

BANK BRADESCO
Form 6-K
August 12, 2005

**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 August, 2005

Commission File Number 1-15250

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

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

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

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

Form 20-F Form 40-F

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

Yes No

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Banco Bradesco S.A.

Corporate Taxpayer's ID
(CNPJ) 60.746.948/0001-12

BOVESPA

BBDC3
(common)
and
BBDC4
(preferred)

NYSE BBD

LATIBEX
XBBDC

Main Indicators (%)

Indicators	2004			2005			12 months
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half	Accumulated
CDI	3.76	3.67	7.56	4.18	4.56	8.92	17.64
IBOVESPA	(0.42)	(4.49)	(4.89)	1.58	(5.86)	(4.38)	18.45
USD Commercial Rate	0.67	6.84	7.56	0.43	(11.84)	(11.45)	(24.37)
IGP-M	2.72	3.95	6.78	1.55	0.20	1.75	7.12
IPCA IBGE	1.85	1.60	3.48	1.79	1.34	3.16	7.27
TJLP	2.41	2.35	4.82	2.35	2.35	4.76	9.75
TR	0.35	0.42	0.77	0.55	0.75	1.31	2.36
Savings Deposits	1.86	1.93	3.83	2.06	2.27	4.38	8.67
Business Days	62	62	124	61	63	124	251

Closing Amount

Indicators	2004		2005	
	March	June	March	June
Commercial U.S. dollar for sale (R\$)	2.9086	3.1075	2.6662	2.3504
Euro (R\$)	3.5829	3.7952	3.4603	2.8459
Argentine Peso (R\$)	1.0173	1.0537	0.9141	0.8147
Country Risk (Points)	557	646	456	411
SELIC COPOM Base rate (% p.a.)	16.25	16.00	19.25	19.75
Pre- BM&F rate 1 year (% p.a.)	15.24	17.29	19.17	18.22

Compulsory Deposits Rates (%)

Deposits	2004				Items	2005			
	1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.		1st Qtr.	2nd Qtr.	1st Qtr.	2nd Qtr.
Demand Deposits (1)	45	45	45	45	Income Tax	25	25	25	25

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Additional ⁽²⁾	8	8	8	8	Social Contribution	9	9	9	9
Time Deposits ⁽³⁾	15	15	15	15	PIS ⁽¹⁾	0.65	0.65	0.65	0.65
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 as per Brazilian Central Bank instructions, effective from November 8, 2004.

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

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

(2) The rate applicable to financial and similar companies is 7.60% since February 2004 (non-cumulative COFINS).

(3) Over Reference Equity.

(4) Reference Equity may not be lower than 11% of weighted assets.

Forward-Looking Statements

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business which are based on management's current expectations, estimates and projections about future events and financial trends which could affect our business. Words such as: believes, anticipates, plans, expects, intends, aims, evaluate, predicts, foresees, projects, guidelines, should and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties which are difficult to predict and which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions, which future events may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such forward-looking statements.

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

Accordingly, the reader should not place excessive reliance on these forward-looking statements. In all cases, these forward-looking statements are valid only as at the date they are made. Except as required under applicable legislation, we assume no obligation whatsoever to update these statements, whether as a result of new information, future events or any other motive.

Risk Factors

Reaffirming Bradesco's adherence to best international practices for transparency and corporate governance, we transcribe below the text extracted from the Risk Factors section of 20-F Form, the annual report filed with the Securities and Exchange Commission (SEC), describing the risk factors which we consider most significant and which could affect our daily business, the results of our operations or our financial position. We stress that Bradesco addresses the management of all risks inherent to its activities in a complete and integrated manner. This integrated approach facilitates the improvement of risk management models and avoids the existence of any gap that could jeopardize the correct identification and assessment of these risks.

Risks Relating to Brazil

1) Brazilian political and economic conditions may have direct impact on our business and on the market price of our stocks and ADSs

All of our operations and clients are mainly located in Brazil. Accordingly, our financial condition and results of operations are substantially dependent on Brazil's economy, which in the past has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles. In addition, our operations, 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 fluctuations, inflation rates; and other political, diplomatic, social and economic developments within and outside of Brazil that affect the Country.

In the past, the Brazilian Government has often changed monetary, fiscal, taxation and other policies to influence the course of Brazil's economy. We have no control over, and cannot predict, what measures or policies the Brazilian government may take in response to the current or future situation of the Brazilian economy or how the Brazilian government intervention and government policies will affect the Brazilian economy and, both directly and indirectly, our operations and revenues.

2) If Brazil undergoes a period of high inflation in the future, our revenues and the market price of our stocks and ADSs may be reduced

Brazil has undergone extremely high inflation rates in the past, with annual rates (IGP-DI from Getulio Vargas Foundation) during the last fifteen years reaching as high as 1.158% in 1992, 2.708% in 1993 and 1.093% in 1994. More recently, Brazil's inflation rates were 26.4% in 2002, 7.7% in 2003 and 12.1% in 2004. Inflation itself and governmental measures to combat it have had in past years significant negative effects on the Brazilian economy. Inflation, actions taken to combat inflation and public speculation about possible future actions have also contributed to economic uncertainty in Brazil and to heightened volatility in the Brazilian marketable securities markets. If Brazil suffers a period of high inflation in the future, our costs may increase, our operating and net margins may decrease and, if investor's confidence lags, the price of our stocks and ADSs may drop. Inflationary pressures may also curtail our ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Brazilian economy.

