnerships will also enable the sale of other Bradesco products and services.
- On June 30, Amex acquisition was concluded.

NOTE: The complete version of the Financial Statements, as well as the Report on Economic and Financial Analysis as of June 30, 2006, are available on our Website ([www.bradesco.com.br/ir](http://www.bradesco.com.br/ir)) in the Portuguese, English and Spanish versions.



**CONFERENCE CALL INFORMATION**

Date: Tuesday, August 8, 2006

| Portuguese   | English  |
|--|--|
| 9:30 am (São Paulo time)<br>8:30 am (US EST time)        | 11 am (São Paulo time)<br>10 am (US EST time)  |
| Brazil (11) 4688-6301<br>International (55 11) 4688-6301 | USA (1-800) 860-2442<br>International (1-412) 858-4600<br>Brazil (0-xx-11) 4688-6301 |
| Code: Bradesco   | Code: Bradesco   |

The conference calls will also be live broadcasted online with audio and slideshow. Please access our website [www.bradesco.com.br/ir](http://www.bradesco.com.br/ir)

On the conference call page, the presentation will be available for download on the morning of the event.

An audio replay of the conference calls will be available from August 8 to 16, 2006, at the phone numbers (55 11) 4688-6225 for Portuguese, conference call code: 670 and (55 11) 4688-6225 for English, conference code: 748. Alternatively, it will be available on Bradesco's Investors Relations website approximately two hours after the event has ended.

**Market Indicators**

| In %                                  | 1H06   | 2Q06   | 1Q06   | 1H05    |
|---------------------------------------|--------|--------|--------|---------|
| USD Commercial Rate                   | (7.54) | (0.37) | (7.19) | (11.45) |
| IPCA                                  | 1.54   | 0.10   | 1.44   | 3.16    |
| CDI                                   | 7.76   | 3.58   | 4.04   | 8.92    |
| IGP-M                                 | 1.41   | 0.71   | 0.70   | 1.75    |
| Selic (year end)                      | 15.25  | 15.25  | 16.50  | 19.75   |
| USD Commercial Rate (year end) in R\$ | 2.1643 | 2.1643 | 2.1724 | 2.3504  |

**Macroeconomic Scenario**

| In %                               | 2006 | 2007  | 2008  |
|------------------------------------|------|-------|-------|
| USD Commercial Rate (year end) R\$ | 2.15 | 2.20  | 2.28  |
| IPCA                               | 3.90 | 4.30  | 4.30  |
| IGP-M                              | 2.90 | 4.10  | 4.50  |
| Selic (year end)                   | 14.0 | 12.75 | 11.75 |
| GDP                                | 3.8  | 3.7   | 4.0   |



## MAIN FIGURES AND INDEXES

| In R\$ Million                        | 1H06    | 1H05    | %    | 2Q06    | 1Q06    | %     |
|---------------------------------------|---------|---------|------|---------|---------|-------|
| Net Income                            | 3,132   | 2,621   | 19.5 | 1,602   | 1,530   | 4.7   |
| Earnings per Share (R\$) (*)          | 3.20    | 2.67    | 19.9 | 1.64    | 1.56    | 5.1   |
| Book Value per Stock (R\$) (*)        | 21.92   | 17.77   | 23.4 | 21.92   | 20.81   | 5.3   |
| ROAE (Annualized)                     | 33.4    | 34.9    | -    | 35.0    | 34.6    | -     |
| ROAA (Annualized)                     | 2.9     | 2.8     | -    | 2.9     | 2.9     | -     |
| Net Interest Income Reported          | 10,221  | 8,354   | 22.3 | 4,961   | 5,260   | (5.7) |
| Net Interest Income - Adjusted        | 9,926   | 7,609   | 30.5 | 4,951   | 4,975   | (0.5) |
| Fee Income                            | 4,131   | 3,421   | 20.8 | 2,091   | 2,040   | 2.5   |
| Personnel and Administrative Expenses | (5,580) | (4,899) | 13.9 | (2,844) | (2,736) | 3.9   |
| Total Assets                          | 232,935 | 194,542 | 19.7 | 232,935 | 216,391 | 7.6   |
| Loan Portfolio                        | 88,643  | 69,787  | 27.0 | 88,643  | 84,426  | 5.0   |
| Sureties and Guarantees               | 13,369  | 8,559   | 56.2 | 13,369  | 10,736  | 24.5  |
| Allowance for Doubtful Accounts       | (5,833) | (4,450) | 31.1 | (5,833) | (5,315) | 9.7   |
| Deposits                              | 78,356  | 71,654  | 9.4  | 78,356  | 74,482  | 5.2   |
| Subordinated Debts                    | 10,903  | 6,496   | 67.8 | 10,903  | 9,614   | 13.4  |
| Technical Provisions                  | 43,947  | 36,533  | 20.3 | 43,947  | 42,555  | 3.3   |
| Stockholders Equity                   | 21,461  | 17,448  | 23.0 | 21,461  | 20,375  | 5.3   |
| In %                                  |         |         |      |         |         |       |
| Efficiency Ratio                      | 40.5    | 44.3    | -    | 41.8    | 39.3    | -     |

