

INDIEK VICTOR H  
Form 4  
October 09, 2012

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**INDIEK VICTOR H**  
  
(Last) (First) (Middle)  
  
**601 UNION STREET, SUITE 2000**  
  
(Street)  
  
**SEATTLE, WA 98101**  
  
(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**HomeStreet, Inc. [HMST]**  
  
3. Date of Earliest Transaction (Month/Day/Year)  
**10/05/2012**  
  
4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)  
  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
  
6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	10/05/2012		A	70 (1) A	\$ 0 2,126	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**



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11a) 7,946,062 8,620,302 6,937,144 Receivables 174,072 220,705 181,369 Negotiation and intermediation of amounts 598,350 412,324 1,082,467 Insurance premiums receivable 1,257,298 1,180,921 1,073,002 Sundry (Note 11b) 10,744,251 9,819,647 5,990,720 Allowance for other doubtful accounts (Notes 3e, 10f, 10g and 10h) (93,204) (72,862) (141,965) **Other assets (Note 12) 1,195,474 1,214,526 1,077,827** Other assets 360,925 372,169 359,082 Provision for depreciations (188,825) (191,732) (179,394) Prepaid Expenses (Note 3g and 12b) 1,023,374 1,034,089 898,139 **Long-term receivables 64,669,494 60,087,082 46,883,596** **Interbank investments (Notes 3b and 7) 451,113 416,964 474,675** Interbank deposits 451,113 416,964 474,675 **Securities and derivative financial instruments (Notes 3c, 3d, 8 and 32b) 24,395,525 22,330,036 14,763,518**

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Assets	2006		2005
	December	September	December
Own portfolio	18,529,693	17,629,194	11,515,876
Subject to repurchase agreements	3,093,581	1,940,449	975,973
Derivative financial instruments	28,430	28,746	47,830
Restricted deposits Brazilian Central Bank		1,185,566	1,838,437
Privatization currencies	70,716	70,386	98,141
Subject to collateral provided	14,869	1,475,695	287,261
Securities purpose of unrestricted purchase and sale commitments	2,658,236		
<b>Interbank accounts</b>	<b>398,737</b>	<b>393,762</b>	<b>385,902</b>
Restricted credits: (Note 9)			
SFH	398,737	393,762	385,902
<b>Loan operations (Notes 3e, 10 and 32b)</b>	<b>28,017,197</b>	<b>26,280,022</b>	<b>22,626,365</b>
Loan operations:			
Public sector	711,030	699,842	616,428
Private sector	29,056,350	27,163,760	23,378,874
Allowance for doubtful accounts (Notes 3e, 10f, 10g and 10h)	(1,750,183)	(1,583,580)	(1,368,937)
<b>Leasing operations (Notes 2, 3e, 10 and 32b)</b>	<b>1,953,232</b>	<b>1,771,508</b>	<b>1,163,739</b>
Leasing receivables:			
Public sector	108,108	102,399	53,020
Private sector	3,769,707	3,479,564	2,397,945
Unearned income from leasing	(1,840,215)	(1,733,800)	(1,232,241)
Allowance for leasing losses (Notes 3e, 10f, 10g and 10h)	(84,368)	(76,655)	(54,985)
<b>Other assets</b>	<b>8,675,350</b>	<b>8,235,947</b>	<b>6,983,276</b>
Receivables	1,498	1,623	1,646
Negotiation and intermediation of amounts	110,684	58,602	41,730
Sundry (Note 11b)	8,571,013	8,183,707	6,950,967
Allowance for other doubtful accounts (Notes 3e, 10f, 10g and 10h)	(7,845)	(7,985)	(11,067)
<b>Other assets (Note 12)</b>	<b>778,340</b>	<b>658,843</b>	<b>486,121</b>
Other assets	8,174	8,174	8,606
Provision for depreciations	(766)	(765)	(1,547)
Prepaid expenses (Note 3g and 12b)	770,932	651,434	479,062
<b>Permanent assets</b>	<b>3,492,450</b>	<b>3,713,339</b>	<b>4,357,865</b>
<b>Investments (Notes 3h, 13 and 32b)</b>	<b>696,582</b>	<b>1,019,427</b>	<b>984,970</b>
Ownership in affiliated and subsidiary companies:			
Local	403,033	404,365	438,819
Other investments	651,568	1,015,915	895,836
Allowance for losses	(358,019)	(400,853)	(349,685)
<b>Property, plant and equipment in use (Notes 3i and 14)</b>	<b>2,136,783</b>	<b>2,067,028</b>	<b>1,985,571</b>
Buildings in use	1,055,640	1,062,948	1,115,987
Other property, plant and equipment in use	4,101,918	3,977,945	3,644,874
Accumulated depreciation	(3,020,775)	(2,973,865)	(2,775,290)
<b>Leased assets (Note 14)</b>	<b>16,136</b>	<b>15,109</b>	<b>9,323</b>
Leased assets	25,142	33,238	23,161
Accumulated depreciation	(9,006)	(18,129)	(13,838)

<b>Deferred charges (Notes 2, 3j and 15)</b>	<b>642,949</b>	<b>611,775</b>	<b>1,378,001</b>
Organization and expansion costs	1,593,771	1,533,796	1,315,881
Accumulated amortization	(950,822)	(922,021)	(785,364)
Goodwill on acquisition of subsidiaries, net of amortization (Note 15a)			847,484
<b>Total</b>	<b>265,547,273</b>	<b>243,191,637</b>	<b>208,682,930</b>

The Notes are an integral part of the Financial Statements.

Liabilities	2006		2005
	December	September	December
<b>Current liabilities</b>	<b>161,255,812</b>	<b>139,901,103</b>	<b>124,738,113</b>
<b>Deposits (notes 3k and 16a)</b>	<b>60,529,761</b>	<b>54,363,143</b>	<b>54,566,799</b>
Demand deposits	20,526,800	17,598,600	15,955,512
Savings deposits	27,612,587	25,415,133	26,201,463
Interbank deposits	290,091	172,912	145,690
Time deposits (Note 32b)	11,549,089	10,885,657	11,997,813
Other deposits	551,194	290,841	266,321
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3k and 16b)</b>	<b>32,423,179</b>	<b>21,295,955</b>	<b>14,708,546</b>
Own portfolio	21,343,014	4,226,432	2,760,614
Third-party portfolio	3,471,383	17,067,469	11,947,932
Unrestricted portfolio	7,608,782	2,054	
<b>Issuance of securities (Notes 16c and 32b)</b>	<b>1,964,401</b>	<b>1,778,268</b>	<b>1,406,972</b>
Mortgage notes	856,490	854,692	847,223
Debentures	51,094	156,757	72,799
Securities issued abroad	1,056,817	766,819	486,950
<b>Interbank accounts</b>	<b>5,814</b>	<b>173,892</b>	<b>139,193</b>
Correspondent banks	5,814	173,892	139,193
<b>Interdepartmental accounts</b>	<b>2,225,711</b>	<b>1,739,834</b>	<b>1,900,913</b>
Third-party funds in transit	2,225,711	1,739,834	1,900,913
<b>Borrowings (Notes 17a and 32b)</b>	<b>5,545,094</b>	<b>5,449,804</b>	<b>6,560,882</b>
Local borrowings official institutions	267	293	319
Local borrowings other institutions	44,438	67,180	9
Borrowings abroad	5,500,389	5,382,331	6,560,554
<b>Local onlendings official institutions (Notes 17b and 32b)</b>	<b>4,702,433</b>	<b>4,238,106</b>	<b>3,412,767</b>
National treasury	99,073	95,885	52,318
BNDES	2,188,507	1,968,926	1,369,947
CEF	10,065	9,883	8,627
FINAME	2,404,019	2,162,739	1,981,394
Other institutions	769	673	481
<b>Foreign onlendings (Notes 17b and 32b)</b>	<b>170</b>	<b>341</b>	<b>183</b>
Foreign onlendings	170	341	183
<b>Derivative financial instruments (Notes 3d and 32)</b>	<b>510,881</b>	<b>503,301</b>	<b>232,714</b>
Derivative financial instruments	510,881	503,301	232,714
<b>Provisions for insurance, private pension plans and certificated savings plans (Notes 3l and 21)</b>	<b>38,427,352</b>	<b>33,607,135</b>	<b>29,751,941</b>
<b>Other liabilities</b>	<b>14,921,016</b>	<b>16,751,324</b>	<b>12,057,203</b>
Collection and collection of taxes and other contributions	175,838	1,588,482	156,039
Foreign exchange portfolio (Note 11a)	2,386,817	3,290,222	2,206,952
Social and statutory payables	190,916	881,272	1,254,651
Fiscal and pension plans (Note 20a)	2,800,684	2,426,705	1,386,430
Negotiation and intermediation of amounts	422,232	251,648	893,957
Financial and development funds	876	2,051	

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Subordinated debts (Notes 19 and 32b)	59,411	114,332	69,472
Sundry (Note 20b)	8,884,242	8,196,612	6,089,702
<b>Long-term liabilities</b>	<b>79,417,199</b>	<b>81,288,317</b>	<b>64,425,352</b>
<b>Deposits (Notes 3k and 16a)</b>	<b>23,375,452</b>	<b>24,490,025</b>	<b>20,838,843</b>
Long-term deposits (Note 32b)	23,375,452	24,490,025	20,838,843
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3k and 16b)</b>	<b>15,252,254</b>	<b>14,967,873</b>	<b>9,930,338</b>
Own portfolio	15,252,254	14,967,873	9,930,338

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Liabilities	2006		2005
	December	September	December
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>3,671,878</b>	<b>4,318,994</b>	<b>4,796,914</b>
Mortgage notes	1,207	12,335	285
Debentures	2,552,100	2,552,100	2,552,100
Liabilities of securities abroad	1,118,571	1,754,559	2,244,529
<b>Borrowings (Notes 17a and 32b)</b>	<b>232,812</b>	<b>316,759</b>	<b>574,445</b>
Local borrowings official institutions	511	555	769
Local borrowings other institutions	9	9	9
Borrowings abroad	232,292	316,195	573,667
<b>Local onlendings official institutions (notes 17b and 32b)</b>	<b>6,938,536</b>	<b>6,635,097</b>	<b>6,014,804</b>
BNDES	3,343,511	3,295,608	2,868,026
CEF	59,844	58,655	50,961
FINAME	3,534,018	3,279,476	3,093,838
Other institutions	1,163	1,358	1,979
<b>Derivative financial instruments (Notes 3d and 32)</b>	<b>8,123</b>	<b>4,879</b>	<b>5,759</b>
Derivative financial instruments	8,123	4,879	5,759
<b>Provisions for insurance, private pension plans and certificated</b>			
<b>savings plans (notes 3l and 21)</b>	<b>10,701,862</b>	<b>12,111,573</b>	<b>11,110,614</b>
<b>Other liabilities</b>	<b>19,236,282</b>	<b>18,443,117</b>	<b>11,153,635</b>
Fiscal and pension plans (Note 20a)	5,213,836	4,997,649	3,654,882
Negotiation and intermediation of amounts		17,751	
Subordinated debts (Notes 19 and 32b)	11,890,046	11,652,801	6,649,833
Sundry (Note 20b)	2,132,400	1,774,916	848,920
<b>Future taxable income</b>	<b>180,460</b>	<b>172,941</b>	<b>52,132</b>
Future taxable income	180,460	172,941	52,132
<b>Minority interest in consolidated subsidiaries (Note 22)</b>	<b>57,440</b>	<b>55,921</b>	<b>58,059</b>
<b>Stockholders' equity (Note 23)</b>	<b>24,636,362</b>	<b>21,773,355</b>	<b>19,409,274</b>
Capital:			
Local residents	13,162,481	12,007,879	11,914,375
Foreign residents	1,037,519	992,121	1,085,625
Capital reserves	55,005	36,550	36,032
Profit reserves	8,787,106	7,875,574	5,895,214
Mark-to-market adjustment- securities and derivatives	1,644,661	901,786	507,959
Treasury stock (Notes 23e and 32b)	(50,410)	(40,555)	(29,931)
<b>Stockholders' equity managed by parent company</b>	<b>24,693,802</b>	<b>21,829,276</b>	<b>19,467,333</b>
<b>Total</b>	<b>265,547,273</b>	<b>243,191,637</b>	<b>208,682,930</b>

The Notes are an integral part of the Financial Statements.



	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>Year</b>	<b>Year</b>
<b>Revenues from financial intermediation</b>	<b>9,842,128</b>	<b>9,608,986</b>	<b>38,221,635</b>	<b>33,701,225</b>
Loan operations (Note 10j)	5,112,754	5,258,086	20,055,120	16,704,318
Leasing operations (Note 10j)	192,898	174,990	653,260	444,389
Securities operations (Note 8f)	1,833,231	1,793,642	6,207,096	5,552,008
Financial result on insurance, private pension plans and certificated savings plans (Note 8f)	1,942,738	1,591,834	6,989,951	6,498,435
Derivative financial instruments (Note 8f)	347,540	288,324	2,259,974	2,389,002
Foreign exchange results (Note 11a)	98,051	167,557	729,647	617,678
Compulsory deposits (Note 9b)	314,916	334,553	1,326,587	1,495,395
<b>Expenses from financial intermediation</b>	<b>5,710,663</b>	<b>5,924,838</b>	<b>22,239,518</b>	<b>18,926,402</b>
Funding operations (Note 16e)	3,010,976	3,430,965	11,994,711	11,285,324
Price-level restatement and interest on technical provisions for insurance, private pension plans and certificated savings plans (Note 16e)	1,138,529	907,865	4,004,823	3,764,530
Borrowings and onlendings (Note 17c)	369,088	415,788	1,819,413	1,360,647
Leasing operations (Note 10j)	2,129	2,176	8,158	8,695
Allowance for doubtful accounts (Notes 3e, 10g and 10h)	1,189,941	1,168,044	4,412,413	2,507,206
<b>Gross result from financial intermediation</b>	<b>4,131,465</b>	<b>3,684,148</b>	<b>15,982,117</b>	<b>14,774,823</b>
<b>Other operating income (expenses)</b>	<b>(2,069,426)</b>	<b>(3,957,779)</b>	<b>(9,606,174)</b>	<b>(6,921,319)</b>
Fee and commission income (Note 24)	2,423,752	2,342,847	8,897,882	7,348,879
Retained premiums from insurance, private pension plans and certificated saving plans (Notes 3l and 21d)	4,626,761	3,807,017	15,179,418	13,647,089
Net premiums written	5,662,096	4,714,041	19,021,852	16,824,862
Reinsurance premiums and redeemed premiums	(1,035,335)	(907,024)	(3,842,434)	(3,177,773)
Change in provisions for insurance, private pension plans and certificated savings plans (Note 3l)	(1,955,521)	(901,468)	(3,901,893)	(2,755,811)
Retained claims (Note 3l)	(1,651,421)	(1,489,845)	(6,126,664)	(5,825,292)
Certificated savings plans draws and redemptions (Note 3l)	(343,384)	(305,545)	(1,221,626)	(1,228,849)
Insurance, private pension plans and certificated savings plans selling expenses (Note 3l)	(268,731)	(259,861)	(1,022,737)	(961,017)
Expenses with private pension plans benefits and redemptions (Note 3l)	(449,415)	(525,154)	(2,268,123)	(2,582,351)
Personnel expenses (Note 25)	(1,460,199)	(1,584,533)	(5,932,406)	(5,311,560)
Supplementary provision for labor proceedings (Note 18b)		(308,875)	(308,875)	
Other administrative expenses (Note 26)	(1,671,274)	(1,506,957)	(5,870,030)	(5,142,329)
Tax expenses (Note 27)	(584,274)	(530,284)	(2,192,130)	(1,878,248)
Equity in the earnings of affiliated companies (Note 13c)	30,257	7,587	72,324	76,150

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Other operating income (Note 28)	430,410	418,941	1,420,217	1,096,968
Other operating expenses (Note 29)	(1,196,387)	(1,012,926)	(4,222,808)	(3,404,948)
Full goodwill amortization (Note 15)		(2,108,723)	(2,108,723)	
<b>Operating income</b>	<b>2,062,039</b>	<b>(273,631)</b>	<b>6,375,943</b>	<b>7,853,504</b>
<b>Non-operating income (Note 30)</b>	<b>(29,038)</b>	<b>40,570</b>	<b>(8,964)</b>	<b>(106,144)</b>
<b>Income before taxes on profit and interest</b>	<b>2,033,001</b>	<b>(233,061)</b>	<b>6,366,979</b>	<b>7,747,360</b>
<b>Income on taxes (Notes 34a and 34b)</b>	<b>(328,582)</b>	<b>454,270</b>	<b>(1,303,932)</b>	<b>(2,224,455)</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(1,580)</b>	<b>(2,393)</b>	<b>(9,007)</b>	<b>(8,831)</b>
<b>Net income</b>	<b>1,702,839</b>	<b>218,816</b>	<b>5,054,040</b>	<b>5,514,074</b>

The Notes are an integral part of the Statements of Income.

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**Consolidated Statement of Changes in Stockholders' Equity** R\$ thousand

(A free translation from the original in Portuguese)

Events	Restated Paid-Up Capital		Capital Reserves		Profit Reserves		Mark-To-Market Adjustment-TVM and Derivatives		Treasury Stocks
	Capital Stock	Unrealized Capital	Tax Incentives From Income Tax	Other	Legal	Statutory	Own	Affiliated and Subsidiaries	
<b>Balances as of 6.30.2006</b>	<b>13,000,000</b>		<b>2,103</b>	<b>34,353</b>	<b>1,191,509</b>	<b>6,685,913</b>	<b>(108,071)</b>	<b>693,643</b>	<b>(38,000)</b>
Capital increase through subscription	1,200,000								
Restatement of exchange membership certificates				254					
Acquisition of treasury stocks									(11,000)
Goodwill in stock subscription				18,295					
Mark-to-market adjustment securities available for sale							120,833	938,256	
Net income									
Allocations:									
Reserves					96,083	813,601			
Interest on own capital									
Proposed dividends									
<b>Balances as of 12.31.2006</b>	<b>14,200,000</b>		<b>2,103</b>	<b>52,902</b>	<b>1,287,592</b>	<b>7,499,514</b>	<b>12,762</b>	<b>1,631,899</b>	<b>(50,000)</b>
<b>Balances as of 12.31.2004</b>	<b>7,700,000</b>	<b>(700,000)</b>	<b>2,103</b>	<b>8,750</b>	<b>1,067,637</b>	<b>6,678,076</b>	<b>(48,013)</b>	<b>506,093</b>	
Capital increase through subscription		700,000							
Capital increase	11,856								

through stock merger								
Capital increase with reserves	2,288,144			(308,451)	(1,979,693)			
Capital increase	3,000,000				(3,000,000)			
Restatement of exchange membership certificates			929					
Acquisition of treasury stocks								(225)
Goodwill in stock subscription			24,250					
Cancellation of treasury stocks					(195,429)			195
Mark-to-market adjustment securities available for sale						(23,084)	72,963	
Net income								
Allocations:								
Reserves				275,704	3,357,370			
Interest on own capital								
Proposed dividends								
<b>Balances as of 12.31.2005</b>	<b>13,000,000</b>	<b>2,103</b>	<b>33,929</b>	<b>1,034,890</b>	<b>4,860,324</b>	<b>(71,097)</b>	<b>579,056</b>	<b>(29)</b>
<b>Balances as of 12.31.2005</b>	<b>13,000,000</b>	<b>2,103</b>	<b>33,929</b>	<b>1,034,890</b>	<b>4,860,324</b>	<b>(71,097)</b>	<b>579,056</b>	<b>(29)</b>
Capital increase through subscription	1,200,000							
Restatement of exchange membership certificates			678					
Acquisition of treasury stocks								(23)
Goodwill in stock subscription			18,295					
Cancellation of treasury stocks					(2,577)			2

Mark-to-market adjustment securities available for sale							83,859	1,052,843	
Net income									
Allocations:									
Reserves			252,702	2,641,767					
Interest on own capital									
Proposed dividends									
<b>Balances as of</b>									
<b>12.31.2006</b>	<b>14,200,000</b>		<b>2,103</b>	<b>52,902</b>	<b>1,287,592</b>	<b>7,499,514</b>	<b>12,762</b>	<b>1,631,899</b>	<b>(50</b>

The Notes are an integral part of the Financial Statements.