3) Access to international capital markets for Brazilian companies is influenced by the perception of risk in emerging economies, which may harm our ability to finance our operations

Since the end of 1997, and in particular during the last four years, as a result of economic problems in various emerging market countries, including the economic crisis in Argentina, investors have had a heightened risk perception for investments in emerging markets. As a result, in some periods, Brazil has experienced a significant outflow of U.S. dollars and Brazilian companies have borne higher costs to raise funds, both domestically and abroad,

and have been impeded from accessing international capital markets. We cannot assure you that international capital markets will remain open to Brazilian companies or that prevailing interest rates in these markets will be advantageous for us.

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

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

Developments in other countries have also at times adversely affected the market price of our and other Brazilian companies' stocks, as investors' perceptions of increased risk due to crises in other emerging markets can lead to reduced levels of investment in Brazil and, in addition, may hurt our ability to finance our operations through the international capital markets. If the current economic situation in Argentina and Latin America deteriorates, or if similar developments occur in the international financial markets in the future, the market price of our stocks and ADSs may be adversely affected.

Risks Relating to Bradesco and the Brazilian Banking and Insurance Industries

1) The Brazilian government regulates the operations of Brazilian banks and insurance companies, and changes in prevailing laws and regulations or the imposition of new ones may negatively affect our operations and results

Brazilian banks and insurance companies, including our banking and insurance operations, are subject to extensive and continuous regulatory review by the Brazilian Government. We have no control over government regulations, which govern all facets of our operations, including the imposition of minimum capital requirements, compulsory deposits, lending limits and other loan restrictions. The regulatory structure governing Brazilian banks and insurance companies is continuously evolving. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our results.

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

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

We face significant competition in all of our principal areas of operation from other large Brazilian banks and insurance companies, public and private. Brazilian regulations raise limited barriers to market entry and do not differentiate between local or foreign commercial and investment banks and insurance companies. As a result, the presence of foreign banks and insurance companies in Brazil, some of which have greater resources than we do, has grown and competition both in the banking and insurance sectors. The privatization of publicly owned banks has also made the Brazilian markets for banking and other financial services more competitive. The increased competition may negatively affect our business results and prospects by, among other things, limiting our ability to increase our customer base and expand our operations, reducing our profit margins on the banking, insurance, leasing and other services and products we offer; and increasing competition for foreign investment opportunities.

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

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

On June 30, 2005 Cidade de Deus Companhia Comercial de Participações, which we call Cidade de Deus Participações, directly held 48.19% of our common stocks and Fundação Bradesco directly and indirectly held 45.42% of our common stocks. As a result, these stockholders have the power to prevent a change in control of our company, even if a transaction of that nature would be beneficial to our other stockholders, as well as to approve related-party transactions or corporate reorganizations.

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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 Abbreviations

ABC	Activity-Based Costing	FIPE	Economic Research Institute Foundation
ABED	Brazilian Association of Education at a Distance	FIPECAFI	Accounting, Actuarial and Financial Research Institute Foundation
ABEL	Brazilian Association of Leasing Companies	FIRN	Floating Rate Note
ABEMD	Brazilian Association of Direct Marketing	FxRN	Fixed Rate Note
ABM	Activity-Based Management	GARP	Global Association of Risk Professionals
ABRASCO	Brazilian Association of Post-Graduate Studies in Collective Health	GDAD	Management of Performance and Support to Decisions
ABRH	Brazilian Association of Human Resources	IBA	Brazilian Actuarial Institute
ACM	Automated Consulting and Contract Machine	IBMEC	Brazilian Capital Market Institute
ADR	American Depositary Receipt	IBNR	Claims Incurred But Not Reported
ADS	American Depositary Share	IBOVESPA	São Paulo Stock Exchange Index
ADVB	Association of Sales and Marketing Managers of Brazil	IFC	International Finance Corporation
ANAPP	National Association of Private Pension Plan Companies	IGP-DI	General Price Index Internal Availability
ANBID	National Association of Investment Banks	IGP-M	General Price Index Market
ANS	National Agency for Supplementary Healthcare	IPCA	Extended Consumer Price Index
AP	Personal Accident	IPVA	Tax on the Property of Motor Vehicles
ATM	Automated Teller Machine	IR	Income Tax
BACEN	Brazilian Central Bank	ISO	International Standard Organization
BDR	Brazilian Depositary Receipt	ISS	Tax on Services
BM&F	Mercantile and Futures Exchange	JCP	Interest on Own Capital
BNDDES	National Bank for Economic and Social Development	LATIBEX	Latin American Stock Exchange Market in Euros
BOVESPA	São Paulo Stock Exchange		(Spain)
CDB	Bank Deposit Certificate	MBA	Master of Business Administration
CDC	Consumer Sales Financing	MP	Provisional Measure
CDI	Interbank Deposit Certificate	NBR	Registered Brazilian Rule
CEF	Federal Savings Bank	NYSE	New York Stock Exchange
CEID	State Department for the Integration of Disabled People	OIT	International Labor Organization
CETIP	Clearing House for the Custody and Financial Settlement of Securities	ON	Common Stock
CFC	Federal Accounting Council	PDD	Allowance for Doubtful Accounts
CID	Digital Inclusion Center	PGBL	Unrestricted Benefits Generating Plan
		PIB	Gross Domestic Product (GDP)
		PIS	Social Integration Program