|  |                |                |              |                |                |             |
|--|----------------|----------------|--------------|----------------|----------------|-------------|
| <b>Efficiency Ratio (**)</b>                                       | <b>42.8</b>    | <b>48.1</b>    | <b>-</b>     | <b>42.8</b>    | <b>42.9</b>    | <b>-</b>    |
| <b>Expanded Combined Ratio</b>                                     | <b>85.0</b>    | <b>90.4</b>    | <b>-</b>     | <b>85.4</b>    | <b>86.0</b>    | <b>-</b>    |
| <b>BIS Ratio<br/>(Economic-Financial<br/>Consolidated)</b>         | <b>18.7</b>    | <b>18.2</b>    | <b>-</b>     | <b>18.7</b>    | <b>19.0</b>    | <b>-</b>    |
| <b>(Total Consolidated)</b>  | <b>16.5</b>    | <b>15.8</b>    | <b>-</b>     | <b>16.5</b>    | <b>16.7</b>    | <b>-</b>    |
| <b>Fixed Asset Ratio<br/>(Economic-Financial<br/>Consolidated)</b> | <b>48.0</b>    | <b>41.4</b>    | <b>-</b>     | <b>48.0</b>    | <b>42.6</b>    | <b>-</b>    |
| <b>(Total Consolidated)</b>  | <b>16.4</b>    | <b>19.1</b>    | <b>-</b>     | <b>16.4</b>    | <b>13.9</b>    | <b>-</b>    |
| <br>   |                |                |              |                |                |             |
| <b>In R\$ Million</b>  | <b>1H06</b>    | <b>1H05</b>    | <b>%</b>     | <b>2Q06</b>    | <b>1Q06</b>    | <b>%</b>    |
| <b>Interest on Own<br/>Capital/Dividends</b>                       | <b>1,148</b>   | <b>925</b>     | <b>24.1</b>  | <b>609</b>     | <b>539</b>     | <b>13.0</b> |
| <br>   |                |                |              |                |                |             |
| <b>Total Stock (in Thousand) (*)</b>                               | <b>979,225</b> | <b>982,142</b> | <b>(0.3)</b> | <b>979,225</b> | <b>979,282</b> | <b>-</b>    |

(\*) Note: For comparison purposes, the amounts were adjusted by the 100% stock bonus held on 11.22.2005.

(\*\*) YTD

## INCOME STATEMENTS

| <b>In R\$ Million</b>  | <b>1H06</b>    | <b>1H05</b>    | <b>%</b>    | <b>2Q06</b>    | <b>1Q06</b>    | <b>%</b>      |
|--|----------------|----------------|-------------|----------------|----------------|---------------|
| <b>REVENUES FROM FINANCIAL INTERMEDIATION</b>  | <b>18,771</b>  | <b>15,228</b>  | <b>23.3</b> | <b>9,690</b>   | <b>9,081</b>   | <b>6.7</b>    |
| <b>EXPENSES FROM FINANCIAL INTERMEDIATION</b>  | <b>8,550</b>   | <b>6,874</b>   | <b>24.4</b> | <b>4,729</b>   | <b>3,821</b>   | <b>23.8</b>   |
| <b>NET INTEREST INCOME</b>   | <b>10,221</b>  | <b>8,354</b>   | <b>22.3</b> | <b>4,961</b>   | <b>5,260</b>   | <b>(5.7)</b>  |
| <b>Allowance For Doubtful Accounts</b>   | <b>(2,054)</b> | <b>(1,197)</b> | <b>71.6</b> | <b>(1,116)</b> | <b>(938)</b>   | <b>19.0</b>   |
| <b>GROSS INCOME FROM FINANCIAL INTERMEDIATION</b>  | <b>8,167</b>   | <b>7,157</b>   | <b>14.1</b> | <b>3,845</b>   | <b>4,322</b>   | <b>(11.0)</b> |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>   | <b>(3,580)</b> | <b>(3,427)</b> | <b>4.5</b>  | <b>(1,755)</b> | <b>(1,825)</b> | <b>(3.8)</b>  |
| <b>Fee Income</b>  | <b>4,131</b>   | <b>3,421</b>   | <b>20.8</b> | <b>2,091</b>   | <b>2,040</b>   | <b>2.5</b>    |
| <b>Retained Premiums from Insurance, Private Pension Plans and Savings Bonds</b>             | <b>6,746</b>   | <b>5,797</b>   | <b>16.4</b> | <b>3,288</b>   | <b>3,458</b>   | <b>(4.9)</b>  |
| <b>Change in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds</b> | <b>(1,045)</b> | <b>(698)</b>   | <b>49.7</b> | <b>(466)</b>   | <b>(579)</b>   | <b>(19.5)</b> |
| <b>Claims Insurance Operations</b>   | <b>(2,985)</b> | <b>(2,829)</b> | <b>5.5</b>  | <b>(1,476)</b> | <b>(1,509)</b> | <b>(2.2)</b>  |
| <b>Savings Bonds Draws and Redemptions</b>   | <b>(573)</b>   | <b>(560)</b>   | <b>2.3</b>  | <b>(288)</b>   | <b>(285)</b>   | <b>1.1</b>    |
| <b>Insurance and Private Pension Plans Selling Expenses</b>                                  | <b>(494)</b>   | <b>(453)</b>   | <b>9.1</b>  | <b>(251)</b>   | <b>(243)</b>   | <b>3.3</b>    |
| <b>Private Pension Plans Benefits and</b>  |                |                |             |                |                |               |