**Consolidated Statement of Changes in Financial Position** R\$ (A free translation from the original in thousand Portuguese)

	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>Year</b>	<b>Year</b>
<b>Financial resources were provided by :</b>	<b>33,378,098</b>	<b>14,793,879</b>	<b>63,195,967</b>	<b>27,555,692</b>
<b>Net income</b>	<b>1,702,839</b>	<b>218,816</b>	<b>5,054,040</b>	<b>5,514,074</b>
<b>Adjustments to net income</b>	<b>64,826</b>	<b>2,246,714</b>	<b>2,986,108</b>	<b>936,659</b>
Depreciation and amortization	129,850	128,675	481,046	469,310
Goodwill amortization		2,108,723	2,542,225	452,863
Provision (reversal) for interbank investment losses and investments	(41,873)	432	9,010	(19,159)
Equity in the earnings of affiliated companies	(30,257)	(7,587)	(72,324)	(76,150)
Other	7,106	16,471	26,151	109,795
<b>Change in future taxable income</b>	<b>7,519</b>	<b>14,667</b>	<b>128,328</b>	<b>7,532</b>
<b>Change in minority interest</b>	<b>1,519</b>	<b>866</b>	<b>(619)</b>	<b>(12,531)</b>
<b>Mark-to-market adjustment securities available for sale</b>	<b>742,875</b>	<b>316,214</b>	<b>1,136,702</b>	<b>49,879</b>
<b>Stockholders</b>	<b>1,218,295</b>		<b>1,218,295</b>	<b>736,106</b>
Capital increase through subscription	1,200,000		1,200,000	700,000
Capital increase through stock merger				11,856
Goodwill stock subscription	18,295		18,295	24,250
<b>Third parties' funds provided by:</b>				
<b>Increase in liabilities sub-items</b>	<b>21,149,795</b>	<b>10,541,982</b>	<b>52,193,617</b>	<b>19,599,868</b>
Deposits	5,052,045	497,347	8,499,571	6,762,315
Federal funds purchased and securities sold under agreements to repurchase	11,411,605	7,006,174	23,036,549	1,752,481
Funds from issuance of securities				1,146,394
Interdepartmental accounts	485,877		324,798	155,192
Borrowings and onlendings	778,938	1,154,655	855,964	603,709
Derivative financial instruments	10,824	111,636	280,531	64,826
Provisions for insurance, private pension plans and certificated savings plans	3,410,506	1,772,170	8,266,659	7,193,901
Other liabilities			10,929,545	1,921,050
<b>Decrease in assets sub-items</b>	<b>8,372,478</b>	<b>1,312,079</b>		
Interbank investments	8,372,478			
Interbank accounts		222,960		
Interdepartmental accounts		40,250		
Other receivables		1,048,869		
<b>Sale (write-off) of assets and investments</b>	<b>90,747</b>	<b>141,229</b>	<b>400,212</b>	<b>644,257</b>
Non-operating assets	46,044	53,846	191,976	202,053
Property, plant and equipment in use and leased assets	15,271	53,714	78,123	282,369
Investments	6,232	32,868	76,280	151,113
Sale (write-off) of deferred charges	23,200	801	53,833	8,722
<b>Interest on own capital and dividends received from affiliated companies and subsidiaries</b>	<b>27,205</b>	<b>1,312</b>	<b>79,284</b>	<b>79,848</b>
<b>Financial resources were used for</b>	<b>32,563,433</b>	<b>14,007,860</b>	<b>61,797,036</b>	<b>26,831,911</b>

<b>Interest on own capital paid/dividends paid and/or proposed</b>		<b>791,307</b>	<b>220,664</b>	<b>2,159,571</b>	<b>1,881,000</b>
<b>Stock buyback</b>		<b>9,855</b>	<b>1,795</b>	<b>23,056</b>	<b>225,360</b>
<b>Capital expenditures in</b>		<b>258,330</b>	<b>193,968</b>	<b>999,015</b>	<b>640,960</b>
Non-operating assets		37,975	41,755	189,189	132,812
Property, plant and equipment in use and leased assets		185,567	149,089	628,017	388,650
Investments		34,788	3,124	181,809	119,498
<b>Deferred charges</b>		<b>98,863</b>	<b>117,650</b>	<b>1,996,361</b>	<b>420,112</b>
<b>Increase in assets sub-items</b>		<b>29,738,733</b>	<b>12,860,158</b>	<b>55,918,047</b>	<b>23,629,606</b>
Interbank investments			6,793,187	983,708	2,656,784
Securities and derivative financial instruments		23,821,676	2,639,720	32,380,728	2,029,150
Interbank accounts		1,296,262		2,202,641	835,063
Interdepartmental accounts		66,168		13,507	25,294
Loan operations		3,237,633	2,846,500	11,386,167	16,437,915
Leasing operations		321,482	382,780	1,340,259	854,978
Other receivables		808,841		7,011,908	356,448
Insurance premiums receivable		76,377	57,321	184,296	84,973
Other assets		110,294	140,650	414,833	349,001
<b>Decrease in liabilities sub-items</b>		<b>1,666,345</b>	<b>613,625</b>	<b>700,986</b>	<b>34,873</b>
Funds from issuance of securities		460,983	103,778	567,607	
Interbank accounts		168,078	18,837	133,379	34,873
Interdepartmental accounts			29,999		
Other liabilities		1,037,284	461,011		
<b>Increase in funds available</b>		<b>814,665</b>	<b>786,019</b>	<b>1,398,931</b>	<b>723,781</b>
<b>Changes in financial position</b>	At the beginning of the period	3,947,307	3,161,288	3,363,041	2,639,260
	At the end of the period	4,761,972	3,947,307	4,761,972	3,363,041
	<b>Increase in funds available, net</b>	<b>814,665</b>	<b>786,019</b>	<b>1,398,931</b>	<b>723,781</b>

The Notes are an integral part of the Financial Statements.

Additional Information	Consolidated Cash Flow		R\$ thousand		(A free translation from the original in Portuguese)			
			2006	2005				
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	Year	Year				
<b>Operating activities:</b>								
Net income	1,702,839	218,816	5,054,040	5,514,074				
<b>Adjustments to reconcile net income to net funds from</b>								
<b>(used in) operating activities:</b>								
Allowance for doubtful accounts	1,189,941	1,168,044	4,412,413	2,507,206				
Provision (Reversal of) for losses on interbank investments and investments	(41,873)	432	9,010	(19,159)				
Depreciation and amortization	129,850	128,675	481,046	469,310				
Goodwill amortization		2,108,723	2,542,225	452,863				
Equity in the earnings of affiliated companies	(30,257)	(7,587)	(72,324)	(76,150)				
Other	7,106	16,471	26,151	109,795				
<b>Adjusted net income</b>	<b>2,957,606</b>	<b>3,633,574</b>	<b>12,452,561</b>	<b>8,957,939</b>				
<b>Change in assets and liabilities:</b>								
Decrease (increase) in interbank investments	8,372,478	(6,793,187)	(983,708)	(2,656,784)				
Decrease (increase) in securities and derivative financial instruments	(23,810,852)	(2,528,084)	(32,100,196)	(1,964,324)				
Decrease (increase) in interbank accounts	207,519	248,492	(116,180)	(121,224)				
Decrease (increase) in interdepartmental accounts	419,709	10,251	311,291	129,898				
Decrease (increase) in loan operations	(3,633,812)	(3,272,687)	(12,972,530)	(17,248,037)				
Decrease (increase) in leasing operations	(335,943)	(397,710)	(1,393,039)	(857,822)				
Decrease (increase) in insurance premiums receivable	(76,377)	(57,321)	(184,296)	(84,973)				
Decrease (increase) in other receivables	(829,043)	1,107,991	(6,958,587)	(356,574)				
Decrease (increase) in other assets	(110,294)	(140,650)	(414,833)	(349,001)				
Amounts written-off against the allowance for doubtful accounts	(759,096)	(786,049)	(2,826,589)	(1,694,114)				
Increase (decrease) in provisions for insurance, private pension plans and certificated savings plans	3,410,506	1,772,170	8,266,659	7,193,901				
Increase (decrease) in other liabilities	(1,219,611)	(1,324,932)	5,699,390	1,174,490				
Increase (decrease) in future taxable income	7,519	14,667	128,328	7,532				
Mark-to-market adjustment securities available for sale	742,875	316,214	1,136,702	49,879				
<b>Net cash provided by (used in) operating activities</b>	<b>(14,656,816)</b>	<b>(8,197,261)</b>	<b>(29,955,027)</b>	<b>(7,819,214)</b>				
<b>Investment activities:</b>								
	(1,671,859)	(44,369)	(2,219,840)	(748,712)				



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Decrease (increase) in compulsory deposits Central Bank					
Sale of non-operating assets	46,044	53,846	191,976	202,053	
Sale of investments	6,232	32,868	76,280	151,113	
Sale of property, plant and equipment in use and leased assets	15,271	53,714	78,123	282,369	
Decrease in deferred charges	23,200	801	53,833	8,722	
Acquisition of non-operating assets	(37,975)	(41,755)	(189,189)	(132,812)	
Acquisition of investments	(34,788)	(3,124)	(181,809)	(119,498)	
Acquisition of property, plant and equipment in use and leased assets	(185,567)	(149,089)	(628,017)	(388,650)	
Deferred charges	(98,863)	(117,650)	(1,996,361)	(420,112)	
Interest on own capital / dividends received from affiliated companies	27,205	1,312	79,284	79,848	
<b>Net cash provided by (used in) investing activities</b>	<b>(1,911,100)</b>	<b>(213,446)</b>	<b>(4,735,720)</b>	<b>(1,085,679)</b>	
Financing activities:					
Increase (decrease) in deposits	5,052,045	497,347	8,499,571	6,762,315	
Increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	11,411,605	7,006,174	23,036,549	1,752,481	
Increase (decrease) in funds from issuance of securities	(460,983)	(103,778)	(567,607)	1,146,394	
Increase (decrease) in borrowings and onlendings	778,938	1,154,655	855,964	603,709	
Subordinated debt	182,324	863,921	5,230,152	746,560	
Capital increase through subscription	1,200,000		1,200,000	700,000	
Goodwill in the stock subscription	18,295		18,295	24,250	
Interest on own capital paid/dividends paid and/or proposed	(791,307)	(220,664)	(2,159,571)	(1,881,000)	
Stock buyback	(9,855)	(1,795)	(23,056)	(225,360)	
Variation/acquisition in minority interest	1,519	866	(619)	(675)	
<b>Net cash provided by (used in) financing activities</b>	<b>17,382,581</b>	<b>9,196,726</b>	<b>36,089,678</b>	<b>9,628,674</b>	
<b>Increase in funds available, net</b>	<b>814,665</b>	<b>786,019</b>	<b>1,398,931</b>	<b>723,781</b>	
<b>Changes in funds</b>	At the beginning of the period	3,947,307	3,161,288	3,363,041	2,639,260
	At the end of the period	4,761,972	3,947,307	4,761,972	3,363,041
<b>available, net</b>	<b>Increase in funds available, net</b>	<b>814,665</b>	<b>786,019</b>	<b>1,398,931</b>	<b>723,781</b>

**Additional Information** Consolidated Value Added  
Statement R\$ thousand

(A free translation from the original in Portuguese)

	Consolidated Bradesco								
	4 <sup>th</sup> Quarter		2006		December		2005		
	R\$	%	R\$	%	R\$	%	R\$	%	
<b>Value Added Breakdown</b>									
Gross Income from Financial Intermediation Fee and Commission Income	4,131,465	101.3	3,684,148	168.4	15,982,117	108.1	14,774,823	99.0	
Other Operating Income/Expenses	2,423,752	59.5	2,342,847	107.1	8,897,882	60.2	7,348,879	49.1	
<b>Total</b>	<b>4,075,894</b>	<b>100.0</b>	<b>2,188,238</b>	<b>100.0</b>	<b>14,791,383</b>	<b>100.0</b>	<b>14,928,337</b>	<b>100.0</b>	
<b>Value Added Distribution</b>									
<b>Employees</b>	<b>1,273,375</b>	<b>31.2</b>	<b>1,700,736</b>	<b>77.7</b>	<b>5,505,287</b>	<b>37.2</b>	<b>4,648,293</b>	<b>31.2</b>	
Remuneration	708,882	17.4	754,360	34.5	2,857,037	19.3	2,678,248	17.9	
Benefits	344,065	8.4	315,929	14.4	1,260,690	8.5	1,135,918	7.6	
FGTS	70,683	1.7	76,527	3.5	296,140	2.0	290,794	2.0	
Other Charges	149,745	3.7	553,920	25.3	1,091,420	7.4	543,333	3.7	
<b>Government</b>	<b>1,099,680</b>	<b>27.0</b>	<b>268,686</b>	<b>12.3</b>	<b>4,232,056</b>	<b>28.6</b>	<b>4,765,970</b>	<b>31.9</b>	
Tax Expenses	584,274	14.3	530,284	24.3	2,192,130	14.8	1,878,248	12.6	
Taxes on Income	328,582	8.1	(454,270)	(20.8)	1,303,932	8.8	2,224,455	14.9	
INSS	186,824	4.6	192,672	8.8	735,994	5.0	663,267	4.4	
<b>Interest on own capital paid/dividends paid and/or proposed (1)</b>	<b>40,000</b>	<b>1.0</b>	<b>971,971</b>	<b>44.4</b>	<b>2,159,571</b>	<b>14.6</b>	<b>1,881,000</b>	<b>12.6</b>	
<b>Profit Reinvestment</b>	<b>1,662,839</b>	<b>40.8</b>	<b>(753,155)</b>	<b>(34.4)</b>	<b>2,894,469</b>	<b>19.6</b>	<b>3,633,074</b>	<b>24.3</b>	
<b>Total</b>	<b>4,075,894</b>	<b>100.0</b>	<b>2,188,238</b>	<b>100.0</b>	<b>14,791,383</b>	<b>100.0</b>	<b>14,928,337</b>	<b>100.0</b>	

(1) Interest on own capital/supplementary dividends approved at the special meeting of the Board of Directors on October 5, 2006 are included in the 3<sup>rd</sup> quarter of 2006 (Note 23c).

**Notes to the Financial Statements**

(A free translation from the original in Portuguese)

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

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**Notes to the Consolidated Financial Statements****1) Operations**

Banco Bradesco S.A. (Bradesco) is a private-sector publicly-held company which, operating as a Multiple Bank, carries out all types of authorized banking activities through its commercial, foreign exchange, consumer financing, housing loan and credit card portfolios. The Bank also operates in a number of other activities through its direct and indirect subsidiary companies, particularly in Leasing, Investment Bank, Consortium Management, Insurance, Private Pension Plan and Certificated Savings Plans activities. Operations are conducted within the context of the companies comprising the Bradesco Organization, working in an integrated manner in the market.

In this context, Bradesco carried out the following operations in 2006:

- On December 21, 2005 Bradesco acquired the stock control of Banco do Estado do Ceará S.A. BEC and its subsidiary, whose process was concluded on January 3, 2006.
- On March 28, 2006, Bradesco, Fidelity National Information Services, Inc. (Fidelity National) and Banco ABN AMRO Real S.A. (Banco Real) entered into a partnership for the creation of Fidelity Processadora e Serviços S.A., which provides card activity services.
- On March 20, 2006 a partnership was entered into with American Express Company, by means of which Bradesco took over its credit card operations and similar activities in Brazil (Amex Brasil), starting to have exclusivity right for the issuance of cards of the Centurion line for a minimum term of 10 years, and the management of the network of accredited establishments of Amex Cards. The operation was ratified by the Brazilian Central Bank (BACEN) on 6.28.2006.
- On May 15, 2006, Bradesco and Bradespar entered into a Purchase and Sale Agreement of Stocks Issued by Bradesplan Participações S.A., by means of which Bradespar sold to Bradesco 100% of the stocks issued by Bradesplan Participações S.A.

**2) Presentation of the Financial Statements**

The financial statements of Bradesco include the financial statements of Banco Bradesco, its foreign branches and its direct and indirect subsidiaries and jointly controlled investments, in Brazil and abroad, and Special Purpose Entities (SPEs). They were prepared based on accounting policies determined by Brazilian Corporate Law for the recording of operations, as well as the rules and instructions of the National Monetary Council (CMN), BACEN, Brazilian Securities Commission (CVM), Brazilian Council of Private Insurance (CNSP), Superintendence of Private Insurance (SUSEP) and the National Agency for Supplementary Healthcare (ANS), and comprise the financial statements of the leasing companies based on the capital leasing method of accounting, whereby leased assets are reclassified to the leasing operations account, reduced from the residual amount received in advance.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these financial statements, as well as the portions of the net income and the stockholders' equity referring to the interest of minority stockholders were highlighted. In the case of investments which are jointly controlled with other stockholders, asset, liability and income components were included in the consolidated financial statements in proportion to the percentage capital ownership of each investee. Goodwill on the acquisition of investments in subsidiaries and in the jointly controlled investments was presented in deferred assets until June 30, 2006, and was fully amortized in 3Q06 (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries was allocated to the statement of income accounts according to the corresponding assets and liabilities from which it was originated.

The financial statements include estimates and assumptions, such as the calculation of the allowance for loan losses, the estimation of the fair value of certain financial instruments, provision for contingencies, other provisions, the quantification of provisions for insurance, supplementary pension plans and certificated savings plans and the determination of the useful economic life of specific assets. Actual results could differ from these estimates and assumptions.

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**Notes to the Consolidated Financial Statements**

We highlight the main ownerships included in the Consolidated Financial Statements:

		<b>Total Ownership</b>		
		<b>2006</b>		<b>2005</b>
		<b>December 31</b>	<b>September 30</b>	<b>December 31</b>
<b>Financial area local</b>				
Banco Alvorada S.A. (1)	Banking	99.88%	99.88%	99.88%
Banco Bankpar S.A. (2) (3)	Banking	99.99%	99.99%	
Banco Bradesco BBI S.A. (1) (4)	Investment Bank	100.00%	100.00%	100.00%
Banco BEC S.A. (5) (6) (7)	Banking		100.00%	
Banco Boavista Interatlântico S.A. (1)	Banking	100.00%	100.00%	100.00%
Banco Finasa S.A. (1)	Banking	100.00%	100.00%	100.00%
Banco Mercantil de São Paulo S.A. (1) (7)	Banking		100.00%	100.00%
Bankpar Arrendamento Mercantil S.A. (2) (8)	Leasing	99.99%	99.99%	
Bankpar Banco Múltiplo S.A. (2) (9)	Banking	99.99%	99.99%	
Bradesco Administradora de Consórcios Ltda. (1) (10)	Consortium Management	99.99%	99.99%	99.99%
Bradesco Leasing S.A. Arrendamento Mercantil (1)	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários (1) (11)	Brokerage	100.00%	100.00%	99.99%
BRAM Bradesco Asset Management S.A. DTVM (1)	Assets under Management	100.00%	100.00%	100.00%
Bradesco Templeton Asset Management Ltda. (1) (12)	Assets under Management			50.10%
Companhia Brasileira de Meios de Pagamento VISANET (1) (13) (14) (15)	Service Provision	39.67%	39.67%	39.67%
<b>Financial area abroad</b>				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Luxembourg S.A. (1)	Banking	100.00%	100.00%	100.00%
Banco Boavista Interatlântico S.A. Nassau Branch (1)	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (1) (16)	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. New York Branch (1)	Banking	100.00%	100.00%	100.00%

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Bradesco Securities, Inc. (1)	Brokerage	100.00%	100.00%	100.00%
<b>Insurance, private pension and certificated savings plans area</b>				
Atlântica Capitalização S.A. (1)	Certificated savings plans	100.00%	100.00%	100.00%
Áurea Seguros S.A. (1) (13) (14)	Insurance	27.50%	27.50%	27.50%
Bradesco Argentina de Seguros S.A.	Insurance	99.90%	99.90%	99.90%
Bradesco Auto/RE Companhia de Seguros (1)	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A. (1)	Certificated savings plans	100.00%	100.00%	100.00%
Bradesco Saúde S.A. (1)	Insurance/Health	100.00%	100.00%	100.00%
Bradesco Seguros S.A. (1)	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A. (1)	Private Pension Plans/Insurance	100.00%	100.00%	100.00%
Finasa Seguradora S.A. (1)	Insurance	100.00%	100.00%	100.00%
Indiana Seguros S.A. (1) (14) (17)	Insurance	40.00%	40.00%	40.00%
Seguradora Brasileira de Crédito à Exportação S.A. (1) (13) (14)	Insurance	12.09%	12.09%	12.09%
<b>Other activities</b>				
Átria Participações Ltda. (1) (18)	Holding	100.00%	100.00%	100.00%
Bankpar Participações Ltda. (2)	Holding	99.99%	99.99%	
Bradescor Corretora de Seguros Ltda. (1)	Insurance Brokerage	99.87%	99.87%	99.87%
Bradesplan Participações Ltda. (19) (20)	Holding	99.98%	99.98%	
Cia. Securitizadora de Créditos Financeiros Rubi (1)	Credit Acquisition	100.00%	100.00%	100.00%
Cibrasec Companhia Brasileira de Securitização (1) (13) (14)	Credit Acquisition	9.08%	9.08%	9.08%
CPM Holdings Limited (13)	Holding	49.00%	49.00%	49.00%
Nova Paiol Participações Ltda. (1) (21) (22)	Holding	99.88%	99.88%	100.00%
Scopus Tecnologia Ltda. (1)	Information Technology	99.87%	99.87%	99.87%
Serasa S.A. (13) (23)	Services Provision	26.41%	26.41%	26.36%
Tempo Serviços Ltda. (2) (24)	Service Provision	99.99%	99.99%	
União Participações Ltda. (1)	Holding	99.99%	99.99%	99.99%

(1) Companies whose audit services in 2005 were carried out by other independent auditors;

(2) Company acquired in June 2006 Amex Brasil (Note 1);

(3) Current name of Banco American Express S.A. Amex Brasil (Note 1);

(4) Current name of Banco BEM S.A.;

(5) Company acquired in December 2005 and consolidated as from January 2006 (Note 1);

(6) Company became wholly-owned subsidiary in the 3<sup>rd</sup> quarter of 2006;

(7) Company incorporated by Alvorada Cartões, Crédito, Financiamento e Investimento S.A. in November 2006;

- (8) Current name of Inter American Express Arrendamento Mercantil S.A. (Note 1);
- (9) Current name of American Express Bank (Brazil) Banco Múltiplo S.A. (Note 1);
- (10) Current name of Bradesco Consórcios Ltda.;
- (11) Increase in the share due to the transfer of stocks of minority stockholders;
- (12) The company is no longer consolidated as from April 2006 due to the partial sale of the investment, and to the sale, in July 2006, of the remaining balance;
- (13) Companies proportionally consolidated, in conformity with Resolution 2,723 of CMN and CVM Instruction 247;
- (14) Companies whose audit/review services in 2006 were carried out by other independent auditors;
- (15) The entity of specific purpose called Brazilian Merchant Voucher Receivables Limited is being consolidated, a company which takes part in the securitization operation of the future flow of credit card bills receivables of clients domiciled abroad (Note 16d);
- (16) The specific purpose entity called International Diversified Payment Rights Company is being consolidated, a company which takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d);
- (17) Company considered subsidiary in view of equity interest of 51% in the voting capital;
- (18) Current name of Átria Participações S.A.;
- (19) Company acquired in May 2006 (Note 1);
- (20) Current name of Bradesplan Participações S.A.;
- (21) Interest decrease due to the sale of the investment to Banco Alvorada S.A.;
- (22) Current name of Nova Paiol Participações S.A.;
- (23) Interest increase due to the acquisition of Banco BEC S.A. (Note 1); and
- (24) Current name of American Express do Brasil Tempo Ltda. (Note 1).

#### **Supplementary Information to Financial Statements:**

With the purpose of providing supplementary information, we present the cash flow statement by the indirect method and the value added statement, not required by the accounting practices adopted in Brazil and by BACEN, which have been prepared in conformity with the structure set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

### **3) Significant Accounting Policies**

#### **a) Determination of net income**

Income and expenses are determined on the accrual basis of accounting. Transactions with prefixed rates are recorded at their redemption amounts and income and expenses for the future period are recorded as a discount to the corresponding asset and liability accounts. Income and expenses of a financial nature are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to cross-border transactions which are calculated based on the straight-line method. Post-fixed or foreign-currency-indexed transactions are adjusted to the balance sheet date.

The insurance and coinsurance premiums and commissions, net of premiums assigned in coinsurance and reinsurance and corresponding commissions, are appropriated to results upon issuance of the corresponding insurance policies and invoices and are deferred for appropriation on a straight-line basis over the terms of the insurance policies, during the risk coverage period, by means of recording and reversal of unearned premiums reserve and deferred selling expenses. The accepted coinsurance and retrocession operations are recorded based on the information received from other companies and the Brazilian Institute of Reinsures (IRB), respectively.



The supplementary private pension plans contributions and life insurance premiums covering survival are recognized in income when effectively received.

The revenue from certificated savings plans is recognized at the time it is effectively received. The expenses for placement of bonds, classified as Selling Expenses, are recorded as they are incurred. Brokerage expenses are recorded when the certificated savings plans contributions are effectively received. The payment for draw redemptions is considered as expenses of the month when these occur.

The expenses for technical provisions for private pension plans and certificated savings plans are recorded at the same time as the corresponding revenues there from are recognized.