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CIPA	Accident Prevention Internal Committee	PL	Stockholders Equity
CMN	National Monetary Council	PLR	Employee Profit Sharing
COFINS	Contribution for Social Security Financing	PN	Preferred Stock
COPOM	Monetary Policy Committee	PTRB	Online Tax Payment
COSIF	Chart of Accounts for National Financial System Institutions	RCF	Optional Third-Party Liability
COSO	Committee of Sponsoring Organizations Provisory Contribution on Financial Transactions	RE	Basic lines (of Insurance Products)
CPMF	Transactions	ROA	Return on Assets
CRI	Certificate of Real Estate Receivables	ROE	Return on Equity
CS	Social Contribution	SAP	Systems Applications and Products
CVM	Brazilian Securities Commission	SBPE	Brazilian Savings and Loan System Brazilian Micro and Small Business
DPVAT	Compulsory Vehicle Insurance	SEBRAE	Support Service U.S. Securities and Exchange Commission
DR	Depository Receipt	SEC	Commission
DTVM	Securities Dealer	SELIC	Special Clearance and Custody System
DVA	Value-Added Distribution	SESI	National Industry Social Service
EPE	Specific Purpose Entities	SFH	National Housing System Internal Week of Labor Accident Prevention
ERP	Enterprise Resource Planning Export and Import BNDES Financing	SIPAT	Prevention
EXIM	Line	SPB	Brazilian Payment System
FGV	Getulio Vargas Foundation	SPE	Specific Purpose Entity
FIA	Management Institute Foundation	SUSEP	Superintendence of Private Insurance
FIDC	Credit Right Funds	TED	Instant Online Transfer
FIE	Exclusive Investment Fund	TJLP	Long-term Interest Rate
FINAME	Fund for Financing the Acquisition of Industrial Machinery and Equipment	TR	Reference Rate
FIOCRUZ	Oswaldo Cruz Foundation	TVM	Marketable Securities
		VaR	Value at Risk
		VGBL	Long-term Life Insurance

1 - Bradesco Line by Line

Highlights**Earnings R\$ million**

	1st Half		Variation	2005		Variation
	2004	2005	%	1st Qtr.	2nd Qtr.	%
Financial Margin	6,411	8,354	30.3	3,999	4,355	8.9
Allowance for Doubtful Accounts	1,075	1,197	11.3	635	562	(11.5)
Revenues from Services Rendered	2,694	3,421	27.0	1,661	1,760	6.0
Insurance, Private Pension Plans and Savings Bonds						
Retained Premiums	5,983	5,797	(3.1)	2,796	3,001	7.3
Personnel Expenses	2,411	2,467	2.3	1,221	1,246	2.0
Other Administrative Expenses	2,424	2,432	0.3	1,192	1,240	4.0
Operating Income	1,420	3,730	162.7	1,584	2,146	35.5
Net Income	1,250	2,621	109.7	1,205	1,416	17.5

Balance Sheet R\$ million

	June		Variation	2005		Variation
	2004	2005	%	March	June	%
Total Assets	176,254	194,542	10.4	191,299	194,542	1.7
Marketable Securities	56,212	64,441	14.6	64,842	64,441	(0.6)
Loan Operations	58,402	69,787	19.5	65,979	69,787	5.8
Permanent Assets	5,203	4,561	(12.3)	4,711	4,561	(3.2)
Total Deposits	64,133	71,654	11.7	71,372	71,654	0.4
Borrowings and Onlendings	16,817	14,999	(10.8)	15,634	14,999	(4.1)
Technical Provisions	29,478	36,533	23.9	35,328	36,533	3.4
Stockholders Equity	13,650	17,448	27.8	16,538	17,448	5.5

Change in Number of Outstanding Stocks

	Common stock	Preferred stock	Total
Number of Outstanding Stocks on December 31, 2004	238,351,329	236,081,796	474,433,125
Capital increase through subscription	8,791,857	8,708,143	17,500,000
Capital increase through merger (1)	182,504	180,767	363,271
Stocks acquired and not cancelled	(1,225,200)		(1,225,200)
Number of Outstanding Stocks on June 30, 2005	246,100,490	244,970,706	491,071,196

(1) Increase ratified by BACEN on 7.18.2005.

Stock Performance (*) R\$

	1st Half		Variation	2005		Variation
	2004	2005	%	1st Qtr.	2nd Qtr.	%
Net Income per Stock	2.63	5.34	103.0	2.45	2.88	17.6
Dividends/JCP per Stock ON (Net of Income Tax)	1.110	1.530	37.8	0.607	0.923	52.1
Dividends/JCP Per Stock PN (Net of Income Tax)	1.221	1.683	37.8	0.668	1.015	52.1
Net Book Value (ON and PN)	28.77	35.53	23.5	33.62	35.53	5.7
Last Business Day Average Price ON	38.45	77.80	102.3	67.15	77.80	15.9
Last Business Day Average Price PN	47.54	83.37	75.4	77.33	83.37	7.8
Market Value of Stockholders Equity (R\$ million) (**)	20.391	39,570	94.1	35,523	39,570	11.4

For comparison purposes, in the 1H04, the amounts were adjusted at 200% due to the (*) stock splitting.

(**) Number of stocks x average price of last business day for the period.

Cash Generation R\$ million

	2004			2005		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Net Income	609	641	1,250	1,205	1,416	2,621
Equity in the Earnings of Affiliated Companies		(122)	(122)	5	(10)	(5)
Allowance for Doubtful Accounts	561	514	1,075	635	562	1,197
Technical Provisions	1,530	1,392	2,922	1,358	1,181	2,539
Allowance/Reversal for Mark-to-market	(4)		(4)	7	(38)	(31)
Depreciation and Amortization	123	119	242	116	111	227
Goodwill Amortization	87	226	313	96	88	184
Other	27	(19)	8	30	42	72
Total	2,933	2,751	5,684	3,452	3,352	6,804