|   |                |                |               |                |                |                |
|---|----------------|----------------|---------------|----------------|----------------|----------------|
| <b>Redemption Expenses</b>                        | <b>(1,294)</b> | <b>(1,373)</b> | <b>(5.8)</b>  | <b>(567)</b>   | <b>(727)</b>   | <b>(22.0)</b>  |
| <b>Personnel Expenses</b>                         | <b>(2,888)</b> | <b>(2,467)</b> | <b>17.1</b>   | <b>(1,469)</b> | <b>(1,419)</b> | <b>3.5</b>     |
| <b>Other Administrative Expenses</b>              | <b>(2,692)</b> | <b>(2,432)</b> | <b>10.7</b>   | <b>(1,375)</b> | <b>(1,317)</b> | <b>4.4</b>     |
| <b>Tax Expenses</b>                               | <b>(1,078)</b> | <b>(902)</b>   | <b>19.5</b>   | <b>(534)</b>   | <b>(544)</b>   | <b>(1.8)</b>   |
| <b>Equity in Earnings of Affiliated Companies</b> | <b>35</b>      | <b>5</b>       | <b>600.0</b>  | <b>30</b>      | <b>5</b>       | <b>500.0</b>   |
| <b>Other Operating Income</b>                     | <b>571</b>     | <b>559</b>     | <b>2.1</b>    | <b>316</b>     | <b>255</b>     | <b>23.9</b>    |
| <b>Other Operating Expenses</b>                   | <b>(2,014)</b> | <b>(1,495)</b> | <b>34.7</b>   | <b>(1,054)</b> | <b>(960)</b>   | <b>9.8</b>     |
| <b>OPERATING INCOME</b>                           | <b>4,587</b>   | <b>3,730</b>   | <b>23.0</b>   | <b>2,090</b>   | <b>2,497</b>   | <b>(16.3)</b>  |
| <b>NON-OPERATING INCOME</b>                       | <b>(20)</b>    | <b>(27)</b>    | <b>(25.9)</b> | <b>12</b>      | <b>(32)</b>    | <b>-</b>       |
| <b>INCOME BEFORE TAXES AND PROFIT SHARING</b>     | <b>4,567</b>   | <b>3,703</b>   | <b>23.3</b>   | <b>2,102</b>   | <b>2,465</b>   | <b>(14.7)</b>  |
| <b>INCOME TAX AND SOCIAL CONTRIBUTION</b>         | <b>(1,430)</b> | <b>(1,081)</b> | <b>32.3</b>   | <b>(500)</b>   | <b>(930)</b>   | <b>(46.2)</b>  |
| <b>MINORITY INTEREST IN SUBSIDIARIES</b>          | <b>(5)</b>     | <b>(1)</b>     | <b>400.0</b>  | <b>-</b>       | <b>(5)</b>     | <b>(100.0)</b> |
| <b>NET INCOME</b>                                 | <b>3,132</b>   | <b>2,621</b>   | <b>19.5</b>   | <b>1,602</b>   | <b>1,530</b>   | <b>4.7</b>     |