**b) Interbank investments**

Purchase and sale commitments subject to unrestricted movement agreements are adjusted to mark-to-market. Other assets are recorded at acquisition cost, including income earned up to the balance sheet date, net of loss accrual, when applicable.

**c) Securities**

Trading securities securities which are acquired for the purpose of being actively and frequently traded are adjusted to mark-to-market as a counter-entry to income for the period;

Securities available for sale securities which are not specifically intended for trading purposes or as held to maturity are adjusted to mark-to-market as a counter-entry to a specific account in stockholders' equity, at amounts net of tax effects; and

Securities held to maturity securities for which there exists intention and financial capacity for maintenance in portfolio through to maturity are recorded at acquisition cost, plus income earned, as a counter-entry to income for the period.

**d) Derivative financial instruments (assets and liabilities)**

These are classified based on management's intended use thereof on the date of the operation and whether it was carried out for hedging purposes or not.

The derivative financial instruments, which do not comply with the hedging criteria established by BACEN, particularly derivatives used to manage general exposure to risk, are recorded at market values, with the corresponding mark-to-market adjustments taken directly to income for the period.

**e) Loan and leasing operations, advances on foreign exchange contracts, other receivables with characteristics of loan granting and allowance for doubtful accounts**

Loan and leasing operations, advances on foreign exchange contracts and other receivables with characteristics of loan granting are classified at their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution no. 2,682, at nine levels from AA (minimum risk) to H (maximum risk); and (ii) management's risk level assessment. This assessment, which is carried out on a periodic basis, considers current economic conditions, and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. Moreover, the length of the delay in payment defined in CMN Resolution no. 2,682 is also taken into account for customer risk classification purposes as follows:

<b>Past-due period</b>	<b>Customer classification</b>
From 15 to 30 days	B
From 31 to 60 days	C
From 61 to 90 days	D
From 91 to 120 days	E
From 121 to 150 days	F
From 151 to 180 days	G
More than 180 days	H

The accrual of these operations past due up to 59<sup>th</sup> days is recorded in revenues and subsequent to the 60<sup>th</sup> day, in unearned income.

Past-due operations classified at H level remain at this level for six months, subsequent to which time they are written-off against the existing allowance and controlled over a five-year period in memorandum accounts, no longer being recorded in balance sheet accounts.

Renegotiated operations are maintained with a classification equal to their prior rating. Renegotiated loan operations, already written-off against the provision and which are recorded in memorandum accounts, are classified at H level and the possible revenues derived from their renegotiation are recognized as revenue only when they are effectively received.

In the case of mortgage loans, the contractual capitalization period (monthly or quarterly) is taken into account, and both the income appropriation (by the accrual method) and the end-borrower financings are adjusted to the present value of the installments receivable.

The allowance for doubtful accounts is recorded at an amount considered sufficient to cover estimated losses and considers BACEN requirements and instructions, as well as Management's appraisal of the related credit risks.

**f) Taxes on income (asset and liability)**

Tax credits on taxes on income, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in Other receivables Sundry , and the provision for deferred tax liabilities on excess depreciation and mark-to-market adjustments of securities is recorded in Other liabilities Fiscal and pension plan activities .

Tax credits on temporary additions are carried out upon use and/or reversal of the corresponding provisions on which they were recorded. Tax credits on tax losses and negative basis of social contribution will be carried out as taxable income is generated. Such tax credits are recorded based on the current expectations for their realization, taking into account the technical studies and analyses carried out by the management.

The provision for federal income tax is calculated at the standard rate of 15% of taxable income, plus an additional rate of 10%. The provision for social contribution is recorded at the rate of 9% of pre-income tax. Provisions were recorded for other taxes on income in accordance with specific applicable legislation.

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**g) Prepaid expenses**

These record investments of resources in prepayments, whose benefits or service provision will take place in future periods, therefore, they are recorded in assets considering the accrual method of accounting, which determines that income and expenses must be included in the determination of the income for the periods in which they occur, always simultaneously when they are correlated, regardless of receipt or payment.

Prepaid payments correspond to the installment already paid for service rights to be received or for the future use of financial assets or resources from third-parties.

This group is basically represented by: commission in the placement of financings, exclusive contracts in the rendering of banking services, insurance selling expenses, insurance expenses and other costs on funding abroad, advertising expenses, as described in Note 12b.

Thus, based on the accrual method of accounting and the confrontation between income and expense, incurred costs related to corresponding assets which will generate income in subsequent periods are recorded in prepaid expenses. These assets are appropriated to the income in accordance with terms and amounts of benefits which are expected and written-off in the income when corresponding assets and rights are no longer part of the institution's assets or the expected future benefits can not be realized.

**h) Investments**

The investments in subsidiaries, shared control subsidiaries and affiliated companies, when relevant, are valued by the equity accounting method. The financial statements of the foreign branches and subsidiaries are adjusted to comply with the accounting practices adopted in Brazil, translated into Reais and their related effects recognized in income for the period.

The exchange membership certificates of Stock Exchanges, the Custody and Settlement Chamber (CETIP) and the Mercantile and Futures Exchange (BM&F) are recorded at their unaudited book values, informed by the corresponding exchanges, and fiscal incentives and other investments are recorded at acquisition cost, less the provision for losses, when applicable.

**i) Fixed assets**

This is shown at acquisition cost, net of respective accumulated depreciations, calculated by the straight-line method according to the estimated useful-economic life of assets of which: real estate in use 4% p.a.; furnishings and fixtures, machinery and equipment 10% p.a.; transport systems 20% p.a.; and data processing systems 20% to 50% p.a.

**j) Deferred charges**

Deferred charges are recorded at cost of acquisition or formation, net of the corresponding accumulated amortization at 20% per annum, calculated on the straight-line method.

Goodwill in the acquisition of investments in subsidiary companies and shared control subsidiaries, based on future profitability expectation, had an amortization of 10% to 20% per annum and was recorded in deferred assets, until June 30, 2006.

Goodwill was reviewed by the Management Bodies and was fully amortized in 3Q06, as mentioned in Note 15a.

**k) Deposits and federal funds purchased and securities sold under agreements to repurchase**

These are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily pro rata basis.

**l) Provisions relating to insurance, private pension plans and certificated savings plans activities**

Technical provisions are calculated according to actuarial technical notes approved by SUSEP and ANS, and criteria set forth by CNSP Resolution no. 120/2004.

- Insurance of basic lines, life and health

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

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

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

- Supplementary open private pension plans and life insurance covering survival

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

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

The financial fluctuation provision is established until the limit of 15% of the mathematical provision of benefits to be granted related to the private pension plans in the category of variable contribution with guarantee of earnings to meet possible financial fluctuations.

The administrative expenses provision is constituted to cover administrative expenses of the defined benefit and variable contribution plans. It is calculated in conformity with the methodology set forth in the Actuarial Technical Note.

- Certificated savings plans

The mathematical provision for redemptions is calculated on nominal amounts of certificated savings plans and monetarily restated, when applicable, based on Actuarial Technical Notes approved by SUSEP.

The provisions for redemptions are established by the values of the expired certificated savings plans and also by the values of the certificated savings plans which have not expired but whose redemption has been early required by the clients. The provisions are monetarily restated based on the indexes estimated in each plan.

The provisions for unrealized and payable draws are constituted to meet premiums arising from future draws (unrealized) and also to premiums arising from draws in which clients were already selected (payable).

#### **m) Contingent Assets and Liabilities and Legal Liabilities Tax and Social Security**

The recognition, measuring and disclosure of contingent assets and liabilities and legal liabilities are made according to the criteria defined in CVM Resolution 489/05.

- Contingent Assets: They are not recognized on an accounting basis, except when the Management has total control of the situation or when there are real guarantees or favorable judicial decisions, on which more resources are not provided for, characterizing the gain as practically certain. The contingent assets with probability of probable success are only disclosed in the financial statements (Note 18a);
- Contingent Liabilities: They are established taking into consideration the opinion of the legal advisers; the nature of the lawsuits; similarity with previous processes; complexity; and, in the positioning of Courts, whenever the loss is evaluated as probable, what would cause a probable outflow of resources for the settlement of liabilities and when the amounts involved are measurable with enough safety. The contingent liabilities classified as possible losses are not recognized on an accounting basis, and they must only be

disclosed in the notes, and those classified as remote do not require provision and disclosure (Note 18b);

- **Legal Liabilities – Tax and Social Security:** They result from judicial proceedings related to tax liabilities, whose purpose of contestation is their legality or constitutionality, which regardless of the evaluation about the probability of success, have their amounts fully recognized in the financial statements (Note 18b).

**n) Other assets and liabilities**

The assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations (on a daily pro rata basis), and provision for loss, when deemed appropriate. The liabilities include known or estimated amounts, plus related charges and monetary and exchange variations (on a daily pro rata basis).

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**4) Information for Comparison Purposes**

As of June 30, 2006, Bradesco started consolidating Amex Brasil and subsidiaries in its financial statements (Note 1)

**a) We present the main balance sheet and statement of income:**

	<b>R\$ thousand</b>	
	<b>Amex Brasil and subsidiaries</b>	
	<b>12.31.2006</b>	<b>9.30.2006</b>
<b>Assets</b>		
<b>Current and long-term assets</b>	<b>3,455,466</b>	<b>2,304,025</b>
Funds available	94,860	70,585
Interbank investments	79,915	163,926
Securities and derivative financial instruments	1,375,582	121,074
Interbank and interdepartmental accounts	1,513	2,761
Loan operations and other loans	9,022	179,640
Other receivables and other assets	1,894,574	1,766,039
<b>Permanent assets</b>	<b>51,714</b>	<b>62,958</b>
Investments	480	484
Property, plant and equipment	48,720	59,386
Deferred charges	2,514	3,088
<b>Total</b>	<b>3,507,180</b>	<b>2,366,983</b>
<b>Liabilities</b>		
<b>Current and long-term liabilities</b>	<b>1,882,414</b>	<b>1,956,118</b>
Demand, time and other deposits	42,400	203,910
Interbank and interdepartmental accounts		27
Borrowings and onlendings	50,318	76,770
Derivative financial instruments	315	1,834
Other liabilities	1,789,381	1,673,577
<b>Future taxable income</b>	<b>55,181</b>	<b>52,596</b>
<b>Stockholders equity</b>	<b>1,569,585</b>	<b>358,269</b>
<b>Total</b>	<b>3,507,180</b>	<b>2,366,983</b>

R\$ thousand

2006

**Statement of Income****Amex Brasil and subsidiaries**

	<b>December 31 YTD</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>
<b>Revenues from financial intermediation</b>	<b>85,867</b>	<b>50,550</b>	<b>35,317</b>
<b>Expenses from financial intermediation</b>	<b>3,883</b>	<b>13,484</b>	<b>(9,601)</b>
<b>Gross income from financial intermediation</b>	<b>89,750</b>	<b>64,034</b>	<b>25,716</b>
<b>Other operating income (expenses)</b>	<b>(84,330)</b>	<b>(55,093)</b>	<b>(29,237)</b>



<b>Operating income</b>	<b>5,420</b>	<b>8,941</b>	<b>(3,521)</b>
<b>Non-operating income</b>	<b>(340)</b>	<b>58</b>	<b>(398)</b>
<b>Income before taxes on profit and interests</b>	<b>5,080</b>	<b>8,999</b>	<b>(3,919)</b>
<b>Taxes on income</b>	<b>(22,717)</b>	<b>(11,282)</b>	<b>(11,435)</b>
<b>Loss</b>	<b>(17,637)</b>	<b>(2,283)</b>	<b>(15,354)</b>

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**5) Adjusted Balance Sheet and Statement of Income by Business Segment**

The following information is presented in conformity with the definitions set forth in the Chart of Accounts for National Financial System Institutions (COSIF).

**a) Balance sheet**

	R\$ thousand						
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Amount eliminated (4)	Consolidated Total
	Local	Foreign	Local	Foreign			
<b>Assets</b>							
<b>Current and long-term assets</b>							
Funds available	4,647,844	37,532	57,004	20,673	57,076	(58,157)	4,761,972
Interbank investments	23,804,818	2,329,682				(145,310)	25,989,190
Securities and derivative financial instruments	34,442,909	7,078,443	56,296,951	64	757,824	(1,326,232)	97,249,959
Interbank and interdepartmental accounts	19,299,068	12,076					19,311,144
Loan and leasing operations	76,831,702	10,961,138				(4,326,313)	83,466,527
Other receivables and other assets	27,361,249	439,313	3,963,375	1,248	399,634	(888,788)	31,276,031
<b>Permanent assets</b>	<b>20,312,641</b>	<b>18,698</b>	<b>1,234,519</b>	<b>27</b>	<b>195,366</b>	<b>(18,268,801)</b>	<b>3,492,450</b>
Investments	17,967,150	15,357	951,936		30,940	(18,268,801)	696,582
Property, plant and equipment in use and leased assets	1,751,309	3,198	234,462	27	163,923		2,152,919
Deferred charges	594,182	143	48,121		503		642,949
<b>Total on December 31, 2006</b>	<b>206,700,231</b>	<b>20,876,882</b>	<b>61,551,849</b>	<b>22,012</b>	<b>1,409,900</b>	<b>(25,013,601)</b>	<b>265,547,273</b>
<b>Total on September 30, 2006</b>	<b>184,927,545</b>	<b>20,752,378</b>	<b>57,600,892</b>	<b>23,519</b>	<b>1,363,881</b>	<b>(21,476,578)</b>	<b>243,191,637</b>
<b>Total on December 31, 2005</b>	<b>156,605,733</b>	<b>19,634,524</b>	<b>49,655,573</b>	<b>29,177</b>	<b>1,290,970</b>	<b>(18,533,047)</b>	<b>208,682,930</b>
<b>Liabilities</b>							
<b>Current and long-term liabilities</b>							
Deposits	80,464,862	3,643,990				(203,639)	83,905,213
Federal funds purchased and securities sold under agreements to repurchase	47,019,614	922,054				(266,235)	47,675,433
Funds from issuance of securities	4,969,773	1,960,546				(1,294,040)	5,636,279

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Interbank and interdepartmental accounts	2,230,105	1,420					2,231,525
Borrowings and onlendings	19,998,286	1,501,643	9		9,514	(4,090,407)	17,419,045
Derivative financial instruments	476,104	44,332			259	(1,691)	519,004
Provisions for insurance, private pension plans and certificated savings plans			49,117,980	11,234			49,129,214
Other liabilities:							
Subordinated debt	8,974,049	2,975,408					11,949,457
Other	17,744,903	532,899	4,345,792	359	472,676	(888,788)	22,207,841
<b>Future taxable income</b>	<b>180,460</b>						<b>180,460</b>
<b>Stockholders equity/minority interest in consolidated subsidiaries</b>	<b>5,713</b>	<b>9,294,590</b>	<b>8,088,068</b>	<b>10,419</b>	<b>927,451</b>	<b>(18,268,801)</b>	<b>57,440</b>
<b>Stockholders equity, parent company</b>	<b>24,636,362</b>						<b>24,636,362</b>
<b>Total on December 31, 2006</b>	<b>206,700,231</b>	<b>20,876,882</b>	<b>61,551,849</b>	<b>22,012</b>	<b>1,409,900</b>	<b>(25,013,601)</b>	<b>265,547,273</b>
<b>Total on September 30, 2006</b>	<b>184,927,545</b>	<b>20,752,378</b>	<b>57,600,892</b>	<b>23,519</b>	<b>1,363,881</b>	<b>(21,476,578)</b>	<b>243,191,637</b>
<b>Total on December 31, 2005</b>	<b>156,605,733</b>	<b>19,634,524</b>	<b>49,655,573</b>	<b>29,177</b>	<b>1,290,970</b>	<b>(18,533,047)</b>	<b>208,682,930</b>

## b) Statement of income

							R\$ thousand
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Amount eliminated (4)	Consolidated Total
	Local	Foreign	Local	Foreign			
Revenues from financial intermediation	29,976,638	1,402,590	6,999,175	984	93,720	(251,472)	38,221,635
Expenses from financial intermediation	17,623,556	862,046	4,004,823		479	(251,386)	22,239,518
<b>Gross income from financial intermediation</b>	<b>12,353,082</b>	<b>540,544</b>	<b>2,994,352</b>	<b>984</b>	<b>93,241</b>	<b>(86)</b>	<b>15,982,117</b>
Other operating income (expenses)	(9,344,736)	(39,066)	(200,644)	(3,530)	(18,284)	86	(9,606,174)
<b>Operating income</b>	<b>3,008,346</b>	<b>501,478</b>	<b>2,793,708</b>	<b>(2,546)</b>	<b>74,957</b>		<b>6,375,943</b>
Non-operating income	(125,309)	2,623	124,738	(381)	(10,635)		(8,964)
<b>Income before taxes on profit and interests</b>	<b>2,883,037</b>	<b>504,101</b>	<b>2,918,446</b>	<b>(2,927)</b>	<b>64,322</b>		<b>6,366,979</b>
Taxes on income	(514,367)	(4,448)	(748,786)	(486)	(35,845)		(1,303,932)
Minority interest in consolidated subsidiaries	(1,901)		(6,719)		(387)		(9,007)
<b>Accumulated net income on December 31, 2006</b>	<b>2,366,769</b>	<b>499,653</b>	<b>2,162,941</b>	<b>(3,413)</b>	<b>28,090</b>		<b>5,054,040</b>
<b>Accumulated net income on December 31, 2005</b>	<b>3,202,476</b>	<b>625,292</b>	<b>1,588,864</b>	<b>5,594</b>	<b>91,848</b>		<b>5,514,074</b>
<b>Net income in the 4<sup>th</sup> quarter of 2006</b>	<b>987,593</b>	<b>126,610</b>	<b>569,918</b>	<b>(1,016)</b>	<b>19,734</b>		<b>1,702,839</b>
<b>Net income in the 3<sup>rd</sup> quarter of 2006</b>	<b>(519,635)</b>	<b>240,583</b>	<b>547,842</b>	<b>(1,669)</b>	<b>(48,305)</b>		<b>218,816</b>

- (1) The Financial segment comprises: financial institutions; holding companies (which are mainly responsible for managing financial resources), as well as credit card management and asset management companies;
- (2) The balances of equity accounts, revenues and expenses are being eliminated among companies from the same segment;
- (3) The Insurance Group segment comprises insurance, private pension plans and certificated savings plans companies, whose financial information is adapted to the accounting policies of the holding company; and
- (4) Amounts eliminated among companies from different segments as well as operations carried out in the country and abroad.

## 6) Funds Available

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
Local currency	4,556,711	3,502,518	3,209,867

Foreign currency	205,215	444,744	153,133
Investments in gold	46	45	41
<b>Total</b>	<b>4,761,972</b>	<b>3,947,307</b>	<b>3,363,041</b>

## 7) Interbank Investments

### a) Composition and terms

	R\$ thousand						
	2006			2005			
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
<b>Investments in the open market</b>							
<b>Own portfolio position</b>	<b>14,436,508</b>	<b>3,204,496</b>			<b>17,641,004</b>	<b>10,686,762</b>	<b>7,669,959</b>
Financial treasury bills	645,838				645,838	680,264	689,524
National treasury notes	1,399,980	414,638			1,814,618	1,141,967	187,422
National treasury bills	12,390,690	2,789,858			15,180,548	8,864,531	6,793,013
<b>Third-party portfolio position</b>	<b>2,876,832</b>		<b>91,428</b>		<b>2,968,260</b>	<b>17,071,157</b>	<b>11,945,785</b>
Financial treasury bills	154,357				154,357	6,869,131	4,339,911
National treasury bills	2,597,487		91,428		2,688,915	7,698,354	6,883,548
National treasury notes	124,988				124,988	2,503,672	722,326
<b>Sold position</b>		<b>8,256</b>			<b>8,256</b>		
National treasury bills		8,256			8,256		
<b>Subtotal</b>	<b>17,313,340</b>	<b>3,212,752</b>	<b>91,428</b>		<b>20,617,520</b>	<b>27,757,919</b>	<b>19,615,744</b>

	R\$ thousand						
	2006				2005		
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
<b>Interbank deposits:</b>							
Interbank deposits	3,185,623	1,015,029	720,893	451,113	5,372,658	6,604,737	5,390,726
Provisions for losses	(988)				(988)	(27)	(312)
<b>Subtotal</b>	<b>3,184,635</b>	<b>1,015,029</b>	<b>720,893</b>	<b>451,113</b>	<b>5,371,670</b>	<b>6,604,710</b>	<b>5,390,414</b>
<b>Total on December 31, 2006</b>	<b>20,497,975</b>	<b>4,227,781</b>	<b>812,321</b>	<b>451,113</b>	<b>25,989,190</b>		
<b>%</b>	<b>78.9</b>	<b>16.3</b>	<b>3.1</b>	<b>1.7</b>	<b>100.0</b>		
<b>Total on September 30, 2006</b>	<b>25,587,238</b>	<b>7,371,991</b>	<b>986,436</b>	<b>416,964</b>		<b>34,362,629</b>	
<b>%</b>	<b>74.5</b>	<b>21.4</b>	<b>2.9</b>	<b>1.2</b>		<b>100.0</b>	
<b>Total on December 31, 2005</b>	<b>19,172,746</b>	<b>4,776,623</b>	<b>582,114</b>	<b>474,675</b>			<b>25,006,158</b>
<b>%</b>	<b>76.7</b>	<b>19.1</b>	<b>2.3</b>	<b>1.9</b>			<b>100.0</b>

#### b) Income from interbank investments

Classified in the statement of income as income on securities transactions

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
<b>Income on investments in purchase and sale commitments:</b>				
Own portfolio position	319,118	288,070	1,033,883	247,097
Third-party portfolio position	524,545	617,900	2,173,253	2,676,352
Sold position	3,882		3,882	
<b>Subtotal</b>	<b>847,545</b>	<b>905,970</b>	<b>3,211,018</b>	<b>2,923,449</b>
<b>Income from interbank deposits</b>	<b>128,857</b>	<b>128,524</b>	<b>498,197</b>	<b>450,927</b>
<b>Total (Note 8f)</b>	<b>976,402</b>	<b>1,034,494</b>	<b>3,709,215</b>	<b>3,374,376</b>

#### 8) Securities and Derivative Financial Instruments

Find below the information related to securities and derivative financial instruments:

- a) Summary of the consolidated classification of securities by business and issuer segments;

- b) Consolidated portfolio breakdown by issuer;
- c) Consolidated classification by category, days to maturity and business segment:
  - I) Trading securities;
  - II) Securities available for sale; and
  - III) Securities held to maturity.
- d) Breakdown of the portfolios distributed by publication items;
- e) Derivative financial instruments:
  - I) Amounts of instruments recorded in balance sheet and memorandum accounts;
  - II) Breakdown of derivative financial instruments (assets and liabilities), stated at restated cost and market value;
  - III) Futures, option, forward and swap contracts;
  - IV) Types of margin granted as collateral for derivative financial instruments, comprising mainly futures contracts;
  - V) Net revenue and expense amounts; and
  - VI) Overall amounts of the derivative financial instruments, broken down by trading place.
- f) Income on securities transactions, financial income on insurance, private pension plans and certificated savings plans and derivative financial instruments.