Added Value R\$ million

	2004			2005		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Added Value (A+B+C)	2,382	2,313	4,695	3,153	3,859	7,012
A Gross Income from Financial Intermediation	2,769	2,567	5,336	3,364	3,793	7,157
B Revenues from Services Rendered	1,319	1,375	2,694	1,661	1,760	3,421
C Other Operating Income/Expenses	(1,706)	(1,629)	(3,337)	(1,872)	(1,695)	(3,567)
Distribution of Added Value (D+E+F+G)	2,382	2,313	4,695	3,153	3,859	7,012
D Employees	940	995	1,935	979	990	1,969
E Government	833	677	1,510	969	1,453	2,422
F JCP/Dividends to Stockholders (paid and accrued)	326	325	651	366	559	925
G Reinvestment of Profits	283	316	599	839	857	1,696

Performance Ratios (annualized) in percentage

	2004			2005		
	1st Qtr.	2nd Qtr.	1st Half	1st Qtr.	2nd Qtr.	1st Half
Return on Stockholders Equity (Total)	19.1	20.1	19.2	32.5	36.6	32.3
Return on Stockholders Equity (Average)	19.3	20.5	19.4	34.7	38.1	34.9
Return on Total Assets (Total)	1.5	1.5	1.4	2.5	2.9	2.7
Stockholders Equity to Total Assets	8.5	7.7	7.7	8.6	9.0	9.0
Capital Adequacy Ratio (Basel) Financial Consolidated	18.9	18.1	18.1	17.1	18.2	18.2
Capital Adequacy Ratio (Basel) Total Consolidated	16.4	15.7	15.7	15.0	15.8	15.8

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Permanent Assets to Stockholders' Equity						
Financial Consolidated	43.8	41.4	41.4	43.8	41.4	41.4
Permanent Assets to Stockholders' Equity						
Total Consolidated	28.0	26.1	26.1	21.1	19.1	19.1
Efficiency Ratio (12 months accumulated)	59.0	60.1	60.1	52.7	48.1	48.1

Other Information

		2005		Variation	June		Variation
		March	June	%	2004	2005	%
Assets under Management	R\$ million	276,767	283,269	2.3	247,496	283,269	14.5
Number of Employees		72,619	72,862	0.3	74,784	72,862	(2.6)
Number of Branches		2,959	2,913	(1.6)	3,054	2,913	(4.6)
Checking Account Holders	Million	16.1	16.4	1.9	15.4	16.4	6.5
Debit and Credit Card Base	Million	46.9	48.5	3.4	43.5	48.5	11.5

Profitability

Bradesco's net income reached R\$ 2,621 million in 1H05, which corresponds to a 109.7% growth when compared to same period of previous year. The stockholders' equity of Bradesco amounted to R\$ 17,448 million on June 30, 2005, equivalent to a 27.8% increase when compared to balance of 2004. As a result, the annualized return on stockholders' equity (ROE) reached 32.3%. Consolidated total assets reached R\$ 194,542 million at the end of June 2005, up 10.4% when compared to the balances for same date of previous year. The annualized return on total assets (ROA) in the first six months of 2005 was 2.7%. Earnings per stock reached R\$ 5.34.

In 2Q05, net income was R\$ 1,416 million, which represents an increase of R\$ 211 million, or 17.5%, when compared to 1Q05 figures. The annualized return on stockholders' equity (ROE) reached 36.6% in the quarter and return on total assets (ROA) was 2.9%.

The 2Q05 was marked by a good performance of revenues composing the Financial Margin, mainly due to better results in the interest line, which reached the amount of R\$ 3,580 million, representing a growth of R\$ 300 million, compared to the previous quarter, basically as a result of the expansion in business volumes, which is directly connected with the sustained maintenance of the economic activity. The non-interest line, in turn, reached the amount of R\$ 775 million, an increase of R\$ 56 million, principally due to: (i) R\$ 400 million, part of income from derivatives used for hedge effects of investments abroad, that simply annulled the tax effect (Income Tax/Social Contribution and PIS/COFINS) in net income of this hedge strategy; offset by: (ii) lower TVM and treasury gains of R\$ 17 million in 2Q05; and (iii) the positive result verified in the partial sale of our stake in Belgo-Mineira, in the amount of R\$ 327 million in 1Q05. Also deserves highlight the evolution of Revenues from Services Rendered, up 6.0% when compared to 1Q05, in which revenues from loan operations and income on cards stood out.

Another important contribution in 2Q05 was a R\$ 312 million raise in the Operating Income on Insurance, Private Pension Plan and Savings Bonds, mainly due to the recording in 1Q05 of extraordinary allowance in the Individual Health portfolio, in the amount of R\$ 324 million to set out the leveling of premiums for those insured above 60 years of age and for fully settled plans whose holders are still entitled to their benefits (*planos remidos*).

The current environment of improvement in loan portfolio, associated with our ongoing selectiveness in the loan granting policy, resulted in an improved portfolio of risk ratings, with AA-to-C rated credits totaling 92.6% of the total portfolio, against 92.5% in 1Q05. This performance, connected with the evolution observed in loan portfolio's volume, resulted in the record of Allowance for Doubtful Accounts in the amount of R\$ 562 million in 2Q05, with Allowance for Doubtful Accounts reaching the level of R\$ 4,450 million on June 30, 2005.

Operating Efficiency Ratio in the 12-month period comprised between July 1, 2004 until June 30, 2005 was of 48.1%, improving by 4.6 percentage points when compared to the 12-month period ended on March 31, 2005, principally as a result of the combination of strict expense control with the revenue growth in this period.

As a result of all these efforts, the Expanded Coverage Ratio [(revenues from services rendered)/(personnel expenses + administrative expenses)] increased from 68.8% in 1Q05 to 70.8% in 2Q05.