## a) Summary of the consolidated classification of securities by business and issuer segments

R\$ thousand										
2006										
2005										
	Financial	Insurance/ Certificated savings plans	Private Pension Plans	Other Activities	December 31	%	September 30	%	December 31	%
<b>Trading securities (4)</b>	<b>28,861,243</b>	<b>5,813,390</b>	<b>23,353,933</b>	<b>465,934</b>	<b>58,494,500</b>	<b>66.1</b>	<b>38,698,298</b>	<b>57.9</b>	<b>42,334,992</b>	<b>72.3</b>
Government securities	22,911,566	3,326,836	268,230	391,818	26,898,450	30.4	9,079,932	13.5	15,847,298	27.1
Corporate bonds	5,400,612	2,486,554	916,273	74,116	8,877,555	10.0	7,333,074	11.0	9,837,522	16.8
Derivative financial instruments (1)	549,065				549,065	0.6	524,743	0.8	474,488	0.8
PGBL / VGBL restricted bonds			22,169,430		22,169,430	25.1	21,760,549	32.6	16,175,684	27.6
<b>Securities available for sale (4)</b>	<b>7,606,736</b>	<b>4,964,082</b>	<b>14,160,496</b>	<b>25,488</b>	<b>26,756,802</b>	<b>30.2</b>	<b>23,822,742</b>	<b>35.6</b>	<b>11,926,959</b>	<b>20.3</b>
Government securities	4,812,506	4,224,294	12,315,720		21,352,520	24.1	18,563,883	27.7	8,338,195	14.2
Corporate bonds	2,794,230	739,788	1,844,776	25,488	5,404,282	6.1	5,258,859	7.9	3,588,764	6.1
<b>Securities held to maturity (5)</b>	<b>1,039,990</b>		<b>2,187,922</b>		<b>3,227,912</b>	<b>3.7</b>	<b>4,313,538</b>	<b>6.5</b>	<b>4,307,283</b>	<b>7.4</b>
Government securities	1,039,990		2,187,922		3,227,912	3.7	4,313,388	6.5	4,263,613	7.3
Corporate bonds							150		43,670	0.1
<b>Subtotal</b>	<b>37,507,969</b>	<b>10,777,472</b>	<b>39,702,351</b>	<b>491,422</b>	<b>88,479,214</b>	<b>100.0</b>	<b>66,834,578</b>	<b>100.0</b>	<b>58,569,234</b>	<b>100.0</b>
Purchase and sale commitments (2)	2,955,238	624,724	5,190,783		8,770,745		6,187,290		5,881,574	
<b>Overall total</b>	<b>40,463,207</b>	<b>11,402,196</b>	<b>44,893,134</b>	<b>491,422</b>	<b>97,249,959</b>		<b>73,021,868</b>		<b>64,450,808</b>	
Government securities	28,764,062	7,551,130	14,771,872	391,818	51,478,882	58.2	31,957,203	47.7	28,449,106	48.6



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Corporate bonds	8,743,907	3,226,342	2,761,049	99,604	14,830,902	16.7	13,116,826	19.7	13,944,444	23.8
PGBL / VGBL restricted bonds			22,169,430		22,169,430	25.1	21,760,549	32.6	16,175,684	27.6
<b>Subtotal</b>	<b>37,507,969</b>	<b>10,777,472</b>	<b>39,702,351</b>	<b>491,422</b>	<b>88,479,214</b>	<b>100.0</b>	<b>66,834,578</b>	<b>100.0</b>	<b>58,569,234</b>	<b>100.0</b>
Purchase and sale commitments (2)	2,955,238	624,724	5,190,783		8,770,745		6,187,290		5,881,574	
<b>Overall total</b>	<b>40,463,207</b>	<b>11,402,196</b>	<b>44,893,134</b>	<b>491,422</b>	<b>97,249,959</b>		<b>73,021,868</b>		<b>64,450,808</b>	

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## b) Consolidated portfolio breakdown by issuer

Securities (3)	2006							
	December 31				Mark-to-market		Mark-to-market	Mark-to-market
	Up to 30 day	From 31 to 180 days	From 181 to 360 days	More than 360 days	book value (6)	Restated cost value (8)		
<b>Government securities</b>	<b>12,353,986</b>	<b>3,322,329</b>	<b>5,721,452</b>	<b>30,081,115</b>	<b>51,478,882</b>	<b>49,884,987</b>	<b>1,593,895</b>	<b>31,9</b>
Financial treasury bills	596,074	649,376	918,867	1,694,865	3,859,182	3,858,559	623	4,2
National treasury bills	11,754,850	2,575,091	4,782,121	3,440,127	22,552,189	22,549,412	2,777	3,9
National treasury notes	1,034	8,042		21,051,088	21,060,164	19,895,720	1,164,444	18,9
Brazilian foreign debt notes			16,174	3,693,654	3,709,828	3,282,203	427,625	4,5
Privatization currencies				191,907	191,907	193,724	(1,817)	1
Foreign government securities		89,820	4,290	9,381	103,491	103,227	264	1
Other	2,028			93	2,121	2,142	(21)	
<b>Corporate bonds</b>	<b>6,372,333</b>	<b>1,267,810</b>	<b>499,364</b>	<b>6,691,395</b>	<b>14,830,902</b>	<b>13,881,323</b>	<b>949,579</b>	<b>13,1</b>
Certificates of bank deposit	859,157	1,146,450	223,479	1,553,567	3,782,653	3,782,653		5,5
Stocks	3,202,279				3,202,279	2,323,132	879,147	2,2
Debentures	7,779		25,696	2,842,745	2,876,220	2,894,695	(18,475)	1,5
Foreign securities	345	46,018	220,162	1,229,651	1,496,176	1,418,422	77,754	2,0
Derivative financial instruments	456,420	34,373	29,842	28,430	549,065	524,740	24,325	5
Other	1,846,353	40,969	185	1,037,002	2,924,509	2,937,681	(13,172)	1,1
<b>PGBL / VGBL restricted bonds</b>	<b>1,228,994</b>	<b>5,368,959</b>	<b>3,951,101</b>	<b>11,620,376</b>	<b>22,169,430</b>	<b>22,169,430</b>		<b>21,7</b>
<b>Subtotal</b>	<b>19,955,313</b>	<b>9,959,098</b>	<b>10,171,917</b>	<b>48,392,886</b>	<b>88,479,214</b>	<b>85,935,740</b>	<b>2,543,474</b>	<b>66,8</b>
Purchase and sale commitments (2)	4,263,886	573,629	855,078	3,078,152	8,770,745	8,770,745		6,1

**Overall**

**Total**      24,219,199   10,532,727   11,026,995   51,471,038      97,249,959   94,706,485      2,543,474      73,0

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## c) Consolidated classification by category, days to maturity and business segment

## D) Trading Securities

Securities (3) (4)	2006							
	December 31					September 30		
	Up to 30 day	From 31 to 180 days	From 181 to 360 days	More than 360 days	Mark-to-market book value (6) (7) (8)	Restated cost value	Mark-to-market	Mark-to-market book value (6) (7) (8)
<b>Financial</b>	<b>13,890,881</b>	<b>2,827,643</b>	<b>5,198,883</b>	<b>6,943,836</b>	<b>28,861,243</b>	<b>28,809,669</b>	<b>51,574</b>	<b>7,089,381</b>
National treasury bills	11,252,710	2,346,807	4,727,074	2,529,378	20,855,969	20,853,192	2,777	2,304,500
Financial treasury bills	538,334	305,776	395,527	592,955	1,832,592	1,831,837	755	1,658,500
Certificates of bank deposit	131,401	35,020	712	999,476	1,166,609	1,166,609		716,400
Derivative financial instruments (1)	456,420	34,373	29,842	28,430	549,065	524,740	24,325	524,740
Debentures Brazilian foreign debt notes			22,477	1,760,922	1,783,399	1,785,240	(1,841)	453,780
National treasury notes	1,034		13,862	41,627	55,489	48,784	6,705	135,000
Foreign corporate securities	128	15,847	5,099	298,217	319,291	303,782	15,509	446,400
Foreign government securities		89,820	4,290		94,110	94,369	(259)	91,000
Stocks	19,491				19,491	19,491		12,300
Other	1,491,363			620,459	2,111,822	2,111,822		643,900
<b>Insurance and certificated savings plans</b>	<b>1,116,215</b>	<b>1,501,148</b>	<b>554,903</b>	<b>2,641,124</b>	<b>5,813,390</b>	<b>5,813,400</b>	<b>(10)</b>	<b>6,956,200</b>
		256,834	377,060	847,020	1,480,914	1,480,924	(10)	1,911,900

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Financial							
treasury							
bills							
National							
treasury							
bills	408,726	210,109	45,654	752,218	1,416,707	1,416,707	1,473,20
Certificates							
of bank							
deposit	375,919	1,026,163	130,961	215,352	1,748,395	1,748,395	2,393,90
National							
treasury							
notes		8,042		421,173	429,215	429,215	844,40
Stocks	85,914				85,914	85,914	67,32
Debentures			1,228	342,294	343,522	343,522	152,77
Other	245,656			63,067	308,723	308,723	112,40
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2006

Securities (3) (4)	December 31					Mark-to-market		Mark-to-market (6) (7)
	Up to 30 day	From 31 to 180 days	From 181 to 360 days	More than 360 days	book value (6) (7) (8)	Restated cost value		
<b>Private</b>								
<b>pension plans</b>	<b>1,562,265</b>	<b>5,455,047</b>	<b>4,049,876</b>	<b>12,286,745</b>	<b>23,353,933</b>	<b>23,353,933</b>		<b>24,</b>
Financial								
treasury bills		4,246	7,058	10,174	21,478	21,478		
National								
treasury notes				72,523	72,523	72,523		
Certificates of								
bank deposit	266,425	64,476	91,717	259,530	682,148	682,148		1,
National								
treasury bills		17,366		35,672	53,038	53,038		
Stocks	66,270				66,270	66,270		
Privatization								
currencies				121,191	121,191	121,191		
Debentures				2,084	2,084	2,084		
PGBL / VGBL								
restricted								
bonds	1,228,994	5,368,959	3,951,101	11,620,376	22,169,430	22,169,430		21,
Other	576			165,195	165,771	165,771		
<b>Other</b>								
<b>activities</b>	<b>130,242</b>	<b>41,356</b>	<b>69,823</b>	<b>224,513</b>	<b>465,934</b>	<b>465,934</b>		
Financial								
treasury bills	9,399	32,756	60,430	62,758	165,343	165,343		
Certificates of								
bank deposit	11,703	7,791		1,012	20,506	20,506		
National								
treasury bills	93,414	809	9,393	122,859	226,475	226,475		
Debentures	2,122			37,617	39,739	39,739		
National								
treasury notes								
Other	13,604			267	13,871	13,871		
<b>Subtotal</b>	<b>16,699,603</b>	<b>9,825,194</b>	<b>9,873,485</b>	<b>22,096,218</b>	<b>58,494,500</b>	<b>58,442,936</b>	<b>51,564</b>	<b>38,</b>
<b>Purchase and</b>								
<b>sale</b>								
<b>commitments</b>								
(2)	<b>4,263,886</b>	<b>573,629</b>	<b>855,078</b>	<b>3,078,152</b>	<b>8,770,745</b>	<b>8,770,745</b>		<b>6,</b>
Financial	2,912,935	23,010	5,698	13,595	2,955,238	2,955,238		2,
Insurance and								
certificated								
savings plans	24,830	12,036	235,615	352,243	624,724	624,724		
Private								
pension plans	1,326,121	538,583	613,765	2,712,314	5,190,783	5,190,783		3,

<b>Overall total</b>	<b>20,963,489</b>	<b>10,398,823</b>	<b>10,728,563</b>	<b>25,174,370</b>	<b>67,265,245</b>	<b>67,213,681</b>	<b>51,564</b>	<b>44,</b>
<b>Derivative financial instruments (Liabilities)</b>	<b>(500,135)</b>	<b>(6,641)</b>	<b>(4,105)</b>	<b>(8,123)</b>	<b>(519,004)</b>	<b>(546,750)</b>	<b>27,746</b>	<b>(</b>

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**II) Securities available for sale**

Securities (4)	2006							
	December 31					September 30		
	Up to 30 day	From 31 to 180 days	From 181 to 360 days	More than 360 days	Mark-to-market book value (6) (7) (8)	Restated cost value	Mark-to-market	Mark-to-market book value (6) (7) (8)
<b>Financial</b>	<b>1,218,245</b>	<b>71,140</b>	<b>219,551</b>	<b>6,097,800</b>	<b>7,606,736</b>	<b>6,753,397</b>	<b>853,339</b>	<b>9,581,315</b>
National treasury bills								
Brazilian foreign debt notes			2,312	2,612,037	2,614,349	2,193,429	420,920	3,336,855
Foreign corporate securities	217	30,171	215,063	931,434	1,176,885	1,114,640	62,245	1,645,780
National treasury notes				2,027,328	2,027,328	1,930,434	96,894	2,876,510
Financial treasury bills	48,089			40,522	88,611	88,669	(58)	99,530
Certificates of bank deposit	52,242			78,197	130,439	130,439		491,424
Debentures	1,639		1,991	140,078	143,708	177,233	(33,525)	175,776
Stocks	1,070,087				1,070,087	748,737	321,350	660,737
Privatization currencies				70,716	70,716	72,533	(1,817)	70,387
Foreign government securities				9,381	9,381	8,858	523	9,288
Other	45,971	40,969	185	188,107	275,232	288,425	(13,193)	215,028
<b>Insurance and certificated savings plans</b>	<b>622,951</b>	<b>36,937</b>	<b>61,990</b>	<b>4,242,204</b>	<b>4,964,082</b>	<b>4,512,550</b>	<b>451,532</b>	<b>3,236,819</b>
Financial treasury bills	94	23,937	61,990	75,143	161,164	161,276	(112)	202,565
Stocks	571,463				571,463	319,505	251,958	496,240
Debentures	27			103,931	103,958	100,944	3,014	94,593
	7,635	13,000			20,635	20,635		16,032



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Certificates of bank deposit									
Foreign corporate securities									3,981
National treasury notes				4,063,130	4,063,130	3,866,458	196,672		2,423,061
National treasury bills									297
Other	43,732				43,732	43,732			50
<b>Private pension plans</b>	<b>1,389,115</b>	<b>25,827</b>	<b>16,802</b>	<b>12,728,752</b>	<b>14,160,496</b>	<b>12,973,544</b>	<b>1,186,952</b>		<b>10,981,685</b>
Stocks	1,388,949				1,388,949	1,083,197	305,752		962,953
Debentures	8			455,819	455,827	441,950	13,877		475,454
Financial treasury bills	158	25,827	16,802	66,293	109,080	109,032	48		114,289
National treasury notes				12,206,640	12,206,640	11,339,365	867,275		9,428,989
Other									
<b>Other activities</b>	<b>25,399</b>		<b>89</b>		<b>25,488</b>	<b>25,401</b>	<b>87</b>		<b>22,923</b>
Certificates of bank deposit	13,832		89		13,921	13,921			22,055
Debentures	3,983				3,983	3,983			783
Stocks	105				105	18	87		85
Other	7,479				7,479	7,479			
<b>Overall total</b>	<b>3,255,710</b>	<b>133,904</b>	<b>298,432</b>	<b>23,068,756</b>	<b>26,756,802</b>	<b>24,264,892</b>	<b>2,491,910</b>		<b>23,822,742</b>

## III) Securities held to maturity

Securities	R\$ thousand						
	2006				2005		
	December 31				September 30	December 31	
Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	Restated cost value (6) (7) (8)	Restated cost value (6) (7) (8)	Restated cost value (6) (7) (8)	
<b>Financial</b>				<b>1,039,990</b>	<b>1,039,990</b>	<b>1,043,805</b>	<b>1,170,094</b>
Brazilian foreign debt notes				1,039,990	1,039,990	1,043,655	1,126,424
Foreign corporate securities						150	43,670
<b>Private pension plans</b>				<b>2,187,922</b>	<b>2,187,922</b>	<b>3,269,733</b>	<b>3,137,189</b>
National treasury notes				2,187,922	2,187,922	3,269,733	3,137,189
<b>Overall total (5)</b>				<b>3,227,912</b>	<b>3,227,912</b>	<b>4,313,538</b>	<b>4,307,283</b>

## d) Breakdown of the portfolios by publication items

	R\$ thousand						
	2006				2005		
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	Total on December 31 (3) (6) (7) (8)	Total on September 30 (3) (6) (7) (8)	Total on December 31 (3) (6) (7) (8)
<b>Own portfolio</b>	<b>12,000,987</b>	<b>8,009,312</b>	<b>6,232,960</b>	<b>45,809,591</b>	<b>72,052,850</b>	<b>66,377,248</b>	<b>59,324,858</b>
<b>Fixed income securities</b>	<b>8,798,708</b>	<b>8,009,312</b>	<b>6,232,960</b>	<b>45,809,591</b>	<b>68,850,571</b>	<b>64,120,741</b>	<b>57,881,467</b>
Financial treasury bills	593,115	519,802	855,598	974,354	2,942,869	3,908,401	5,541,892
Purchase and sale commitments (2)	4,263,886	573,629	855,078	3,078,152	8,770,745	6,187,290	5,881,574
National treasury notes	1,034	8,042		18,952,336	18,961,412	16,325,585	10,501,866
Brazilian foreign debt notes			16,174	2,628,071	2,644,245	2,816,911	5,409,012
Certificates of bank deposit	859,157	1,146,450	223,479	1,553,567	3,782,653	5,037,070	7,395,078
National treasury bills	345	215,623	81,197	1,762,672	2,059,492	3,060,560	2,437,162
		46,018	220,162	1,229,651	1,496,176	2,096,330	1,702,735

Foreign corporate securities							
Debentures	3,796		25,696	2,842,745	2,872,237	1,541,006	1,650,197
Foreign government securities		89,820	4,290	9,381	103,491	100,374	120,682
Privatization currencies				121,191	121,191	117,448	134,538
PGBL/VGBL restricted bonds	1,228,994	5,368,959	3,951,101	11,620,376	22,169,430	21,760,549	16,175,684
Other	1,848,381	40,969	185	1,037,095	2,926,630	1,169,217	931,047
<b>Equity securities</b>	<b>3,202,279</b>				<b>3,202,279</b>	<b>2,256,507</b>	<b>1,443,391</b>
Stocks of listed companies (technical provisions)	1,067,442				1,067,442	963,610	678,693
Stocks of listed companies (other)	2,134,837				2,134,837	1,292,897	764,698
<b>Subject to commitments</b>	<b>5,525,356</b>	<b>2,286,852</b>	<b>4,163,854</b>	<b>4,652,091</b>	<b>16,628,153</b>	<b>6,119,877</b>	<b>4,651,462</b>
<b>Repurchase agreement</b>	<b>5,524,156</b>	<b>2,209,221</b>	<b>3,791,640</b>	<b>3,827,056</b>	<b>15,352,073</b>	<b>2,370,755</b>	<b>1,051,665</b>
National treasury bills	5,518,396	2,140,299	3,733,444	621,757	12,013,896	169,736	13,439
Brazilian foreign debt notes				1,065,583	1,065,583	1,698,692	639,666
Certificates of bank deposit						492,466	348,158
Financial treasury bills	1,777	68,922	58,196	40,964	169,859	8,262	40,032
National treasury notes				2,098,752	2,098,752		8,925
Debentures	3,983				3,983	1,599	1,445
<b>Brazilian Central Bank</b>			<b>216,813</b>	<b>223,422</b>	<b>440,235</b>	<b>1,367,649</b>	<b>2,506,172</b>
National treasury bills			216,813	223,422	440,235	159,425	5,566
National treasury notes						1,168,135	2,500,606
Financial treasury bills						40,089	

R\$ thousand

	2006				2005			
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	Total on December 31			
					(3)	(6)	(7)	(8)
<b>Privatization currencies</b>				70,716	70,716	70,387	98,142	
<b>Collateral provided</b>	1,200	77,631	155,401	530,897	765,129	2,311,086	995,483	
National treasury bills	18	16,979	150,328	431,885	599,210	583,453	100,492	
Financial treasury bills	1,182	60,652	5,073	99,012	165,919	263,461	574,224	
National treasury notes						1,464,172	320,189	
Foreign government securities								578
<b>Derivative financial instruments (1)</b>	456,420	34,373	29,842	28,430	549,065	524,743	474,488	
<b>Securities purpose of unrestricted purchase and sale commitments</b>	6,236,436	202,190	600,339	980,926	8,019,891			
National treasury bills	6,236,436	202,190	600,339	400,391	7,439,356			
Financial treasury bills				580,535	580,535			
<b>Overall total</b>	<b>24,219,199</b>	<b>10,532,727</b>	<b>11,026,995</b>	<b>51,471,038</b>	<b>97,249,959</b>	<b>73,021,868</b>	<b>64,450,808</b>	
<b>%</b>	<b>24.9</b>	<b>10.9</b>	<b>11.3</b>	<b>52.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

- (1) For comparison purposes with the criterion adopted by Brazilian Central Bank's Circular no. 3068 and due to securities characteristics, we are considering the derivative financial instruments under the category "Trading Securities";
- (2) These refer to assets under management funds applied in purchase and sale commitments with Bradesco, the owners of which are subsidiaries, included in the consolidated financial statements;
- (3) The investment fund quotas were distributed according to instruments composing their portfolios and preserving the classification of funds category;
- (4) On June 30, 2006, R\$11,251,983 thousand of "Trading Securities" were transferred to "Securities Available for Sale", in view of the management's intention as to their realization;
- (5)

In compliance with the provisions of Article 8 of BACEN Circular no. 3068, Bradesco declares that it has both the financial capacity and the intention to hold to maturity the securities classified in the securities held to maturity's category. This financial capacity is evidenced in Note 32a, which presents the maturities of asset and liability operations on the reference date of December 31, 2006;

- (6) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;
- (7) This column reflects book value subsequent to mark-to-market, except for securities held to maturity, whose market value is higher than the restated cost value in the amount of R\$998,798 thousand (September 30, 2006 R\$829,243 thousand and December 31, 2005 R\$793,018 thousand); and
- (8) The market value of securities is determined based on the market price available on the balance sheet date. In case no market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics; in case of investment funds, the restated cost reflects the market value of respective quotas.

#### e) Derivative financial instruments

Bradesco carries out transactions involving derivative financial instruments, which are recorded in balance sheet or memorandum accounts, for its own needs and for customers. The derivative financial instruments, when used by the Bank, aim at hedging its asset and liability positions against the effect of exchange and interest rate variations. The derivatives generally represent future commitments for exchanging currencies or indices, or purchasing and selling other financial instruments according to the terms and dates set forth in the contracts. Under the option contracts, the purchaser is entitled, but not obliged, to purchase or sell a financial instrument at a specific strike price in the future.

#### I) Amounts of the instruments recorded in balance sheet and memorandum accounts

	R\$ thousand					
	2006		2005			
	December 31		September 30		December 31	
	Overall amount	Net amount	Overall amount	Net amount	Overall amount	Net amount
<b>Futures contracts</b>						
<b>Purchase commitments:</b>	<b>4,724,181</b>		<b>4,581,357</b>		<b>7,479,822</b>	
Interbank market	764,924		705,874		1,919,655	
Foreign currency	3,959,257		3,875,483		5,560,167	
<b>Sale commitments:</b>	<b>51,950,138</b>		<b>25,473,829</b>		<b>31,344,456</b>	
Interbank market	37,456,624	36,691,700	13,859,869	13,153,995	19,123,649	17,203,994
Foreign currency	14,439,408	10,480,151	11,598,959	7,723,476	12,216,762	6,656,595
Other	54,106	54,106	15,001	15,001	4,045	4,045
<b>Option contracts</b>						
<b>Purchase commitments:</b>	<b>540,316</b>		<b>436,430</b>		<b>198,816</b>	
Foreign currency	540,316	67,920	436,430		198,816	
<b>Sale commitments:</b>	<b>472,396</b>		<b>824,757</b>		<b>219,540</b>	
Foreign currency	472,396		824,757	388,327	219,540	20,724

R\$ thousand						
2006						
2005						
December 31			September 30		December 31	
	Overall amount	Net amount	Overall amount	Net amount	Overall amount	Net amount
<b>Forward contracts</b>						
<b>Purchase commitments:</b>	<b>1,242,719</b>		<b>1,474,941</b>		<b>888,308</b>	
Interbank market					107,000	107,000
Foreign currency	1,242,669	768,001	1,460,543	891,329	781,308	280,136
Other	50		14,398			
<b>Sale commitments:</b>	<b>843,587</b>		<b>893,082</b>		<b>501,172</b>	
Foreign currency	474,668		569,214		501,172	
Other	368,919	368,869	323,868	309,470		
<b>Swap contracts</b>						
<b>Asset position:</b>	<b>13,284,372</b>		<b>16,039,609</b>		<b>15,848,571</b>	
Interbank market	6,860,881	5,524,688	7,522,063	6,199,160	8,543,197	7,326,894
Prefixed	898,364	247,968	1,062,820	297,229	284,668	
Foreign currency	4,069,510		5,840,873		5,173,417	
Reference rate TR	816,019	715,886	818,787	712,960	794,105	788,843
SELIC	606,089	469,514	680,489	538,947	779,650	743,807
IGP-M	19,416		51,643		130,837	
Other	14,093		62,934	41,380	142,697	142,014
<b>Liability position:</b>	<b>13,183,001</b>		<b>15,976,175</b>		<b>15,580,767</b>	
Interbank market	1,336,193		1,322,903		1,216,303	
Prefixed	650,396		765,591		661,650	376,982
Foreign currency	10,774,723	6,705,213	13,440,542	7,599,669	13,369,393	8,195,976
Reference rate TR	100,133		105,827		5,262	
SELIC	136,575		141,542		35,843	
IGP-M	135,296	115,880	178,216	126,573	291,633	160,796
Other	49,685	35,592	21,554		683	

Derivatives include operations maturing in D+1.

**II) Breakdown of derivative financial instruments (assets and liabilities) stated at restated cost and market value**

R\$							
2006							
2005							
December 31			September 30			December 31	
Related Cost	Mark-to-market adjustment	Market value	Restated cost	Mark-to-market adjustment	Market value	Restated cost	Mark-to-marke adjustment

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		value			value			value
Adjustment receivables swap	140,682	24,254	164,936	175,677	8,668	184,345	317,664	45,365
Receivable forward purchases	50		50	14,398		14,398	107,000	
Receivable futures sales	382,506	84	382,590	323,868	(93)	323,775		
Premiums on exercisable options	1,502	(13)	1,489	3,257	(1,032)	2,225	2,916	1,543
<b>Total assets</b>	<b>524,740</b>	<b>24,325</b>	<b>549,065</b>	<b>517,200</b>	<b>7,543</b>	<b>524,743</b>	<b>427,580</b>	<b>46,908</b>
Adjustment payables swap	(73,091)	9,526	(63,565)	(119,774)	(1,137)	(120,911)	(93,479)	(1,746)
Payable forward purchases	(50)		(50)	(14,398)		(14,398)	(107,000)	
Payable futures sales	(452,598)	(84)	(452,682)	(323,868)	93	(323,775)		
Premiums on written options	(21,011)	18,304	(2,707)	(54,564)	5,468	(49,096)	(59,328)	23,080
<b>Total liabilities</b>	<b>(546,750)</b>	<b>27,746</b>	<b>(519,004)</b>	<b>(512,604)</b>	<b>4,424</b>	<b>(508,180)</b>	<b>(259,807)</b>	<b>21,334</b>

## III) Futures, option, forward and swap contracts

	R\$ thousand						
	2006				2005		
	Up to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total on December 31	Total on September 30	Total on December 31
Future contracts	34,092,031	7,240,272	8,561,654	6,780,362	<b>56,674,319</b>	<b>30,055,186</b>	<b>38,824,278</b>
Option contracts	981,102	30,315	270	1,025	<b>1,012,712</b>	<b>1,261,187</b>	<b>418,356</b>
Forward contracts	1,060,289	506,008	403,739	116,270	<b>2,086,306</b>	<b>2,368,023</b>	<b>1,389,480</b>
Swap contracts	3,796,307	1,638,706	2,439,902	5,244,521	<b>13,119,436</b>	<b>15,855,264</b>	<b>15,485,542</b>
<b>Total on December 31, 2006</b>	<b>39,929,729</b>	<b>9,415,301</b>	<b>11,405,565</b>	<b>12,142,178</b>	<b>72,892,773</b>		
<b>Total on September 30, 2006</b>	<b>25,580,478</b>	<b>6,924,467</b>	<b>6,106,646</b>	<b>10,928,069</b>		<b>49,539,660</b>	
<b>Total on December 31, 2005</b>	<b>28,003,196</b>	<b>8,937,756</b>	<b>10,192,908</b>	<b>8,983,796</b>			<b>56,117,656</b>

## IV) Types of margin granted as collateral for derivative financial instruments, comprising mainly futures contracts

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
<b>Government bonds</b>			
National treasury notes	146,291	1,291,656	301,135
National treasury bills	1,045,516	53,832	1,320,615
<b>Total</b>	<b>1,191,807</b>	<b>1,345,488</b>	<b>1,621,750</b>

## V) Net revenue and expenses amounts

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Swap contracts	174,763	385,294	2,111,881	728,355
Forward contracts	31,854	(23,592)	(71,897)	(14,723)
Option contracts	1,800	10,973	20,734	70,888
Futures contracts	139,123	(84,351)	199,256	1,604,482
<b>Total</b>	<b>347,540</b>	<b>288,324</b>	<b>2,259,974</b>	<b>2,389,002</b>

## VI) Overall amounts of the derivative financial instruments, broken down by trading place



	2006		R\$ thousand
	December 31	September 30	2005 December 31
CETIP (over-the-counter)	9,061,696	10,071,350	10,091,644
BM&F (floor)	63,831,077	39,468,310	46,026,012
<b>Total</b>	<b>72,892,773</b>	<b>49,539,660</b>	<b>56,117,656</b>

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**f) Income on securities transactions, financial income on insurance, private pension plans and certificated savings plans and derivative financial instruments**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Fixed income securities	861,606	707,043	3,219,589	3,731,330
Interbank investments (Note 7b)	976,402	1,034,494	3,709,215	3,374,376
Allocation of exchange variation of foreign branches and subsidiaries	(118,737)	40,551	(935,164)	(1,521,258)
Equity securities (1)	113,960	11,554	213,456	(32,440)
<b>Subtotal</b>	<b>1,833,231</b>	<b>1,793,642</b>	<b>6,207,096</b>	<b>5,552,008</b>
Financial income on insurance, private pension plans and certificated savings plans (1)	1,942,738	1,591,834	6,989,951	6,498,435
Income from derivative financial instruments	347,540	288,324	2,259,974	2,389,002
<b>Total</b>	<b>4,123,509</b>	<b>3,673,800</b>	<b>15,457,021</b>	<b>14,439,445</b>

In the 4<sup>th</sup> quarter of 2006 our stake in Usiminas was sold, and the result of that operation was R\$218,753 thousand.

**9) Interbank Accounts Restricted Deposits****a) Restricted deposits**

	R\$ thousand			
	2006		2005	
	Remuneration	December 31	September 30	December 31
Compulsory deposits demand deposits	Not remunerated	6,433,508	5,519,783	5,276,412
Compulsory deposits savings account deposits	Savings index	5,383,510	5,060,466	5,157,183
Additional compulsory deposits	SELIC rate	6,847,688	6,412,598	6,011,271
Restricted deposits SFH	Reference rate TR	405,465	402,419	396,089
Funds from rural credit	Reference rate TR	578	578	578
<b>Total</b>		<b>19,070,749</b>	<b>17,395,844</b>	<b>16,841,533</b>

**b) Compulsory deposits**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD

Restricted deposits	BACEN (compulsory deposits)	306,264	325,679	1,292,468	1,463,755
Restricted deposits	SFH	8,652	8,874	34,119	31,640
<b>Total</b>		<b>314,916</b>	<b>334,553</b>	<b>1,326,587</b>	<b>1,495,395</b>

**10) Loan Operations**

The information relating to loan operations, including advances on foreign exchange contracts, leasing operations and other receivables with characteristics of loan granting, is presented as follows:

- a) By type and maturity;
- b) By type and risk level;
- c) Maturity ranges and risk level;
- d) Concentration of loan operations;
- e) By economic activity sector;
- f) Breakdown of loan operations and allowance for doubtful accounts;
- g) Movement of the allowance for doubtful accounts;
- h) Recovery and renegotiation;
- i) Movement of renegotiated portfolio; and
- j) Income on loan and leasing operations.

## a) By type and maturity

	Normal Course						2006			
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total on December 31 (A)	% (5)	Total on September 30 (A)	% (5)
Discounted trade receivables and other loans	8,441,384	5,384,645	4,154,801	5,709,438	4,808,588	10,477,899	38,976,755	38.0	36,745,543	38.0
Financings	2,230,324	2,067,318	1,710,453	4,997,985	6,833,213	14,021,404	31,860,697	31.0	31,188,000	31.0
Rural and agribusiness loans	294,531	232,819	218,766	1,435,087	1,641,911	3,446,303	7,269,417	7.1	7,030,403	7.1
<b>Subtotal</b>	<b>10,966,239</b>	<b>7,684,782</b>	<b>6,084,020</b>	<b>12,142,510</b>	<b>13,283,712</b>	<b>27,945,606</b>	<b>78,106,869</b>	<b>76.1</b>	<b>74,963,946</b>	<b>76.1</b>
Leasing operations	217,442	179,832	150,587	438,601	779,781	1,941,051	3,707,294	3.6	3,407,626	3.6
Advances on foreign exchange contracts (1)	1,061,035	1,016,168	871,168	1,482,100	1,250,758		5,681,229	5.5	5,464,095	5.5
<b>Subtotal</b>	<b>12,244,716</b>	<b>8,880,782</b>	<b>7,105,775</b>	<b>14,063,211</b>	<b>15,314,251</b>	<b>29,886,657</b>	<b>87,495,392</b>	<b>85.2</b>	<b>83,835,667</b>	<b>85.2</b>
Other receivables (2)	105,627	16,779	17,599	116,198	52,469	142,671	451,343	0.4	446,568	0.4
<b>Total loan operations (3)</b>	<b>12,350,343</b>	<b>8,897,561</b>	<b>7,123,374</b>	<b>14,179,409</b>	<b>15,366,720</b>	<b>30,029,328</b>	<b>87,946,735</b>	<b>85.6</b>	<b>84,282,235</b>	<b>85.6</b>
Sureties and guarantees (4)	428,084	362,379	805,659	812,309	1,647,361	10,735,567	14,791,359	14.4	13,820,221	14.4
<b>Overall total on December 31, 2006</b>	<b>12,778,427</b>	<b>9,259,940</b>	<b>7,929,033</b>	<b>14,991,718</b>	<b>17,014,081</b>	<b>40,764,895</b>	<b>102,738,094</b>	<b>100.0</b>		
<b>Overall total on September 30, 2006</b>	<b>13,352,106</b>	<b>8,920,170</b>	<b>7,927,559</b>	<b>13,370,718</b>	<b>16,372,342</b>	<b>38,159,561</b>			<b>98,102,456</b>	<b>100.0</b>
<b>Overall total on December 31, 2005</b>	<b>12,723,405</b>	<b>8,350,044</b>	<b>7,510,895</b>	<b>11,528,280</b>	<b>13,853,598</b>	<b>31,182,789</b>				

R\$ thousand

## Abnormal course

## Past due installments

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 720 days	2006		2005			
						Total on December 31 (B)	% (5)	Total on September 30 (B)	% (5)	Total on December 31 (B)	% (5)
Discounted trade receivables and other loans	423,645	317,373	404,701	569,296	663,431	2,378,446	73.3	2,256,399	74.3	1,657,519	72.7
Financings	207,143	138,182	65,791	141,641	144,356	697,113	21.5	651,104	21.4	434,881	19.1
Rural and agribusiness loans	8,017	13,339	4,892	8,432	36,204	70,884	2.2	56,025	1.9	54,677	2.4
<b>Subtotal</b>	<b>638,805</b>	<b>468,894</b>	<b>475,384</b>	<b>719,369</b>	<b>843,991</b>	<b>3,146,443</b>	<b>97.0</b>	<b>2,963,528</b>	<b>97.6</b>	<b>2,147,077</b>	<b>94.2</b>
Leasing operations	9,338	7,293	2,977	5,951	8,263	33,822	1.0	26,724	0.9	13,124	0.6
Advances on foreign exchange contracts (1)	6,382	6,152	196	1,426	7,765	21,921	0.7	22,582	0.7	86,873	3.8
<b>Subtotal</b>	<b>654,525</b>	<b>482,339</b>	<b>478,557</b>	<b>726,746</b>	<b>860,019</b>	<b>3,202,186</b>	<b>98.7</b>	<b>3,012,834</b>	<b>99.2</b>	<b>2,247,074</b>	<b>98.6</b>
Other receivables (2)	5,800	883	342	921	34,613	42,559	1.3	23,399	0.8	30,906	1.4
<b>Overall total on December 31, 2006</b>	<b>660,325</b>	<b>483,222</b>	<b>478,899</b>	<b>727,667</b>	<b>894,632</b>	<b>3,244,745</b>	<b>100.0</b>				
<b>Overall total on September 30, 2006</b>	<b>879,523</b>	<b>408,769</b>	<b>390,752</b>	<b>630,040</b>	<b>727,149</b>			<b>3,036,233</b>	<b>100.0</b>		
<b>Overall total on December 31, 2005</b>	<b>483,066</b>	<b>364,249</b>	<b>300,529</b>	<b>478,414</b>	<b>651,722</b>					<b>2,277,980</b>	<b>100.0</b>

	R\$ t										
	Abnormal course										
	Installments falling due										
							2006		2005		
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total on December 31 (C)	% (5)	Total on September 30 (C)	% (5)	Total on December 31 (C)
Discounted trade receivables and other loans	206,504	205,689	173,175	322,096	405,417	486,465	<b>1,799,346</b>	<b>35.8</b>	<b>1,771,316</b>	<b>37.7</b>	<b>1,151,212</b>
Financings	196,600	192,416	168,603	454,841	685,002	1,091,709	<b>2,789,171</b>	<b>55.5</b>	<b>2,632,528</b>	<b>56.1</b>	<b>2,064,420</b>
Rural and agribusiness loans	1,394	172	267	4,126	8,730	243,600	<b>258,289</b>	<b>5.1</b>	<b>134,986</b>	<b>2.9</b>	<b>33,360</b>
<b>Subtotal</b>	<b>404,498</b>	<b>398,277</b>	<b>342,045</b>	<b>781,063</b>	<b>1,099,149</b>	<b>1,821,774</b>	<b>4,846,806</b>	<b>96.4</b>	<b>4,538,830</b>	<b>96.7</b>	<b>3,249,000</b>
Leasing operations	7,798	7,172	6,234	18,334	34,195	96,549	<b>170,282</b>	<b>3.4</b>	<b>141,104</b>	<b>3.0</b>	<b>77,790</b>
Advances on foreign exchange contracts (1)											
<b>Subtotal</b>	<b>412,296</b>	<b>405,449</b>	<b>348,279</b>	<b>799,397</b>	<b>1,133,344</b>	<b>1,918,323</b>	<b>5,017,088</b>	<b>99.8</b>	<b>4,679,934</b>	<b>99.7</b>	<b>3,326,800</b>
Other receivables (2)	4,662	288	286	737	938	3,674	<b>10,585</b>	<b>0.2</b>	<b>14,723</b>	<b>0.3</b>	<b>6,450</b>
<b>Total loan operations (3)</b>	<b>416,958</b>	<b>405,737</b>	<b>348,565</b>	<b>800,134</b>	<b>1,134,282</b>	<b>1,921,997</b>	<b>5,027,673</b>	<b>100.0</b>	<b>4,694,657</b>	<b>100.0</b>	<b>3,333,250</b>
Sureties and guarantees (4)											
<b>Overall total on December 31, 2006</b>	<b>416,958</b>	<b>405,737</b>	<b>348,565</b>	<b>800,134</b>	<b>1,134,282</b>	<b>1,921,997</b>	<b>5,027,673</b>	<b>100.0</b>			
<b>Overall total on September 30, 2006</b>	<b>433,359</b>	<b>392,626</b>	<b>350,384</b>	<b>786,119</b>	<b>1,082,802</b>	<b>1,649,367</b>			<b>4,694,657</b>	<b>100.0</b>	
<b>Overall total on December 31, 2005</b>	<b>291,765</b>	<b>266,355</b>	<b>245,858</b>	<b>585,276</b>	<b>793,070</b>	<b>1,150,935</b>					<b>3,333,250</b>

R\$ thousand

	Overall total					
	2006			2005		
	Total on December 31 (A+B+C)	% (5)	Total on September 30 (A+B+C)	% (5)	Total on December 31 (A+B+C)	% (5)
Discounted trade receivables and other loans	43,154,547	39.0	40,773,258	38.5	36,482,578	40.2
Financings	35,346,981	31.8	34,471,632	32.6	30,142,362	33.2
Rural and agribusiness loans	7,598,590	6.8	7,221,414	6.8	6,402,420	7.1
<b>Subtotal</b>	<b>86,100,118</b>	<b>77.6</b>	<b>82,466,304</b>	<b>77.9</b>	<b>73,027,360</b>	<b>80.5</b>
Leasing operations	3,911,398	3.5	3,575,454	3.4	2,518,358	2.8
Advances on foreign exchange contracts (1)	5,703,150	5.1	5,486,677	5.2	5,017,112	5.5
<b>Subtotal</b>	<b>95,714,666</b>	<b>86.2</b>	<b>91,528,435</b>	<b>86.5</b>	<b>80,562,830</b>	<b>88.8</b>
Other receivables (2)	504,487	0.5	484,690	0.4	567,564	0.6
<b>Total loan operations (3)</b>	<b>96,219,153</b>	<b>86.7</b>	<b>92,013,125</b>	<b>86.9</b>	<b>81,130,394</b>	<b>89.4</b>
Sureties and guarantees (4)	14,791,359	13.3	13,820,221	13.1	9,629,856	10.6
<b>Overall total on December 31, 2006</b>	<b>111,010,512</b>	<b>100.0</b>				
<b>Overall total on September 30, 2006</b>			<b>105,833,346</b>	<b>100.0</b>		
<b>Overall total on December 31, 2005</b>					<b>90,760,250</b>	<b>100.0</b>

(1) Advances on foreign exchange contracts are recorded as a reduction of the item Other liabilities ;

(2) Other receivables comprise receivables on sureties and guarantees honored, receivables on purchase of assets, securities and credit instruments receivable; income receivable on foreign exchange contracts and receivables arising from export contracts;

(3) Total loan operations includes financing of credit card operations and operations for prepaid credit card receivables in the amount of R\$2,847,450 thousand (September 30, 2006 R\$2,486,180 thousand and December 31, 2005 R\$1,743,064 thousand), including Amex Brasil R\$76,074 thousand (September 30, 2006 R\$75,323 thousand) . Other receivables relating to credit cards in the amount of R\$5,215,435 thousand (September 30, 2006 R\$4,463,901 thousand and December 31, 2005 R\$2,847,097 thousand), including Amex Brasil R\$1,344,368 thousand (September 30, 2006 R\$1,203,138 thousand) are classified in the item Other Receivables Sundry and presented in Note 11b;

(4) Amounts recorded in memorandum account, which include R\$3,238,963 thousand referred to operations in which the beneficiary is Banco Bradesco S.A. Grand Cayman Branch; and

(5) Ratio between type and total portfolio with sureties and guarantees.