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

	December					2005	
	2000	2001	2002	2003	2004	March	June
Common	211,868	219,180	215,803	239,509	238,351	246,902	246,100
Preferred	205,743	212,984	212,561	236,082	236,082	244,971	244,971
Subtotal Outstanding Stocks	417,611	432,164	428,364	475,591	474,433	491,873	491,071
Treasury Stocks	2,334	1,467	2,939	172		423	1,225
Total	419,945	433,631	431,303	475,763	474,433	492,296	492,296

(*) For comparison purposes, the stocks quantities were adjusted at 200% due to the stock splitting. Referring to years prior to 2003, the stocks were divided by 10,000 in view of their reverse split.

On June 30, 2005, Bradesco's capital stock was of R\$ 10.0 billion, composed of 492,296,396 stocks, of which 247,325,690 are common and 244,970,706 are preferred, nonpar and book-entry stocks. The largest stockholder is the holding company, Cidade de Deus Participações, which directly holds 48.19% of our voting capital and 24.26% of our total capital. Cidade de Deus Participações, in its turn, is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações. Nova Cidade de Deus is basically owned by Fundação Bradesco and Elo Participações. Elo Participações has as stockholders the majority of members of Bradesco's Board of Directors and Statutory Executive Board (see page 104).

Quantity of Stockholders Resident in the Country and Abroad

	December					2005	
	2000	2001	2002	2003	2004	March	June
Individual	2,186,535	2,170,158	2,153,800	2,158,808	1,254,044	1,250,776	1,247,455
Corporate	182,205	181,007	179,609	180,559	116,894	116,703	116,549
Subtotal Residents in the Country	2,368,740	2,351,165	2,333,409	2,339,367	1,370,938	1,367,479	1,364,004
Residents abroad	598	565	373	465	3,780	3,726	3,696
Total	2,369,338	2,351,730	2,333,782	2,339,832	1,374,718	1,371,205	1,367,700

Referring to Bradesco's local and foreign stockholders' base on June 30, 2005, we observe that 1,364,004 were domiciled in Brazil, accounting on 99.7% of total stockholders' base and holding 71.58% of the Bank's outstanding shares, while 3,696 lived abroad, representing 0.3% of total stockholders' base and holding 28.42% of the Bank's outstanding shares.

Market Capitalization R\$ million

Market Capitalization/Stockholders' Equity

Market value/Stockholders' Equity: indicates the number of times the Bank's market value is higher than its book value of stockholders' equity.

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

Dividend Yield - in percentage (12 months accumulated)

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

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

Payout Index in percentage

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

Financial Volume Bradesco PN x Ibovespa

Net Income per Stock R\$ (12 months accumulated) (*)

(*) For comparison purposes, the stocks quantities were adjusted at 200% due to stock splitting. For years prior to 2003, stocks were divided by 10,000 due to their reverse split.

Bradesco PN (BBDC4) x Ibovespa Appreciation Index in percentage

Stock Performance

Bradesco's preferred stocks had a 31.2% appreciation in the 1H05 if we consider the closing price of the last business day of the period, while Ibovespa decreased 4.4%. This good performance is believed to be due to the combination of positive factors that influenced the sector during the period, such as the maintenance of Selic interest rate at high levels, the expansion of individuals' loan portfolio and the control of default levels.

Furthermore, the change in the profitability level and the market perception that such results are sustainable caused a positive impact on the stocks, as a result of the efforts to control costs and expand the revenue base.

Comparative Statement of Income R\$ million

	1 st Half		Variation	2005		Variation
	2004	2005	%	1 st Qtr.	2 nd Qtr.	%
Revenues from Financial Intermediation	14,476	15,228	5.2	8,109	7,119	(12.2)
Loan Operations	6,759	7,188	6.3	3,709	3,479	(6.2)
Leasing Operations	142	182	28.2	87	95	9.2
Securities Transactions	3,801	1,958	(48.5)	1,655	303	(81.7)
Financial Income on Insurance, Private Pension Plans and Savings Bonds	2,426	3,234	33.3	1,769	1,465	(17.2)
Derivative Financial Instruments	127	1,696	1,235.4	365	1,331	264.7
Foreign Exchange Transactions	663	231	(65.2)	172	59	(65.7)
Compulsory Deposits	558	739	32.4	352	387	9.9
Expenses From Financial Intermediation (not including PDD)	8,065	6,874	(14.8)	4,110	2,764	(32.7)
Funds Obtained in the Open Market	5,484	4,674	(14.8)	2,810	1,864	(33.7)
Price-Level Restatement and Interest on Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	1,351	1,841	36.3	939	902	(3.9)
Borrowings and Onlendings	1,221	353	(71.1)	358	(5)	
Leasing Operations	9	6	(33.3)	3	3	
Financial Margin	6,411	8,354	30.3	3,999	4,355	8.9
Allowance for Doubtful Accounts	(1,075)	(1,197)	11.3	(635)	(562)	(11.5)
Gross Income from Financial Intermediation	5,336	7,157	34.1	3,364	3,793	12.8
Other Operating Income (Expense)	(3,916)	(3,427)	(12.5)	(1,780)	(1,647)	(7.5)
Revenues from Services Rendered	2,694	3,421	27.0	1,661	1,760	6.0
Operating Income from Insurance, Private Pension Plans and Savings Bonds	(261)	(116)	(55.6)	(214)	98	
(+) Net Premiums Written	6,918	7,427	7.4	3,616	3,811	5.4
(-) Reinsurance Premiums and Redeemed Premiums	(935)	(1,630)	74.3	(820)	(810)	(1.2)
(=) Retained Premiums from Insurance, Private Pension Plans and Savings Bonds	5,983	5,797	(3.1)	2,796	3,001	7.3
Retained Premiums from Insurance	2,989	3,610	20.8	1,786	1,824	2.1
Private Pension Plans Contributions	2,292	1,546	(32.5)	726	820	12.9
Income on Savings Bonds	702	641	(8.7)	284	357	25.7
Variation in Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	(1,571)	(698)	(55.6)	(418)	(280)	(33.0)
Variation in Technical Provisions for Insurance	(48)	(516)	975.0	(392)	(124)	(68.4)
	(1,467)	(189)	(87.1)	(11)	(178)	1,518.2