## b) By type and risk level

Loan Operations	Risk Levels									
	AA	A	B	C	D	E	F	G	H	T
Discounted trade receivables and other										
loans	9,405,047	19,591,900	3,380,356	5,975,723	944,662	569,584	411,164	509,903	2,366,208	43,
Financings	4,880,537	18,706,999	3,566,880	6,484,627	462,165	202,175	159,084	133,982	750,532	35,
Rural and agribusiness										
loans	268,303	3,197,703	910,808	2,398,142	341,485	37,426	184,417	152,331	107,975	7,
<b>Subtotal</b>	<b>14,553,887</b>	<b>41,496,602</b>	<b>7,858,044</b>	<b>14,858,492</b>	<b>1,748,312</b>	<b>809,185</b>	<b>754,665</b>	<b>796,216</b>	<b>3,224,715</b>	<b>86,</b>
Leasing operations	208,747	1,292,386	883,745	1,362,099	46,257	15,318	22,044	9,001	71,801	3,
Advances on foreign exchange contracts	3,652,737	918,442	770,038	334,220	15,631	485	320	585	10,692	5,
<b>Subtotal</b>	<b>18,415,371</b>	<b>43,707,430</b>	<b>9,511,827</b>	<b>16,554,811</b>	<b>1,810,200</b>	<b>824,988</b>	<b>777,029</b>	<b>805,802</b>	<b>3,307,208</b>	<b>95,</b>
Other receivables	124,005	108,583	139,659	69,494	20,700	526	27	722	40,771	.
<b>Total loan operations on December 31, 2006</b>	<b>18,539,376</b>	<b>43,816,013</b>	<b>9,651,486</b>	<b>16,624,305</b>	<b>1,830,900</b>	<b>825,514</b>	<b>777,056</b>	<b>806,524</b>	<b>3,347,979</b>	<b>96,</b>
<b>%</b>	<b>19.3</b>	<b>45.5</b>	<b>10.0</b>	<b>17.3</b>	<b>1.9</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>3.5</b>	
<b>Total loan operations on September 30, 2006</b>	<b>17,669,763</b>	<b>42,644,102</b>	<b>8,712,102</b>	<b>15,925,208</b>	<b>1,733,355</b>	<b>827,197</b>	<b>681,835</b>	<b>788,137</b>	<b>3,031,426</b>	
<b>%</b>	<b>19.2</b>	<b>46.3</b>	<b>9.5</b>	<b>17.3</b>	<b>1.9</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>3.3</b>	
<b>Total loan operations on December 31, 2005</b>	<b>15,076,434</b>	<b>39,226,453</b>	<b>6,815,101</b>	<b>14,529,208</b>	<b>1,578,039</b>	<b>557,849</b>	<b>561,156</b>	<b>489,515</b>	<b>2,296,639</b>	
<b>%</b>	<b>18.6</b>	<b>48.3</b>	<b>8.4</b>	<b>17.9</b>	<b>2.0</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>2.8</b>	



## c) Maturity ranges and risk level

	Risk Levels								2006		
	Abnormal Course Operations								Total on December 31	%	Total Septem 30
	AA <sup>A</sup>	B	C	D	E	F	G	H			
<b>Installments</b>											
<b>Falling Due</b>	<b>1,234,385</b>	<b>1,284,037</b>	<b>537,561</b>	<b>352,133</b>	<b>370,883</b>	<b>293,592</b>	<b>955,082</b>	<b>5,027,673</b>	<b>100.0</b>	<b>4,694,</b>	
1 to 30	112,215	116,947	44,777	26,726	19,405	18,468	78,420	<b>416,958</b>	<b>8.3</b>	<b>433,</b>	
31 to 60	108,082	118,648	37,991	26,568	19,503	18,132	76,813	<b>405,737</b>	<b>8.1</b>	<b>392,</b>	
61 to 90	86,308	100,476	34,704	23,425	17,824	16,659	69,169	<b>348,565</b>	<b>6.9</b>	<b>350,</b>	
91 to 180	204,876	206,070	84,488	55,290	43,109	39,701	166,600	<b>800,134</b>	<b>15.9</b>	<b>786,</b>	
181 to 360	287,365	302,655	116,585	77,226	58,183	55,007	237,261	<b>1,134,282</b>	<b>22.6</b>	<b>1,082,</b>	
More than 360	435,539	439,241	219,016	142,898	212,859	145,625	326,819	<b>1,921,997</b>	<b>38.2</b>	<b>1,649,</b>	
<b>Past Due</b>											
<b>Installments</b>	<b>169,637</b>	<b>359,528</b>	<b>297,830</b>	<b>251,610</b>	<b>210,396</b>	<b>332,159</b>	<b>1,623,585</b>	<b>3,244,745</b>	<b>100.0</b>	<b>3,036,</b>	
1 to 14	23,470	73,432	22,691	13,122	9,190	7,986	37,570	<b>187,461</b>	<b>5.8</b>	<b>416,</b>	
15 to 30	137,839	106,514	48,375	22,338	14,088	88,248	55,462	<b>472,864</b>	<b>14.6</b>	<b>463,</b>	
31 to 60	8,328	176,000	94,487	53,492	30,373	22,823	97,719	<b>483,222</b>	<b>14.9</b>	<b>408,</b>	
61 to 90		2,785	128,639	75,137	47,201	41,352	183,785	<b>478,899</b>	<b>14.8</b>	<b>390,</b>	
91 to 180		797	3,638	86,384	107,457	169,312	360,079	<b>727,667</b>	<b>22.3</b>	<b>630,</b>	
181 to 360				1,137	2,087	2,438	814,690	<b>820,352</b>	<b>25.3</b>	<b>664,</b>	
More than 360							74,280	<b>74,280</b>	<b>2.3</b>	<b>62,</b>	
<b>Subtotal</b>	<b>1,404,022</b>	<b>1,643,565</b>	<b>835,391</b>	<b>603,743</b>	<b>581,279</b>	<b>625,751</b>	<b>2,578,667</b>	<b>8,272,418</b>		<b>7,730,</b>	
Specific provision	14,041	49,307	83,539	181,123	290,639	438,025	2,578,667	<b>3,635,341</b>		<b>3,290,</b>	

	Risk Levels									
	Normal Course Operations									
	AA	A	B	C	D	E	F	G	H	Total on December 31
<b>Installments</b>										
<b>Falling Due</b>	<b>18,539,376</b>	<b>43,816,013</b>	<b>8,247,464</b>	<b>14,980,740</b>	<b>995,509</b>	<b>221,771</b>	<b>195,777</b>	<b>180,773</b>	<b>769,312</b>	<b>87,946,730</b>
1 to 30	2,200,672	7,319,541	823,199	1,793,682	82,931	25,672	14,576	12,380	77,690	12,350,333
31 to 60	1,657,687	4,674,080	815,226	1,591,517	62,679	15,883	13,309	7,573	59,607	8,897,500
61 to 90	1,479,094	3,516,622	666,587	1,329,654	50,702	14,123	10,227	6,877	49,488	7,123,330
91 to 180	3,531,889	6,454,973	1,639,670	2,251,706	102,637	35,680	22,647	22,978	117,229	14,179,400
181 to 360	3,202,074	7,700,936	1,357,824	2,695,462	126,414	42,125	24,645	18,689	198,551	15,366,730
More than 360	6,467,960	14,149,861	2,944,958	5,318,719	570,146	88,288	110,373	112,276	266,747	30,029,330
Generic Provision		219,080	82,464	449,422	99,551	66,531	97,889	126,541	769,312	1,910,730
<b>Overall total on December 31, 2006</b>	<b>18,539,376</b>	<b>43,816,013</b>	<b>9,651,486</b>	<b>16,624,305</b>	<b>1,830,900</b>	<b>825,514</b>	<b>777,056</b>	<b>806,524</b>	<b>3,347,979</b>	<b>96,219,130</b>
Existing provision		219,762	125,835	775,941	483,106	407,605	513,845	771,965	3,347,979	6,646,000
Minimum required provision		219,080	96,505	498,729	183,090	247,654	388,528	564,566	3,347,979	5,546,130
Additional provision		682	29,330	277,212	300,016	159,951	125,317	207,399		1,099,900
<b>Overall total on September 30, 2006</b>	<b>17,669,763</b>	<b>42,644,102</b>	<b>8,712,102</b>	<b>15,925,208</b>	<b>1,733,355</b>	<b>827,197</b>	<b>681,835</b>	<b>788,137</b>	<b>3,031,426</b>	
Existing provision		213,899	112,597	786,333	454,921	404,881	460,831	750,305	3,031,426	
Minimum required provision		213,221	87,121	477,751	173,324	248,159	340,917	551,696	3,031,426	
Additional provision		678	25,476	308,582	281,597	156,722	119,914	198,609		
<b>Overall total on December 31, 2005</b>	<b>15,076,434</b>	<b>39,226,453</b>	<b>6,815,101</b>	<b>14,529,208</b>	<b>1,578,039</b>	<b>557,849</b>	<b>561,156</b>	<b>489,515</b>	<b>2,296,639</b>	
Existing provision		196,807	89,277	864,167	407,097	272,482	376,515	455,665	2,296,639	

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Minimum required provision	196,101	68,148	435,875	157,804	167,355	280,577	342,660	2,296,639
Additional provision	706	21,129	428,292	249,293	105,127	95,938	113,005	

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**d) Concentration of loan operations**

	<b>R\$ thousand</b>					
	<b>2006</b>			<b>2005</b>		
	<b>December 31</b>	<b>%</b>	<b>September 30</b>	<b>%</b>	<b>December 31</b>	<b>%</b>
Largest borrower	1,143,049	1.2	725,312	0.8	921,735	1.1
10 largest borrowers	5,979,499	6.2	5,194,987	5.6	5,762,250	7.1
20 largest borrowers	9,287,341	9.7	8,662,278	9.4	8,668,385	10.7
50 largest borrowers	15,473,148	16.1	15,367,275	16.7	13,904,433	17.1
100 largest borrowers	20,597,433	21.4	20,813,853	22.6	18,187,234	22.4

**e) By economic activity sector**

	<b>R\$ thousand</b>					
	<b>2006</b>			<b>2005</b>		
	<b>December 31</b>	<b>%</b>	<b>September 30</b>	<b>%</b>	<b>December 31</b>	<b>%</b>
<b>Public Sector</b>	<b>939,657</b>	<b>1.0</b>	<b>963,228</b>	<b>1.0</b>	<b>890,944</b>	<b>1.1</b>
<b>Federal Government</b>	<b>494,218</b>	<b>0.5</b>	<b>510,386</b>	<b>0.5</b>	<b>421,545</b>	<b>0.5</b>
Petrochemical	342,093	0.3	332,762	0.3	272,519	0.4
Financial intermediary	152,125	0.2	157,491	0.2	66,237	
Production and distribution of electric power			20,133		82,789	0.1
<b>State Government</b>	<b>442,740</b>	<b>0.5</b>	<b>449,878</b>	<b>0.5</b>	<b>466,014</b>	<b>0.6</b>
Production and distribution of electric power	442,740	0.5	449,878	0.5	466,014	0.6
<b>Municipal Government</b>	<b>2,699</b>		<b>2,964</b>		<b>3,385</b>	
Direct administration	2,699		2,964		3,385	
<b>Private sector</b>	<b>95,279,496</b>	<b>99.0</b>	<b>91,049,897</b>	<b>99.0</b>	<b>80,239,450</b>	<b>98.9</b>
<b>Manufacturing</b>	<b>24,392,791</b>	<b>25.3</b>	<b>22,789,513</b>	<b>24.8</b>	<b>20,395,785</b>	<b>25.1</b>
Food and beverage	5,679,747	5.9	5,105,029	5.6	5,309,376	6.5
Steel, metallurgical and mechanical	3,712,917	3.9	3,301,174	3.6	2,937,134	3.6
Chemical	2,894,033	3.0	3,076,633	3.3	2,129,672	2.6
Pulp and paper	1,949,233	2.0	1,864,883	2.0	915,768	1.1
Light and heavy vehicles	1,897,900	2.0	2,121,901	2.3	2,077,310	2.6
Extraction of metallic and non-metallic ores	1,602,554	1.7	919,616	1.0	834,392	1.0
Textiles and clothing	1,104,973	1.1	1,058,853	1.2	940,772	1.2
Rubber and plastic articles	1,061,282	1.1	953,343	1.0	914,259	1.1
Electric and electronic products	698,088	0.7	685,090	0.7	979,157	1.2

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Furniture and wood products	677,558	0.7	649,399	0.7	649,510	0.8
Automotive parts and accessories	614,933	0.6	572,468	0.6	509,507	0.6
Non-metallic materials	489,006	0.5	443,224	0.5	398,589	0.5
Leather articles	466,570	0.5	447,265	0.5	399,003	0.5
Oil refining and production of alcohol	448,620	0.5	329,999	0.4	308,967	0.4
Publishing, printing and reproduction	427,068	0.4	421,316	0.5	525,202	0.7
Other industries	668,309	0.7	839,320	0.9	567,167	0.7
<b>Commerce</b>	<b>13,452,314</b>	<b>13.9</b>	<b>13,143,583</b>	<b>14.3</b>	<b>12,077,594</b>	<b>14.9</b>
Products in specialty stores	3,518,204	3.7	3,346,003	3.7	3,285,581	4.1
Food products, beverage and tobacco	1,686,150	1.8	1,655,603	1.8	1,469,437	1.8
Grooming and household articles	1,286,304	1.3	1,135,955	1.2	884,709	1.1
Self-propelled vehicles	1,005,201	1.0	939,227	1.0	799,782	1.0
Clothing and footwear	981,678	1.0	865,846	1.0	807,949	1.0
Non-specialized retailer	852,420	0.9	1,129,152	1.2	744,886	0.9
Wholesale of goods in general	745,462	0.8	733,008	0.8	854,953	1.1
Repair, parts and accessories for self-propelled vehicles	720,999	0.7	694,978	0.8	606,536	0.8
Residues and scrap	710,169	0.7	763,261	0.8	837,332	1.0
Fuel	616,158	0.6	607,298	0.7	589,511	0.7
Agricultural and farming products	533,766	0.6	562,434	0.6	517,376	0.6
Trade intermediary	462,627	0.5	402,606	0.4	442,580	0.5
Other commerce	333,176	0.3	308,212	0.3	236,962	0.3

	2006		2005		R\$ thousand	
	December 31	%	September 30	%	December 31	%
Financial intermediaries	462,348	0.5	756,622	0.8	259,567	0.3
Services	16,054,191	16.7	14,319,164	15.6	13,192,722	16.3
Transport and storage	4,388,032	4.6	4,211,185	4.6	3,542,009	4.4
Real estate activities, rentals and corporate services	2,502,301	2.6	2,270,268	2.5	2,001,984	2.5
Civil construction	2,457,171	2.6	1,974,891	2.1	1,721,691	2.1
Production and distribution of electric power, gas and water	1,768,549	1.8	1,662,164	1.8	1,196,202	1.5
Telecommunications	1,206,054	1.2	928,009	1.0	1,503,751	1.9
Social services, education, health, defense and social security	1,001,358	1.0	977,286	1.1	932,950	1.1
Clubs, leisure, cultural and sports activities	639,357	0.7	460,545	0.5	509,485	0.6
Holding companies, legal, accounting and business advisory services	551,728	0.6	441,072	0.5	378,154	0.5
Hotel and catering	406,554	0.4	386,108	0.4	327,796	0.4
Other services	1,133,087	1.2	1,007,636	1.1	1,078,700	1.3
<b>Agribusiness, fishing, forestry development and management</b>	<b>1,306,664</b>	<b>1.4</b>	<b>1,207,266</b>	<b>1.3</b>	<b>1,092,775</b>	<b>1.4</b>
<b>Individuals</b>	<b>39,611,188</b>	<b>41.2</b>	<b>38,833,749</b>	<b>42.2</b>	<b>33,221,007</b>	<b>40.9</b>
<b>Total</b>	<b>96,219,153</b>	<b>100.0</b>	<b>92,013,125</b>	<b>100.0</b>	<b>81,130,394</b>	<b>100.0</b>

## f) Breakdown of loan operations and allowance for doubtful accounts

		R\$ thousand							
		Portfolio balance							
Abnormal course				2006		2005			
Risk level		Total	Normal	%	%	%			
	Past due	Falling due	abnormal course	course	Total	%	December 31 YTD	September 30 YTD	December 31 YTD
AA			18,539,376	18,539,376	19.3	19.3	19.2	18.6	

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A				43,816,013	<b>43,816,013</b>	45.5	64.8	65.5	66.9
B	169,637	1,234,385	1,404,022	8,247,464	<b>9,651,486</b>	10.0	74.8	75.0	75.3
C	359,528	1,284,037	1,643,565	14,980,740	<b>16,624,305</b>	17.3	92.1	92.3	93.2
<b>Subtotal</b>	<b>529,165</b>	<b>2,518,422</b>	<b>3,047,587</b>	<b>85,583,593</b>	<b>88,631,180</b>	<b>92.1</b>			
D	297,830	537,561	835,391	995,509	<b>1,830,900</b>	1.9	94.0	94.2	95.2
E	251,610	352,133	603,743	221,771	<b>825,514</b>	0.9	94.9	95.1	95.9
F	210,396	370,883	581,279	195,777	<b>777,056</b>	0.8	95.7	95.8	96.6
G	332,159	293,592	625,751	180,773	<b>806,524</b>	0.8	96.5	96.7	97.2
H	1,623,585	955,082	2,578,667	769,312	<b>3,347,979</b>	3.5	100.0	100.0	100.0
<b>Subtotal</b>	<b>2,715,580</b>	<b>2,509,251</b>	<b>5,224,831</b>	<b>2,363,142</b>	<b>7,587,973</b>	<b>7.9</b>			
<b>Total on December 31, 2006</b>	<b>3,244,745</b>	<b>5,027,673</b>	<b>8,272,418</b>	<b>87,946,735</b>	<b>96,219,153</b>	<b>100.0</b>			
<b>%</b>	<b>3.4</b>	<b>5.2</b>	<b>8.6</b>	<b>91.4</b>	<b>100.0</b>				
<b>Total on September 30, 2006</b>	<b>3,036,233</b>	<b>4,694,657</b>	<b>7,730,890</b>	<b>84,282,235</b>	<b>92,013,125</b>				
<b>%</b>	<b>3.3</b>	<b>5.1</b>	<b>8.4</b>	<b>91.6</b>	<b>100.0</b>				
<b>Total on December 31, 2005</b>	<b>2,277,980</b>	<b>3,333,259</b>	<b>5,611,239</b>	<b>75,519,155</b>	<b>81,130,394</b>				
<b>%</b>	<b>2.8</b>	<b>4.1</b>	<b>6.9</b>	<b>93.1</b>	<b>100.0</b>				

Risk level	Provision								2006	%	
	Minimum requirement					Generic	Total	Additional			Existing
	Specific			Total specific	Past due						
% minimum required provision											
AA	0.0										
A	0.5				219,080	219,080	682	219,762	0.5		
B	1.0	1,696	12,345	14,041	82,464	96,505	29,330	125,835	1.3		
C	3.0	10,786	38,521	49,307	449,422	498,729	277,212	775,941	4.7		
<b>Subtotal</b>		<b>12,482</b>	<b>50,866</b>	<b>63,348</b>	<b>750,966</b>	<b>814,314</b>	<b>307,224</b>	<b>1,121,538</b>	<b>1.3</b>		
D	10.0	29,783	53,756	83,539	99,551	183,090	300,016	483,106	26.4		
E	30.0	75,483	105,640	181,123	66,531	247,654	159,951	407,605	49.4		
F	50.0	105,198	185,441	290,639	97,889	388,528	125,317	513,845	66.1		
G	70.0	232,511	205,514	438,025	126,541	564,566	207,399	771,965	95.7		
H	100.0	1,623,585	955,082	2,578,667	769,312	3,347,979		3,347,979	100.0		
<b>Subtotal</b>		<b>2,066,560</b>	<b>1,505,433</b>	<b>3,571,993</b>	<b>1,159,824</b>	<b>4,731,817</b>	<b>792,683</b>	<b>5,524,500</b>	<b>72.8</b>		
<b>Total on December 31, 2006</b>		<b>2,079,042</b>	<b>1,556,299</b>	<b>3,635,341</b>	<b>1,910,790</b>	<b>5,546,131</b>	<b>1,099,907</b>	<b>6,646,038</b>	<b>6.9</b>		
<b>%</b>		<b>31.2</b>	<b>23.4</b>	<b>54.6</b>	<b>28.9</b>	<b>83.5</b>	<b>16.5</b>	<b>100.0</b>			
<b>Total on September 30, 2006</b>		<b>1,905,520</b>	<b>1,384,846</b>	<b>3,290,366</b>	<b>1,833,249</b>	<b>5,123,615</b>	<b>1,091,578</b>	<b>6,215,193</b>			
<b>%</b>		<b>30.6</b>	<b>22.3</b>	<b>52.9</b>	<b>29.5</b>	<b>82.4</b>	<b>17.6</b>	<b>100.0</b>			
<b>Total on December 31, 2005</b>		<b>1,400,981</b>	<b>886,608</b>	<b>2,287,589</b>	<b>1,657,570</b>	<b>3,945,159</b>	<b>1,013,490</b>	<b>4,958,649</b>			
<b>%</b>		<b>28.3</b>	<b>17.9</b>	<b>46.2</b>	<b>33.4</b>	<b>79.6</b>	<b>20.4</b>	<b>100.0</b>			

(1) Ratio between existing provision and portfolio by risk level.

g) Movement of allowance for doubtful accounts

				R\$ thousand	
				2006	
				2005	
				4th Quarter	3rd Quarter
				December 31 YTD	September 30 YTD



<b>Opening Balance</b>	<b>6,215,193</b>	<b>5,833,198</b>	<b>4,958,649</b>	<b>4,145,557</b>
Specific provision (1)	3,290,366	3,053,611	2,287,589	1,785,474
Generic provision (2)	1,833,249	1,699,872	1,657,570	1,434,610
Additional provision (3)	1,091,578	1,079,715	1,013,490	925,473
<b>Amount recorded</b>	<b>1,189,941</b>	<b>1,168,044</b>	<b>4,412,413</b>	<b>2,507,206</b>
<b>Amount written-off</b>	<b>(759,096)</b>	<b>(786,049)</b>	<b>(2,826,589)</b>	<b>(1,694,114)</b>
<b>Balance derived from acquired institutions</b>				
<b>(4)</b>			<b>101,565</b>	
<b>Closing balance</b>	<b>6,646,038</b>	<b>6,215,193</b>	<b>6,646,038</b>	<b>4,958,649</b>
Specific provision (1)	3,635,341	3,290,366	3,635,341	2,287,589
Generic provision (2)	1,910,790	1,833,249	1,910,790	1,657,570
Additional provision (3)	1,099,907	1,091,578	1,099,907	1,013,490

- (1) For operations with installments overdue for more than 14 days;
- (2) Recorded based on the customer/transaction classification and accordingly not included in the preceding item;
- (3) The additional provision is recorded based on Management's experience and expected collection of the loan portfolio, to determine the total provision deemed sufficient to cover specific and general risks, as well as the provision calculated based on risk level ratings and the corresponding minimum percentage of required provision established by CMN Resolution 2,682.  
The additional provision per customer was classified according to the corresponding risk levels (Note 10f); and
- (4) Comprises Banco BEC S.A. and Amex Brasil (Notes 1 and 4).

**h) Recovery and renegotiation**

Expense for allowance for doubtful accounts, net of recoveries of written-off credits.

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Amount recorded	1,189,941	1,168,044	4,412,413	2,507,206
Amount recovered (1)	(197,005)	(165,749)	(637,645)	(681,956)
<b>Expense net of recoveries</b>	<b>992,936</b>	<b>1,002,295</b>	<b>3,774,768</b>	<b>1,825,250</b>

(1) Classified in income on loan operations (Note 10j).

**i) Movement of renegotiated portfolio**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
<b>Opening balance</b>	<b>2,594,312</b>	<b>2,370,270</b>	<b>2,020,341</b>	<b>1,714,589</b>
Amount renegotiated	649,887	728,106	2,613,210	1,745,665
Amount received	(419,235)	(379,828)	(1,436,867)	(1,033,643)
Amount written-off	(116,443)	(124,236)	(488,163)	(406,270)
<b>Closing balance</b>	<b>2,708,521</b>	<b>2,594,312</b>	<b>2,708,521</b>	<b>2,020,341</b>
Allowance for doubtful accounts	1,732,083	1,602,829	1,732,083	1,255,248
Percentage on portfolio	63.9%	61.8%	63.9%	62.1%

**j) Income on loan and leasing operations**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Discounted trade receivables and other loans	3,010,755	3,034,072	11,805,508	9,914,845
Financings	1,800,510	1,856,255	7,274,885	5,998,765
Rural and agribusiness loans	189,004	175,602	690,432	563,298
<b>Subtotal</b>	<b>5,000,269</b>	<b>5,065,929</b>	<b>19,770,825</b>	<b>16,476,908</b>
Recovery of credits written-off as loss	197,005	165,749	637,645	681,956
Allocation of exchange variation of foreign branches and subsidiaries	(84,520)	26,408	(353,350)	(454,546)

<b>Subtotal</b>	<b>5,112,754</b>	<b>5,258,086</b>	<b>20,055,120</b>	<b>16,704,318</b>
Leasing, net of expenses	190,769	172,814	645,102	435,694
<b>Total</b>	<b>5,303,523</b>	<b>5,430,900</b>	<b>20,700,222</b>	<b>17,140,012</b>

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**11) Other Receivables****a) Foreign exchange portfolio****Balance sheet accounts**

	<b>2006</b>		<b>R\$ thousand</b>
	<b>December 31</b>	<b>September 30</b>	<b>2005</b>
			<b>December 31</b>
<b>Assets Other receivables</b>			
Exchange purchases pending settlement	6,691,337	7,008,563	5,917,638
Foreign exchange acceptances and term documents in foreign currencies	8,132	3,375	25,504
Exchange sale receivables	1,308,768	1,732,821	1,355,144
(-) Advances in local currency received	(141,701)	(205,479)	(417,904)
Income receivable on advances granted	79,526	81,022	56,762
<b>Total</b>	<b>7,946,062</b>	<b>8,620,302</b>	<b>6,937,144</b>
<b>Liabilities Other liabilities</b>			
Exchange sales pending settlement	1,308,476	1,732,315	1,360,794
Exchange purchase payables	6,754,564	7,028,848	5,849,124
(-) Advances on foreign exchange contracts	(5,703,150)	(5,486,677)	(5,017,112)
Other	26,927	15,736	14,146
<b>Total</b>	<b>2,386,817</b>	<b>3,290,222</b>	<b>2,206,952</b>
<b>Net foreign exchange portfolio</b>	<b>5,559,245</b>	<b>5,330,080</b>	<b>4,730,192</b>
<b>Memorandum accounts</b>			
Imports loans	241,508	201,528	137,369
Confirmed exports loans	20,168	35,223	35,107

**Exchange Results**

Breakdown of results of foreign exchange transactions adjusted to facilitate presentation

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
<b>Foreign exchange result</b>	<b>98,051</b>	<b>167,557</b>	<b>729,647</b>	<b>617,678</b>
<b>Adjustments:</b>				
Income on foreign currency financing (1)	12,889	22,310	130,826	83,952
Income on export financing (1)	13,028	15,524	50,824	22,018
Income on foreign investments (2)	35,504	32,297	182,490	108,273
Expenses from foreign securities (3)				(4,546)
	(84,588)	(151,380)	(793,458)	(575,155)

Expenses from liabilities with foreign bankers				
(4) (Note 17c)				
Other	15,260	9,383	44,801	(8,373)
<b>Total adjustments</b>	<b>(7,907)</b>	<b>(71,866)</b>	<b>(384,517)</b>	<b>(373,831)</b>
<b>Adjusted foreign exchange operations result</b>	<b>90,144</b>	<b>95,691</b>	<b>345,130</b>	<b>243,847</b>

- (1) Classified in the item Income on loan operations ;
- (2) Demonstrated in the item Income on securities transactions ;
- (3) Presented in the item Expenses from federal funds purchased and securities sold under agreements to repurchase ; and
- (4) Funds for financing advances on foreign exchange contracts and import financing, classified in the item Expenses for borrowings and onlendings .

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**b) Sundry**

	<b>R\$ thousand</b>		
	<b>2006</b>		<b>2005</b>
	<b>December 31</b>	<b>September 30</b>	<b>December 31</b>
Tax credits (Note 34c)	7,265,972	7,116,622	5,210,628
Credit card operations (1)	5,215,435	4,463,901	2,847,097
Borrowers by escrow	3,621,636	3,593,509	2,324,566
Prepaid taxes	878,607	822,672	865,604
Sundry borrowers	756,215	570,634	362,030
Receivable securities and credits	623,681	518,771	506,414
Payments to be reimbursed	469,174	487,758	423,907
Borrowers due to purchase of assets	224,310	240,891	310,255
Other	260,234	188,596	91,186
<b>Total</b>	<b>19,315,264</b>	<b>18,003,354</b>	<b>12,941,687</b>

(1) The increase in the last 12 months includes Amex Brasil operations in the amount of R\$1,344,368 thousand (Note 1).

**12) Other Assets****a) Non operating assets/Others**

	<b>R\$ thousand</b>				
	<b>Cost</b>	<b>Provision for losses</b>	<b>Residual value</b>		
			<b>2006</b>		<b>2005</b>
			<b>December 31</b>	<b>September 30</b>	<b>December 31</b>
Real estate	155,926	(54,609)	101,317	109,532	104,437
Goods subject to special conditions	94,310	(94,310)			
Vehicles and similar	82,839	(28,038)	54,801	56,692	52,630
Inventories/storehouse	18,247		18,247	16,736	20,518
Machinery and equipment	10,308	(6,293)	4,015	3,757	2,395
Other	7,469	(6,341)	1,128	1,129	6,767
<b>Total on December 31, 2006</b>	<b>369,099</b>	<b>(189,591)</b>	<b>179,508</b>		
<b>Total on September 30, 2006</b>	<b>380,343</b>	<b>(192,497)</b>		<b>187,846</b>	
<b>Total on December 31, 2005</b>	<b>367,688</b>	<b>(180,941)</b>			<b>186,747</b>

**b) Prepaid expenses**

	<b>R\$ thousand</b>	
	<b>2006</b>	<b>2005</b>

	<b>December 31</b>	<b>September 30</b>	<b>December 31</b>
Commission on the placement of financing (1)	789,433	782,151	622,274
Exclusive partnership agreement in the rendering of banking services (2)	406,850	301,516	247,243
Insurance selling expenses (3)	285,574	277,776	277,760
Insurance expense and others costs on funding abroad (4)	74,080	76,103	96,298
Advertising expenses (5)	50,951	60,681	38,455
Other	187,418	187,296	95,171
<b>Total</b>	<b>1,794,306</b>	<b>1,685,523</b>	<b>1,377,201</b>

- (1) Commissions paid to storekeepers and car dealers;
- (2) Amounts paid for acquisition of the exclusive right for the rendering of bank services;
- (3) Commissions paid to insurance brokers on trade of insurance, private pension plans and certificated savings plans products;
- (4) Prepaid insurance expenses and other costs when contracting funding from foreign bankers/investors; and
- (5) Prepaid advertising expenses, whose disclosure in the media will occur in the future.

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**13) Investments****a) Movement of investments in foreign branches and direct and indirect subsidiaries, which were fully eliminated upon consolidation of the financial statements**

	R\$ thousand			
Investments in foreign branches and subsidiaries	Balance on 12.31.2005	Movement in the period (1)	Balance on 12.31.2006	Balance on 9.30.2006
Banco Bradesco S.A. Grand Cayman Branch	5,842,819	2,103,696	7,946,515	5,778,675
Banco Bradesco S.A. New York Branch	348,461	(8,880)	339,581	337,999
Banco Bradesco Luxembourg S.A.	318,776	(12,259)	306,517	307,949
Bradport SGPS, Sociedade Unipessoal, Lda.	294,855	111,998	406,853	397,830
Cidade Capital Markets Limited	75,261	(2,512)	72,749	72,778
Bradesco Securities, Inc.	52,747	(4,378)	48,369	48,690
Banco Bradesco Argentina S.A.	38,946	(2,994)	35,952	36,139
Bradesco Argentina de Seguros S.A.	14,691	(4,283)	10,408	11,434
Bradesco International Health Service, Inc.	231	(54)	177	179
Banco Boavista S.A. Nassau Branch	19,773	(937)	18,836	18,977
Imagra Overseas Ltd. (Amex Brasil) (2)		1,842	1,842	1,876
<b>Total</b>	<b>7,006,560</b>	<b>2,181,239</b>	<b>9,187,799</b>	<b>7,012,526</b>

(1) Represented by exchange loss variation in the amount of R\$571,445 thousand, equity accounting in the amount of R\$438,140 thousand, mark-to-market adjustment on securities available for sale in the amount of R\$65,059 thousand, capital increase in May 2006 in Bradport SGPS, Sociedade Unipessoal Lda, in the amount of R\$103,908 thousand and in December 2006 in Banco Bradesco S.A. Grand Cayman Branch, in the amount of R\$2,143,700 thousand and new acquisition in the amount of R\$1,877; and

(2) Company acquired in June 2006 (Note 1).

**b) Breakdown of investments in the consolidated financial statements**

	R\$ thousand		
Affiliated companies	2006		2005
	December 31	September 30	December 31
IRB- Brasil Resseguros S.A.	354,409	351,759	345,387
American Banknote S.A. (1)			38,158
BES Investimento do Brasil S.A. Banco de Investimento	22,742	21,738	19,235
NovaMarlim Participações S.A.	15,088	17,810	20,424
Marlim Participações S.A.	10,524	12,508	14,550
Other	270	550	1,065
<b>Total in affiliated companies</b>	<b>403,033</b>	<b>404,365</b>	<b>438,819</b>
Tax incentives	328,131	325,581	325,160
Banco Espírito Santo S.A. (2)		397,593	282,703
Other investments	323,437	292,741	287,973
Provision for:			
Tax incentives	(290,968)	(279,667)	(283,809)



Other investments	(67,051)	(121,186)	(65,876)
<b>Overall total of consolidated investments</b>	<b>696,582</b>	<b>1,019,427</b>	<b>984,970</b>

- (1) Investment transferred to current and partially sold in 2006; and  
(2) Investment transferred to current assets in December 2006.

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c) The adjustments resulting from the evaluation of investments by the equity accounting method were recorded in income under Equity in the earnings of affiliated companies and corresponded, in the year ended December 31, 2006 R\$72,324 thousand (December 31, 2005 R\$76,150 thousand), 4Q06 R\$30,257 thousand (3Q06 R\$7,587 thousand).

Companies	Capital Stock	Adjusted shareholder's equity	No. of stocks/ quotas held (thousands)		Consolidated ownership on capital stock	Adjusted net income/ (loss)	Adjustment resulting from evaluation (6)			
			Common Preferred				2006		2005	
			4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.			December 31 YTD	December 31 YTD		
IRB-Brasil Resseguros S.A. (1)	750,000	1,668,293	212		21.24%	150,744	27,130	4,888	32,018	
NovaMarlim Participações S.A. (1)	112,613	87,864	22,100		17.17%	31,048	813	821	5,331	
Marlim Participações S.A. (1)	104,829	88,922	10,999	21,998	11.84%	39,890	453	333	4,723	
BES Investimento do Brasil S.A. Banco de Investimento (1)	80,000	113,713	15,985		19.99%	24,547	2,005	1,313	4,907	
American Banknote S.A. (2)									2,113	
UGB Participações S.A. (3)										
Bradesco Templeton Asset Management Ltda. (4)								208	23,627	
CP Cimento e Participações S.A. (5)										
Other companies							(144)	24	(395)	
<b>Total of non consolidated investees</b>							<b>30,257</b>	<b>7,587</b>	<b>72,324</b>	

(1) Unaudit data related to November 30, 2006;

(2) Investment transferred to current assets and partially sold in 2006;

(3) Investment sold in February 2005;

- (4) Investment sold in July 2006;  
 (5) Investment sold in April 2005; and  
 (6) Adjustment resulting from evaluation considers results recorded by the companies as from their acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting practices, when applicable.

#### 14) Property, Plant and Equipment in Use and Leased Assets

Stated at acquisition cost plus restatements. Depreciation is calculated on the straight-line method at annual rates, which take into consideration the economic useful lives of the assets.

	Annual rate	Cost	Depreciation	R\$ thousand		
				Residual value		
				2006		2005
				December 31	September 30	December 31
Real estate in use:						
Buildings	4%	648,660	(355,087)	293,573	296,301	352,295
Land		406,980		406,980	415,210	401,222
Facilities, furniture and equipment in use	10%	2,260,715	(1,352,320)	908,395	887,866	807,174
Security and communications systems	10%	135,855	(87,040)	48,815	48,282	48,675
Data processing systems	20 to 50%	1,634,591	(1,210,090)	424,501	403,405	365,961
Transport systems	20%	31,802	(16,238)	15,564	8,375	7,420
Construction in progress		38,955		38,955	7,589	2,824
<b>Subtotal</b>		<b>5,157,558</b>	<b>(3,020,775)</b>	<b>2,136,783</b>	<b>2,067,028</b>	<b>1,985,571</b>
Leased Assets		25,142	(9,006)	16,136	15,109	9,323
<b>Total on December 31, 2006</b>		<b>5,182,700</b>	<b>(3,029,781)</b>	<b>2,152,919</b>		
<b>Total on September 30, 2006</b>		<b>5,074,131</b>	<b>(2,991,994)</b>		<b>2,082,137</b>	
<b>Total on December 31, 2005</b>		<b>4,784,022</b>	<b>(2,789,128)</b>			<b>1,994,894</b>

Property, plant and equipment in use of Bradesco Organization present an unrecorded increment of R\$1,157,601 thousand (September 30, 2006 R\$1,113,576 thousand and December 31, 2005 R\$1,006,570 thousand) based on appraisal reports prepared by independent experts in 2006, 2005 and 2004.

The fixed assets to stockholders' equity ratio, in relation to consolidated reference stockholders' equity is 12.23% (September 30, 2006 11.89% and December 31, 2005 16.72%), on the consolidated basis and 48.01% (September 30, 2006 46.04% and December 31, 2005 45.33%) on the consolidated financial basis, within the maximum 50% limit.

The difference between the fixed assets to stockholders' equity ratio of the Operating and Economic Financial Consolidated results from the inclusion of the non-financial subsidiaries which have a high liquidity and a low fixed assets to stockholders' equity level, with the consequent reduction of the fixed assets to stockholders' equity ratio of the Economic Financial Consolidated and enabling, when necessary, the distribution of funds to financial companies.

## 15) Deferred Charges

### a) Goodwill

	Balance on 12.31.2005	Constitutions	Amortizations 1 <sup>st</sup> half of 2006	Extraordinary amortizations	R\$ thousand Balance on 9.30.2006 and 12.31.2006
Banco Zogbi S.A.	174,079		(28,229)	(145,850)	
Banco Alvorada S.A.	147,987		(9,977)	(138,010)	
Banco BCN S.A.	152,723		(152,723)		
Banco Mercantil de São Paulo S.A.	88,255		(88,255)		
Morada Serviços Financeiros Ltda.	66,715		(7,849)	(58,866)	
Banco Cidade S.A.	55,200		(55,200)		
Promovel Empreendimentos e Serviços Ltda.	41,216		(6,684)	(34,532)	
Bradesco Leasing S.A.					
Arrendamento Mercantil	32,113		(3,600)	(28,513)	
Banco Boavista Interatlântico S.A.	19,696		(9,848)	(9,848)	
Cia. Leader de Investimento	19,424		(1,013)	(18,411)	
Tempo Serviços Ltda. (Amex Brasil)		872,881		(872,881)	
Banco BEC S.A.		669,074	(61,937)	(607,137)	
Bradesplan Participações Ltda.		81,878	(1,365)	(80,513)	
Bankpar Participações Ltda. (Amex Brasil)		42,577		(42,577)	
Other	50,076	28,331	(6,822)	(71,585)	
<b>Total goodwill</b>	<b>847,484</b>	<b>1,694,741</b>	<b>(433,502)</b>	<b>(2,108,723)</b>	

In the 2<sup>nd</sup> half of 2006, the existing goodwill was reviewed by the Management Bodies and according to the Board of Directors' resolution as of September 18, 2006 and purpose of notice to stockholders on this same date, the referred goodwill, which corresponded to R\$2,108,723 thousand, was fully amortized. The Board of Directors' proposals of this date were approved by the Special Stockholders' Meeting held on October 5, 2006. The referred fully amortized goodwill corresponds to the amount of R\$2,054,621 thousand of the balance of June 2006 plus R\$54,102 thousand

resulting mainly from goodwill complement in the acquisition of Amex Brasil.

**b) Other deferred charges**

	<b>R\$ thousand</b>				
			<b>Residual value</b>		
	<b>Cost</b>	<b>Amortization</b>	<b>2006</b>		<b>2005</b>
			<b>December 31</b>	<b>September 30</b>	<b>December 31</b>
Systems development	1,546,559	(905,368)	641,191	609,397	525,911
Other deferred expenditures	47,212	(45,454)	1,758	2,378	4,606
<b>Total on December 31, 2006</b>	<b>1,593,771</b>	<b>(950,822)</b>	<b>642,949</b>		
<b>Total on September 30, 2006</b>	<b>1,533,796</b>	<b>(922,021)</b>		<b>611,775</b>	
<b>Total on December 31, 2005</b>	<b>1,315,881</b>	<b>(785,364)</b>			<b>530,517</b>

**16) Deposits, Federal Funds Purchased And Securities Sold Under Agreements to Repurchase and Funds From Issuance of Securities****a) Deposits**

							R\$ thousand
	2006					2005	
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
Demand deposits (1)	20,526,800				20,526,800	17,598,600	15,955,512
Savings deposits (1)	27,612,587				27,612,587	25,415,133	26,201,463
Interbank deposits	202,501	66,565	21,025		290,091	172,912	145,690
Time deposits (2)	2,352,238	5,740,585	3,456,266	23,375,452	34,924,541	35,375,682	32,836,656
Other deposits (3)	551,194				551,194	290,841	266,321
<b>Total on December 31, 2006</b>	<b>51,245,320</b>	<b>5,807,150</b>	<b>3,477,291</b>	<b>23,375,452</b>	<b>83,905,213</b>		
<b>%</b>	<b>61.1</b>	<b>6.9</b>	<b>4.1</b>	<b>27.9</b>	<b>100.0</b>		
<b>Total on September 30, 2006</b>	<b>46,331,541</b>	<b>3,654,479</b>	<b>4,377,123</b>	<b>24,490,025</b>		<b>78,853,168</b>	
<b>%</b>	<b>58.8</b>	<b>4.6</b>	<b>5.6</b>	<b>31.0</b>		<b>100.0</b>	
<b>Total on December 31, 2005</b>	<b>47,250,863</b>	<b>5,406,293</b>	<b>1,909,643</b>	<b>20,838,843</b>			<b>75,405,642</b>
<b>%</b>	<b>62.7</b>	<b>7.2</b>	<b>2.5</b>	<b>27.6</b>			<b>100.0</b>

(1) Classified as up to 30 days without considering average historical turnover;

(2) It considers the maturities established in investments; and

(3) Deposits for investments.

**b) Federal funds purchased and securities sold under agreements to repurchase**

							R\$ thousand
	2006					2005	
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
<b>Own portfolio</b>	<b>18,773,625</b>	<b>937,140</b>	<b>1,632,249</b>	<b>15,252,254</b>	<b>36,595,268</b>	<b>19,194,305</b>	<b>12,690,952</b>
	13,918,676	108,402	60,795	8,324	14,096,197	176,798	62,391

Government bonds							
Private securities - CDB						489,702	346,763
Debentures of own issuance	4,338,497	576,126	1,571,454	15,090,940	21,577,017	17,038,283	11,702,803
Foreign	516,452	252,612		152,990	922,054	1,489,522	578,995
<b>Third party portfolio (1)</b>	<b>3,471,383</b>				<b>3,471,383</b>	<b>17,067,469</b>	<b>11,947,932</b>
<b>Unrestricted notes portfolio (1)</b>	<b>7,438,667</b>	<b>72,916</b>	<b>97,199</b>		<b>7,608,782</b>	<b>2,054</b>	
<b>Total on December 31, 2006 (2)</b>	<b>29,683,675</b>	<b>1,010,056</b>	<b>1,729,448</b>	<b>15,252,254</b>	<b>47,675,433</b>		
<b>%</b>	<b>62.3</b>	<b>2.1</b>	<b>3.6</b>	<b>32.0</b>	<b>100.0</b>		
<b>Total on September 30, 2006</b>	<b>18,158,848</b>	<b>2,097,278</b>	<b>1,039,829</b>	<b>14,967,873</b>		<b>36,263,828</b>	
<b>%</b>	<b>50.0</b>	<b>5.8</b>	<b>2.9</b>	<b>41.3</b>		<b>100.0</b>	
<b>Total on December 31, 2005</b>	<b>12,847,915</b>	<b>460,787</b>	<b>1,399,844</b>	<b>9,930,338</b>			<b>24,638,884</b>
<b>%</b>	<b>52.1</b>	<b>1.9</b>	<b>5.7</b>	<b>40.3</b>			<b>100.0</b>

(1) Represented by government bonds; and

(2) This includes R\$8,770,745 thousand (September 30, 2006 R\$6,187,290 thousand and December 31, 2005 R\$5,881,574 thousand) of funds invested in purchase and sale commitments with Bradesco, the quotaholders of which are subsidiaries composing the consolidated financial statements (Note 8a).