Variation in Technical Provisions for Pension Plans						
Variation in Technical Provisions for Savings Bonds	(56)	7		(15)	22	
Retained Claims	(2,514)	(2,829)	12.5	(1,372)	(1,457)	6.2
Savings Bonds Draws and Redemptions	(619)	(560)	(9.5)	(246)	(314)	27.6
Insurance and Private Pension Plans						
Selling						
Expenses	(417)	(453)	8.6	(229)	(224)	(2.2)
Insurance Products Selling Expenses	(343)	(370)	7.9	(183)	(187)	2.2
Pension Plans and Savings Bonds						
Selling Expenses	(74)	(83)	12.2	(46)	(37)	(19.6)
Expenses with Pension Plans Benefits and						
Redemptions	(1,123)	(1,373)	22.3	(745)	(628)	(15.7)
Personnel Expenses	(2,411)	(2,467)	2.3	(1,221)	(1,246)	2.0
Other Administrative Expenses	(2,424)	(2,432)	0.3	(1,192)	(1,240)	4.0
Tax Expenses	(679)	(902)	32.8	(405)	(497)	22.7
Equity in the Earnings of Affiliated Companies	122	5	(95.9)	(5)	10	
Other Operating Income	537	559	4.1	300	259	(13.7)
Other Operating Expenses	(1,494)	(1,495)	0.1	(704)	(791)	12.4
Operating Income	1,420	3,730	162.7	1,584	2,146	35.5
Non-Operating Income	(213)	(27)	(87.3)	(6)	(21)	250.0
Income Before Taxes on Profit and Ownership	1,207	3,703	206.8	1,578	2,125	34.7
Income Tax and Social Contribution	46	(1,081)		(373)	(708)	89.8
Minority Interest in Subsidiaries	(3)	(1)	(66.7)		(1)	
Net Income	1,250	2,621	109.7	1,205	1,416	17.5
Return on Stockholders Equity Annualized (%)	19.2	32.3		32.5	36.6	

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

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
6,892	7,364	6.8	3,793	3,571	(5.9)

Income was up mostly as a result of: (i) the increase in the volume of the loan portfolio, which totaled R\$ 69,787 in June/05 against R\$ 58,402 in June/04, particularly in the individual customer portfolio, up by 50.6%, highlighting Personal Loan and Auto products, spreads of which are higher. The corporate portfolio climbed 5.8%, highlighting Working Capital and Overdraft-Secured Account products; which was partially offset by: (ii) exchange loss variation of 11.5% in 1H05, against an exchange gain variation of 7.6% in 1H04, affecting foreign currency indexed and/or denominated operations, which account for 9.0% of total Loan and Leasing Operations (excluding Advances on Foreign Exchange Contracts).

Decreased revenues were mainly due to: (i) exchange loss variation of 11.8% in 2Q05, against exchange gain variation of 0.4% in 1Q05, affecting foreign currency indexed and/or denominated operations, comprising 9.0% of total Loan and Leasing Operations; which was partially offset by: (ii) increase in the volume of loan portfolio, reaching the amount of R\$ 69,787 in June/05, against R\$ 65,979 in March/05, pointing out the individuals portfolio, with a 13.1% growth, worth mentioning Personal Loan and Auto products, spreads of which are higher, while in the corporate portfolio, the increase was 1.6%, pointing out the Working Capital and Overdraft-Secured Account products.

Income from Marketable Securities (TVM) and Derivative Financial Instruments

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
3,928	3,654	(7.0)	2,020	1,634	(19.1)

The variation in income is mainly due to: (i) exchange loss variation of 11.5% in 1H05, against an exchange gain variation of 7.6% in 1H04, impacting on foreign currency indexed and/or denominated operations, which account for 12.3% of the portfolio, offset by: (ii) higher non-interest income gains R\$ 662, composed of: a) TVM and treasury operations R\$ 244; b) part of income from derivatives used for hedge effects of investments abroad, which in terms of net income simply annulled the tax effect of such hedge strategy in the period R\$ 418; (iii) higher average interest rates, observing the 8.9% CDI variation in 1H05, compared to 7.6% in 1H04; and (iv) increased average volume of TVM portfolio, with government bonds standing out.

The variation in income is mainly due to: (i) exchange loss variation of 11.8% in 2Q05, against exchange gain variation of 0.4% in 1Q05, impacting on foreign currency indexed and/or denominated operations, comprising 12.3% of the portfolio, partially offset by: (ii) higher average interest rates, observing the 4.6% CDI variation in 2Q05, compared to 4.2% in 1Q05; and (iii) higher non-interest income on of R\$ 342, composed of: a) part of income from derivates used for hedge effects of investments abroad, which, in terms of net income simply annulled the tax effect of such hedge strategy in the quarter R\$ 400; and offset by: b) lower results with TVM and treasury operations R\$ 58.

Financial Income on Insurance, Private Pension Plans and Savings Bonds

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
2,426	3,234	33.3	1,769	1,465	(17.2)

The variation was due to: (i) the increase in the average volume of the securities portfolio, mainly comprising federal government bonds, which are linked to Technical Provisions, especially to PGBL and VGBL products; (ii) higher average interest rates in line with the variation in CDI of 8.9% for 1H05, as compared to 7.6% for 1H04; (iii) the increase in non-interest income of R\$ 475 in 1H05 against R\$ 114 in 1H04, as a result of increased TVM gains, in which we point out the positive result of R\$ 327 recorded with the partial sale of our stake in Belgo-Mineira's capital stock, partially offset by: (iv) lower variation in the IGP-M index, of 1.8% in 1H05 against 6.8% in 1H04.

The variation for the quarter was substantially due to: (i) non-interest income of R\$ 67 in 2Q05, against R\$ 408 in 1Q05, as a result of lower TVM gains, where we point out the positive result observed in the partial sale of our stake in Belgo-Mineira of R\$ 327 in 1Q05; (ii) lower variation of IGP-M, 0.2% in 2Q05 against 1.5% in 1Q05; partially mitigated by: (iii) increased average interest rates, observing the CDI 4.6% variation in 2Q05 against 4.2% in 1Q05.

Foreign Exchange Transactions

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
663	231	(65.2)	172	59	(65.7)

This item should be analyzed deducted from expenses with foreign funding, used for import/export financing, in

This item should be analyzed deducted from expenses with foreign funding, used for import/export financing, in

accordance with Note 13a. After the deductions, the result would be of R\$ 97 in 1H04 and of R\$ 112 in 1H05, mainly influenced by the increased average volume of the foreign exchange portfolio in the period.

accordance with Note 13a. After the deductions, the result would be of R\$ 56 in 1Q05 and of R\$ 56 in 2Q05, i.e., steady in the quarter.

Compulsory Deposits

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
558	739	32.4	352	387	9.9

The variation mainly reflects the increases in: (i) average volume of deposits in the period; (ii) the SELIC rate, used to remunerate the additional compulsory deposit, from 7.6% for 1H04 to 8.9% for 1H05; and (iii) the Reference Rate TR, which composes the remuneration of compulsory deposits over savings deposits, from 0.8% in 1H04 to 1.3% in 1H05.

The variation in the quarter was mainly due to the increases in: (i) the SELIC rate, used to remunerate the additional compulsory deposit, from 4.2% in 1Q05 to 4.6% in 2Q05; and (ii) the Reference Rate TR, which composes the remuneration of compulsory deposits over savings deposits, from 0.6% in 1Q05 to 0.8% in 1Q05.

Funding Expenses

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
5,484	4,674	(14.8)	2,810	1,864	(33.7)

The variation is mostly due to: (i) exchange loss variation of 11.5% in 1H05, against an exchange gain variation of 7.6% in 1H04, impacting on the foreign currency indexed and/or denominated fundings; partially offset by the

The reduced expenses in the quarter substantially arise from: (i) an exchange loss variation of 11.8% in 2Q05, against an exchange gain variation of 0.4% in 1Q05, impacting on foreign currency indexed and/or

increases in: (ii) average interest rates, observing the 8.9% CDI variation in 1H05, against 7.6% in 1H04, mainly impacting on time deposits expenses; (iii) Reference Rate TR, which composes the remuneration of compulsory deposits over savings deposits, from 0.8% in 1H04 to 1.3% in 1H05; and (iv) average balance of fundings the period.

denominated fundings; partially offset by the increases in: (ii) average interest rates, observing the 4.6% CDI variation in 2Q05, against 4.2% in 1Q05, mainly impacting on time deposits expenses; and (iii) Reference Rate TR, which composes the remuneration of compulsory deposits over savings deposits, from 0.6% in 1Q05 to 0.8% in 2Q05.

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

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
1,351	1,841	36.3	939	902	(3.9)

The increase is mainly due to higher: (i) the average balance of Technical Provisions for Insurance, Private Pension Plans and savings bonds, particularly PGBL and VGBL products; (ii) average interest rates in line with the variation in CDI of 8.9% for 1H05 as compared to 7.6% for 1H04; and partially offset by: (iii) lower variation in the IGP-M, one of the indexes used to remunerate Technical Provisions for Insurance, Private Pension Plans and Savings Bonds, of 1.8% in 1H05 against 6.8% in 1H04.

The variation in the quarter mainly results from: (i) lower IGP-M variation of 0.2% in 2Q05, against 1.5% in 1Q05, one of indexes used to remunerate the Technical Provisions for Insurance, Private Pension and Savings Bonds; and partially offset by: (ii) an increase in average interest rates, observing the 4.6% CDI variation in 2Q05, against 4.2% in 1Q05.

Borrowings and Onlendings Expenses

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
1,221	353	(71.1)	358	(5)	

The decreased expense is mostly due to: (i) exchange loss variation of 11.5% in 1H05, against an exchange gain variation of 7.6% in 1H04, impacting on foreign currency indexed and/or denominated loans and onlendings

The reduction is basically due to: (i) exchange loss variation of 11.8% in 2Q05, against exchange gain variation of 0.4% in 1Q05, impacting on foreign currency indexed and/or denominated loans and

operations, which account for 45.2% of the Loan and Onlendings Portfolio; and partially offset by: (ii) increased average interest rates, observing the 8.9% CDI variation in 1H05, against 7.6% in 1H04.

onlendings operations, which account for 45.2% of the Loan and Onlendings Portfolio; and partially offset by: (ii) increased average interest rates, observing the 4.6% CDI variation in 2Q05, against 4.2% in 1Q05.

Financial Margin

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
6,411	8,354	30.3	3,999	4,355	8.9

The variation of the period includes the income earned in the sale of our stake in Belgo-Mineira's capital stock in 1H05 of R\$ 327, as well as part of earnings from derivatives used for hedge effects of investments abroad, which in terms of net income simply annulled the tax effect of such hedge strategy in the period R\$ 418. Excluding these amounts, the margin variation was R\$ 1,198, composed of increases in: (i) interest income operations of R\$ 924, mainly due to growth in the business volume and (ii) non-interest income of R\$ 274, basically due to higher TVM and treasury gains.

The variation of the period includes the income earned in the sale of our stake in Belgo-Mineira's capital stock in 1Q05 of R\$ 327, as well as part of earnings from derivatives used for hedge effects of investments abroad, which in terms of net income simply annulled the tax effect of such hedge strategy in the quarter R\$ 400. Excluding these amounts, the margin variation was R\$ 283, composed of: (i) increase in interest income operations of R\$ 300, mainly due to growth in business volumes; and (ii) drop in non-interest income of R\$ 17.

Allowance for Doubtful Accounts Expenses

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(1,075)	(1,197)	11.3	(635)	(562)	(11.5)

The increased expense of R\$ 122 includes the preventive formation of PDD over the loans granted to a large utilities concessionaire, in the amount of R\$ 166 in 1H05. If this effect is excluded, a R\$ 44 reduction in expenses

Excluding the preventive formation of PDD over the loans granted to a large utilities concessionaire, in 1Q05, in the amount of R\$ 166, we verify an increase in expense of R\$ 93, which is consistent with the growth of average

would be observed, even with the 19.5% increase volume of loan portfolio. recorded in the loan portfolio. This performance is an effect of the continuous selectivity and improvement of tools/instruments used in the granting, recovery and management of loan portfolio, coupled with the recovery of the Brazilian economy, reflecting in the quality of our loan portfolio. In June/04 and June/05, our portfolio classified between AA and C ratings accounted for 91.3% and 92.6%, respectively, of total portfolio.

Revenues from Services Rendered

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
2,694	3,421	27.0	1,661	1,760	6.0

The increase is mainly due to a hike in the average volume of operations, combined with an increase in the customer base, fee realignment and improvement in the partnership index (cross-selling), as a result of the segmentation process, pointing out: (i) loan operations R\$ 245; (ii) checking account R\$ 167; (iii) income on cards R\$ 110; (iv) fund management R\$ 82; (v) collection R\$ 43; and (vi) consortium management R\$ 28.

The variation in the quarter is basically due to an increase in revenues from: (i) loan operations R\$ 37; (ii) income on cards R\$ 14; (iii) collection R\$ 13; (iv) tax payment R\$ 8; and (v) checking account R\$ 8.

Retained Premiums from Insurance, Private Pension Plans and Savings Bonds

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
5,983	5,797	(3.1)	2,796	3,001	7.3

The variation is detailed in the next charts:

The variation is detailed in the next charts:

a) Retained Premiums from Insurance

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
2,989	3,610	20.8	1,786	1,824	2.1

The variation is basically resulted from: (i) increase in health insurance sales, substantially the collective plan R\$ 250; (ii) the Auto sales R\$ 265, due to the launching of profile recording and review of fee system; and (iii) the Life insurance sales R\$ 74, mainly related to the launching of products for the lower income classes, pointing out the *Vida Segura Bradesco* (Bradesco Safe Life), with minimum price of R\$ 9.62.

Retained premiums from insurance remained practically stable in 2Q05 when compared to 1Q05, with slight increase in the Health and Auto segments.

b) Private Pension Plans Contributions

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
2,292	1,546	(32.5)	726	820	12.9

The variation in the period is substantially due to an increase in the amount of VGBL redemptions R\$ 673 and a 2.5% drop in the selling of VGBL/PGBL products, influenced by changes in tax laws, which also led to the transfer of redemptions that would occur in 4Q04 to be carried out in 1Q05.

N.B.: according to SUSEP, the recording of VGBL

The variation in the quarter was influenced by a growth in the selling of VGBL products R\$ 104; offset by higher volume of redemptions of this product in 2Q05 R\$ 31.

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

redemptions reduces the retained contributions.

c) Income on Savings Bonds

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
702	641	(8.7)	284	357	25.7

The variation is mostly due to a decrease in sales volume R\$ 34 and re-investment volume R\$ 24.

The variation mostly reflects the increment in sales R\$ 56, re-investments R\$ 13 and new businesses R\$ 4.

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

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(1,571)	(698)	(55.6)	(418)	(280)	(33.0)

The variation is detailed in the next charts:

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a) Variation in Technical Reserves for Insurance

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(48)	(516)	975.0	(392)	(124)	(68.4)

Variations in Technical Provisions for insurance are directly related to the production of premiums in their respective effective periods. The most significant variation occurred in the Auto line. In 1H05, an extraordinary reserve in the amount of R\$ 324 was recorded in the Individual Health portfolio, to bring to the same level the premiums for insurance holders over 60 years of age whose health insurance plans are prior to the Law 9,656/98 and for benefits related to fully settled plans whose holders are still entitled to their benefits (*planos remidos*).

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b) Variation in Technical Provisions for Pension Plans

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(1,467)	(189)	(87.1)	(11)	(178)	1,518.2

The variation in the period reflects a marked increase in the redemption of VBGL/PGBL products, and also the lower sales of these products in 1H05, due to changes in tax laws.

Variations in technical provisions are directly related to new sales, combined with benefits and redemptions. In 1Q05, a great volume of redemptions occurred in view of changes in the tax laws.

c) Variation in Technical Provisions for Savings Bonds

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(56)	7		(15)	22	

The amounts in both periods refer to provisions for contingencies, the needs of which were lower in 1H05.

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Retained Claims

1st Half/2004	1st Half/2005	Variation %	1st Qtr./2005	2nd Qtr./2005	Variation %
(2,514)	(2,829)	12.5	(1,372)	(1,457)	6.2

The variation is mainly due to an increase in claims in the Health insurance line R\$ 264.

The variation in the quarter is basically due to an increase in claims in the Life Insurance R\$ 64 and Auto lines R\$ 33.

Savings Bond Draws and Redemptions