## c) Funds from issuance of securities

	R\$ thousand						
	2006				2005		
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
Securities							
Local:							
Mortgage notes	35,900	347,117	473,473	1,207	857,697	867,027	847,508
Debentures (1)		51,094		2,552,100	2,603,194	2,708,857	2,624,899
<b>Subtotal</b>	<b>35,900</b>	<b>398,211</b>	<b>473,473</b>	<b>2,553,307</b>	<b>3,460,891</b>	<b>3,575,884</b>	<b>3,472,407</b>
Securities							
Foreign: (2)							
Commercial paper							1,184
Eurobonds	214,478				214,478	217,695	440,834
Euronotes	365				365	2,797	753
MTN Program							
Issues	51,950		577,402	390,983	1,020,335	1,292,828	1,000,365
Promissory notes							59,460
Securitization of future flow of money orders received from abroad (d)	3,437	56,911	58,266	387,466	506,080	543,708	657,262
Securitization of future flow of credit card bill receivables from foreign cardholders (d)	1,185	45,757	47,066	340,122	434,130	464,350	571,621
<b>Subtotal</b>	<b>271,415</b>	<b>102,668</b>	<b>682,734</b>	<b>1,118,571</b>	<b>2,175,388</b>	<b>2,521,378</b>	<b>2,731,479</b>
<b>Total on December 31, 2006</b>	<b>307,315</b>	<b>500,879</b>	<b>1,156,207</b>	<b>3,671,878</b>	<b>5,636,279</b>		
<b>%</b>	<b>5.5</b>	<b>8.9</b>	<b>20.5</b>	<b>65.1</b>	<b>100.0</b>		
<b>Total on September 30, 2006</b>	<b>354,029</b>	<b>1,020,770</b>	<b>403,469</b>	<b>4,318,994</b>		<b>6,097,262</b>	
<b>%</b>	<b>5.8</b>	<b>16.8</b>	<b>6.6</b>	<b>70.8</b>		<b>100.0</b>	
<b>Total on December 31, 2005</b>	<b>120,627</b>	<b>981,169</b>	<b>305,176</b>	<b>4,796,914</b>			<b>6,203,886</b>
<b>%</b>	<b>1.9</b>	<b>15.8</b>	<b>4.9</b>	<b>77.4</b>			<b>100.0</b>



(1) This refers to installment of issuances of simple debentures not convertible into stocks of Bradesco Leasing S.A. Arrendamento Mercantil, of which one matures on May 1, 2011 and has a 102% of CDI remuneration; and

(2) These consist of funds obtained from banks abroad, from the issuance of notes in the international market and under National Monetary Council (CMN) Resolution 2770 for:

(i) onlending to local customers, maturing until 2011, under terms which do not exceed those of the funds obtained, with interest payable at LIBOR, plus a spread or prefixed interest; and

(ii) foreign exchange operations for customers, through purchase and sale of foreign currencies, related to discounts of export bills, pre-financing of exports and financing of imports, substantially in the short term.

d) Since 2003, Bradesco Organization has been entering into certain agreements designed to optimize its funding and liquidity management activities through the use of Specific Purposes Entities (SPEs). These SPEs, named Brazilian Merchant Voucher Receivables Limited and International Diversified Payment Rights Company, are financed through long-term liabilities and settled through the future cash flows of the corresponding assets, which basically comprise:

(i) current and future flows of money orders remitted by individuals and corporate entities located abroad to beneficiaries in Brazil for which the Bank acts as paying agent; and

(ii) current and future flows of credit card receivables arising from expenses made in Brazilian territory by holders of credit cards issued outside Brazil.

The long-term securities issued by the SPEs and sold to investors will be settled through funds derived from the money order flows and credit card bills. Bradesco is obliged to redeem these securities in specific cases of default or if the SPEs' operations are discontinued.

The funds derived from the sale of current and future money orders and credit card receivables, received by the SPEs, must be maintained in a specific bank account until such time as a specific minimum limit is attained.

We present below the main features of the notes issued by the SPEs:

<b>R\$ thousand</b>							
<b>Total</b>							
<b>Issuance</b>	<b>Transaction amount</b>	<b>Maturity</b>	<b>Remuneration %</b>	<b>2006</b>		<b>2005</b>	
				<b>December 31</b>	<b>September 30</b>	<b>December 31</b>	
Securitization of future flow of money orders received from abroad	8.20.2003	595,262	8.20.2010	6,750	299,737	325,128	421,943
abroad	7.28.2004	305,400	8.20.2012	4,685	206,343	218,580	235,319
<b>Total</b>		<b>900,662</b>			<b>506,080</b>	<b>543,708</b>	<b>657,262</b>
Securitization of future flow of credit card bills receivables from foreign cardholders abroad	7.10.2003	800,818	6.15.2011	5,684	434,130	464,350	571,621
<b>Total</b>		<b>800,818</b>			<b>434,130</b>	<b>464,350</b>	<b>571,621</b>

e) Expenses with funding and price-level restatement and interest on technical provisions for insurance, private pension plans and certificated savings plans

**R\$ thousand**

	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Savings deposits	483,748	484,996	1,908,700	2,027,943
Time deposits	1,264,404	1,396,309	5,286,080	5,377,212
Federal funds purchased and securities sold under agreements to repurchase	1,135,336	1,167,613	4,310,855	3,975,999
Funds from issuance of securities	222,682	281,147	927,567	767,815
Allocation of exchange variation of foreign branches and subsidiaries	(132,390)	44,714	(671,997)	(1,135,847)
Other funding expenses	37,196	56,186	233,506	272,202
<b>Subtotal</b>	<b>3,010,976</b>	<b>3,430,965</b>	<b>11,994,711</b>	<b>11,285,324</b>
Expenses for price-level restatement on technical provisions for insurance, private pension plans and certificated savings plans	1,138,529	907,865	4,004,823	3,764,530
<b>Total</b>	<b>4,149,505</b>	<b>4,338,830</b>	<b>15,999,534</b>	<b>15,049,854</b>

## 17) Borrowings and Onlendings

## a) Borrowings

	R\$ thousand						
	2006				2005		
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
Local:							
Official institutions	22	112	133	511	778	848	1,088
Other institutions	44,438			9	44,447	67,189	18
Foreign:	1,004,778	2,765,390	1,730,221	232,292	5,732,681	5,698,526	7,134,221
<b>Total on December 31, 2006</b>	<b>1,049,238</b>	<b>2,765,502</b>	<b>1,730,354</b>	<b>232,812</b>	<b>5,777,906</b>		
%	18.2	47.9	29.9	4.0	100.0		
<b>Total on September 30, 2006</b>	<b>1,009,044</b>	<b>2,590,743</b>	<b>1,850,017</b>	<b>316,759</b>		<b>5,766,563</b>	
%	17.5	44.9	32.1	5.5		100.0	
<b>Total on December 31, 2005</b>	<b>998,475</b>	<b>4,114,700</b>	<b>1,447,707</b>	<b>574,445</b>			<b>7,135,327</b>
%	14.0	57.7	20.3	8.0			100.0

## b) Onlendings

	R\$ thousand						
	2006				2005		
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	December 31	September 30	December 31
Local:							
National Treasury			99,073		99,073	95,885	52,318
BNDES	165,361	549,854	1,473,292	3,343,511	5,532,018	5,264,534	4,237,973
CEF	1,556	3,967	4,542	59,844	69,909	68,538	59,588
FINAME	205,236	1,223,204	975,579	3,534,018	5,938,037	5,442,215	5,075,232
Other institutions		384	385	1,163	1,932	2,031	2,460
Foreign:							
Subject to onlendings to housing loan borrowers	165		5		170	341	183
<b>Total on December 31, 2006</b>	<b>372,318</b>	<b>1,777,409</b>	<b>2,552,876</b>	<b>6,938,536</b>	<b>11,641,139</b>		
%	3.2	15.3	21.9	59.6	100.0		
<b>Total on September 30, 2006</b>	<b>642,472</b>	<b>1,756,984</b>	<b>1,838,991</b>	<b>6,635,097</b>		<b>10,873,544</b>	

<i>%</i>	<b>5.9</b>	<b>16.2</b>	<b>16.9</b>	<b>61.0</b>	<b>100.0</b>
<b>Total on December 31,</b>					
<b>2005</b>	<b>498,264</b>	<b>1,447,102</b>	<b>1,467,584</b>	<b>6,014,804</b>	<b>9,427,754</b>
<i>%</i>	<b>5.3</b>	<b>15.4</b>	<b>15.6</b>	<b>63.7</b>	<b>100.0</b>

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**c) Expenses from borrowings and onlendings**

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
<b>Borrowings:</b>				
Local	44	57	331	1,709
Foreign	22,252	26,939	112,550	107,843
<b>Subtotal borrowings</b>	<b>22,296</b>	<b>26,996</b>	<b>112,881</b>	<b>109,552</b>
<b>Local onlendings:</b>				
National treasury	2,175	463	4,094	3,817
BNDES	104,611	110,441	400,943	341,540
CEF	1,810	1,595	6,336	5,578
FINAME	126,346	127,486	539,639	492,688
Other institutions	52	41	248	281
<b>Foreign onlendings:</b>				
Payables to foreign bankers (Note 11a)	84,588	151,380	793,458	575,155
Other expenses with foreign onlendings	(125)	537	(590)	(3,341)
<b>Subtotal onlendings</b>	<b>319,457</b>	<b>391,943</b>	<b>1,744,128</b>	<b>1,415,718</b>
Allocation of exchange variation of foreign branches and subsidiaries	27,335	(3,151)	(37,596)	(164,623)
<b>Total</b>	<b>369,088</b>	<b>415,788</b>	<b>1,819,413</b>	<b>1,360,647</b>

**18) Contingent Assets and Liabilities and Legal Liabilities Tax And Social Security****a) Contingent Assets**

In 2006, contingent assets were not recognized on an accounting basis, however, there are proceedings whose perspective of success is probable. The main ones are:

Tax on Net Income - (ILL) R\$346,794 thousand: It pleads the return, by means of compensation or restitution, of the amounts collected as Tax on Net Income established by article 35 of Law 7,713/88, once the referred tax was unconstitutionally judged by the Federal Supreme Court; and

Social Integration Program (PIS) R\$100,968 thousand: It pleads the compensation of PIS on the Operating Gross Revenue, collected under the terms of the Decrees Laws 2,445 and 2,449/88, in what exceeded the amount due under the terms of the Supplementary Law 07/70 (PIS Repique).

**b) Contingent Liabilities classified as probable losses and Legal Liabilities Tax and Social Security**

Bradesco Organization is currently a defendant in a number of legal suits in the labor, civil and tax spheres, arising from the normal course of its business activities.

The provisions were recorded based on the opinion of the legal advisors; the types of lawsuit; similarity with previous lawsuits; complexity; and jurisprudence and prior court sentences, whenever loss is deemed probable.

Bradescos Management considers that the provision recorded is sufficient to cover losses generated by the corresponding proceedings.

The liability related to the legal liability in judicial discussion is maintained until the definite gain of the lawsuit, represented by favorable judicial decision, on which resources are not provided, or its prescription.

#### **I Labor claims**

These are claims brought by former employees seeking indemnity, especially the payment of unpaid overtime. The amount of the labor claims is provisioned based on the average value determined by the total payments made of the claims ended in the last 12 months, considering the similarity of these proceedings.

Following the effective control over working hours implemented in 1992, via electronic time cards, overtime is paid regularly during the employment contract and accordingly, claims on an individual basis subsequent to 1997 substantially reduced its amounts.

## II Civil lawsuits

These are claims for pain and suffering and property damages, mainly protests, bounced checks and the inclusion of information about debtors in the restricted credit registry. These lawsuits are individually controlled and provisioned for specific lawsuits based on the opinion of the legal advisors, taking into consideration the nature of the lawsuits; similarity with previous lawsuits; complexity; and in the positioning of Courts.

The issues discussed in the lawsuits usually are not events that cause a representative impact on the financial results. Approximately 60% of the lawsuits were brought at the small claims court, in which the requests are limited to 40 minimum wages. Moreover, approximately 50% of these lawsuits are judged unfounded and the amount of the condemnation imposed corresponds to the historical average of only 5% of the total amount claimed.

At present, there are no significant administrative lawsuits in course, moved as a result of the lack of compliance with National Financial System regulations or payment of fines, which could cause representative impacts on the Bank's financial results.

## III Legal Liabilities Tax and Social Security

Bradesco Organization is judicially disputing the legality and constitutionality of certain taxes and contributions, for which provisions have been recorded in full, despite the likelihood of a successful medium and long-term outcome based on the opinion of the legal advisors.

The main matters are:

**CSLL R\$1,156,542 thousand:** Questioning of CSLL required from financial institutions in the reference years from 1995 to 1998 by rates higher than the ones applied to general legal entities, not complying with the constitutional principle of isonomy;

**COFINS R\$878,713 thousand:** It pleads to calculate and collect COFINS, as from October 2005, on the effective sales results, whose concept is in the article 2 of Supplementary Law 70/91, removing the unconstitutional increase of the calculation basis intended by paragraph 1 of article 3 of Law 9,718/98;

**CSLL R\$437,412 thousand:** It pleads the non collection of CSLL of the reference years from 1996 to 1998, years in which some companies of Bradesco Organization did not have employees, once the article 195, I, of the Federal Constitution provides for that this contribution is only due by employers;

**INSS Autonomous Brokers R\$468,173 thousand:** It discusses the incidence of the social security contribution on the remunerations paid to the autonomous service providers, established by the Supplementary Law 84/96 and subsequent regulations/changes, to the rate of 20% and additional of 2.5%, under the argument that the services are not provided to the insurance companies, but to the insured, thus being out of the incidence field of the contribution provided for in the item I, Article 22, of Law 8,212/91, with new wording in Law 9,876/99;

**IRPJ/Credit Losses R\$311,128 thousand:** It pleads to deduct, for purposes of determination of the calculation basis of due IRPJ and CSLL, the amount of the effective and definite losses, total or partial, suffered in the reference years from 1997 to 2005, in the reception of credits, regardless of the compliance with the conditions and terms provided for in articles 9 to 14 of Law 9,430/96 which only apply to the provisory losses; and

**PIS R\$240,371 thousand:** It pleads the compensation of the amounts unduly paid in the reference years of 1994 and 1995 as contribution to PIS, corresponding to the exceeding amount to what would be due on the calculation basis constitutionally provided for, i.e. operating gross revenue, as defined in the income tax legislation concept in article 44 of Law 4,506/64, not included financial revenues.



**IV Provisions established, divided by nature are as follows:**

	<b>2006</b>		<b>R\$ thousand</b>
	<b>December 31</b>	<b>September 30</b>	<b>2005 December 31</b>
Labor proceedings	1,267,579	1,326,076	749,007
Civil proceedings	872,429	885,456	539,870
<b>Subtotal (1)</b>	<b>2,140,008</b>	<b>2,211,532</b>	<b>1,288,877</b>
Tax and social security (2)	5,084,445	4,780,988	3,574,279
<b>Total</b>	<b>7,224,453</b>	<b>6,992,520</b>	<b>4,863,156</b>

(1) Note 20b; and

(2) Classified under the item Other liabilities tax and social security (Note 20a).

**V Movement of Provisions Established**

	December 31 YTD R\$ thousand		
	2006		
	Labor (1)	Civil	Tax and Social Security (2)
<b>At the beginning of the year</b>	<b>749,007</b>	<b>539,870</b>	<b>3,574,279</b>
Balances acquired (3)	190,354	235,953	275,435
Monetary restatement	125,846	34,105	520,046
Constitutions	630,242	288,962	953,692
Reversals	(2,325),	(10,704)	(189,258)
Payments	(425,545)	(215,757)	(49,749)
<b>At the end of the year</b>	<b>1,267,579</b>	<b>872,429</b>	<b>5,084,445</b>

(1) It includes the constitution of supplementary provision, according to CVM Resolution 489/05, in the amount of R\$308,875 thousand;

(2) It comprises, substantially, legal liabilities; and

(3) It includes the amounts coming from Banco BEC and Amex Brasil (Note 1).

**c) Contingent Liabilities classified as possible losses**

Bradesco Organization maintains a follow-up system for all administrative and judicial proceedings in which the institution is the plaintiff or defendant and based on the opinion of the legal advisors classifies the lawsuits according to the expectation of non-success. In this context the contingent proceedings evaluated as risk of possible loss are not recognized on an accounting basis, and the principal related to leasing companies ISS in the amount of R\$102,910 thousand, in which it is discussed the unconstitutionality of the incidence of such tax, for it comprises financial leasing operations and, if it is deemed as due, it must be collected for the municipality of the company's headquarters.

**19) Subordinated Debt**

Instrument	Issuance	Amount of the operation	Maturity	Remuneration	R\$ thousand		
					2006 December 31	2005 September 30	2005 December 31
<b>In the country:</b>							
Subordinated CDB	March/2002	528,550	2012	100.0% of DI rate CETIP	1,186,653	1,150,669	1,031,458
Subordinated CDB	June/2002	41,201	2012	100.0% of CDI rate + 0.75% p.a.	92,584	89,605	79,868
Subordinated CDB	October/2002	200,00	2012	102.5% of CDI rate	414,108	401,241	358,691
Subordinated CDB	October/2002	500,00	2012	100.0% of CDI rate + 0.87% p.a.	1,054,385	1,020,150	908,474
	October/2002	33,500	2012	101.5% of CDI rate	68,768	66,651	59,648

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Subordinated CDB								
Subordinated CDB	October/2002	65,150	2012	101.0% of CDI rate	132,937	128,866	115,389	
Subordinated CDB	November/2002	66,550	2012	101.0% of CDI rate	135,472	131,323	117,589	
Subordinated CDB	November/2002	134,800	2012	101.5% of CDI rate	274,769	266,314	238,332	
Subordinated CDB	January/2006	1,000,000	2011	104.0% of CDI rate	1,142,079	1,106,083		
Subordinated CDB	February/2006	1,171,022	2011	104.0% of CDI rate	1,326,382	1,284,578		
Subordinated CDB	March/2006	710,000	2011	104.0% of CDI rate	792,919	767,928		
Subordinated CDB	June/2006	1,100,000	2011	103.0% of CDI rate	1,176,765	1,140,027		
Subordinated CDB	July/2006	13,000	2011	102.5% of CDI rate	13,877	13,446		
Subordinated CDB	July/2006	505,000	2011	103.0% of CDI rate	537,631	520,847		
Subordinated CDB	August/2006	5,000	2011	102.5% of CDI rate	5,264	5,100		
Subordinated debentures	September/2001	300,000	2008	100.0% of CDI rate + 0.75% p.a.	313,218	303,171	318,177	
Subordinated debentures	November/2001	300,000	2008	100.0% of CDI rate + 0.75% p.a.	306,238	319,056	308,763	
<b>Subtotal in Brazil</b>		<b>6,673,773</b>			<b>8,974,049</b>	<b>8,715,055</b>	<b>3,536,389</b>	

Instrument	Issuance	Amount of the operation	Maturity	Remuneration	R\$ thousand		
					2006		2005
					December 31	September 30	December 31
<b>Abroad:</b>							
Subordinated debt (US\$)	December/2001	353,700	2011	10.25% rate p.a.	319,413	333,035	349,088
Subordinated debt (YEN) (1)	April/2002	315,186	2012	4.05% rate p.a.	290,682	302,952	318,241
Subordinated debt (US\$)	October/2003	1,434,750	2013	8.75% rate p.a.	1,080,459	1,122,310	1,181,941
Subordinated debt (EURO)	April/2004	801,927	2014	8.00% rate p.a.	639,027	637,019	626,589
Subordinated debt (US\$) (2)	June/2005	720,870		8.875% rate p.a.	645,827	656,762	707,057
<b>Subtotal abroad</b>		<b>3,626,433</b>			<b>2,975,408</b>	<b>3,052,078</b>	<b>3,182,916</b>
<b>Overall total</b>		<b>10,300,206</b>			<b>11,949,457</b>	<b>11,767,133</b>	<b>6,719,305</b>

(1) Including the swap to U.S. dollar cost, the rate increases to 10.15% p.a.; and

(2) On June 3, 2005, a perpetual subordinated debt was issued in the amount of US\$300,000 thousand, with exclusive redemption option on the part of the issuer, in its totality and by means of previous authorization of the Brazilian Central Bank, considering that: (i) a 5-year term from the issuance date has elapsed and subsequently on each date of interest maturity; and (ii) at any moment in the event of change in the tax laws in Brazil or abroad, which may cause an increase in costs for the issuer and in case the issuer is notified in written by the Brazilian Central Bank that securities may no longer be included in the consolidated capital, for capital adequacy ratio calculation purposes.

## 20) Other Liabilities

### a) Tax and social security

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
Provision for tax risks (Note 18)	5,084,445	4,780,988	3,574,279
Provision for future taxable income	1,276,713	1,079,509	600,899
Taxes and contributions on profits payable	1,199,959	1,132,919	436,242
Taxes and contributions collectible	453,403	430,938	429,892
<b>Total</b>	<b>8,014,520</b>	<b>7,424,354</b>	<b>5,041,312</b>

### b) Sundry

R\$ thousand

	2006		2005
	December 31	September 30	December 31
Credit card operations (1)	4,508,058	3,311,622	2,171,029
Provision for accrued liabilities	2,724,540	2,909,698	2,388,352
Provision for contingent liabilities (civil and labor) (Note 18)	2,140,008	2,211,532	1,288,877
Sundry creditors	1,165,560	1,168,735	752,704
Liabilities for acquisition of assets and rights	165,546	147,726	101,285
Official operating agreements	18,339	19,190	14,883
Other	294,591	203,025	221,492
<b>Total</b>	<b>11,016,642</b>	<b>9,971,528</b>	<b>6,938,622</b>

(1) Increase in the last 12 months refers substantially to Amex Brasil R\$1,235,575 thousand (Note 1).

**21) Insurance, Private Pension Plans and Certificated Savings Plans Operations****a) Provisions by account**

	Insurance		Life and Private Pension Plans (1)			Certificated Savings plans		
	2006		2005		2006		2005	
	December 31	September 30	December 31	December 31	September 30	December 31	December 31	September 30
<b>Current and long-term liabilities</b>								
Mathematical provision for benefits to be granted				34,230,935	32,211,901	28,518,460		
Mathematical provision for benefits granted				3,426,173	3,348,898	3,261,392		
Mathematical provision for redemptions IBNR							1,796,242	1,823,302
Provision Unearned premiums	1,382,336	1,369,200	1,279,454	437,928	345,678	307,780		
Contribution insufficiency provision (2)	1,520,317	1,490,311	1,369,138	41,912	44,321	42,280		
Provision for unsettled claims	615,138	566,431	514,680	430,600	449,321	314,057		
Financial fluctuation provision				580,771	582,913	675,438		
Financial surplus provision				350,275	317,095	341,413		
Provision for draws and redemptions							406,894	359,035
Provision for contingencies							43,192	43,915
Provision for administrative				414,972	396,226	403,538	60,845	54,801

expenses

Other

provisions (3)	879,463	845,326	540,085	336,343	319,824	180,674			
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**Subtotal****Technical**

provisions	4,397,254	4,271,268	3,703,357	42,037,941	39,166,387	35,020,289	2,307,173	2,281,053	2,138,
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**Extraordinary**

provision (4)	386,846								
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**Total**

provisions	4,784,100	4,271,268	3,703,357	42,037,941	39,166,387	35,020,289	2,307,173	2,281,053	2,138,
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(1) Includes the insurance operations for individuals and private pension plans;

(2) The contribution insufficiency provision is calculated according to the biometric table AT-2000 and at interest rate of 4.5% p.a.;

(3) ANS approved the creation of provision in the individual health portfolio, to set out the leveling of premiums of insured persons above 60 years of age prior to Law 9656/98 and for remission benefits, by means of the Official Letters 264/06 and 263/06 respectively. On December 31, 2006, such provisions amounted to R\$377,577 thousand and R\$396,566 thousand (September 30, 2006 R\$362,541 thousand and R\$385,498 thousand, respectively). A provision of R\$243,564 thousand was established in the twelve-month period ended on December 31, 2006; and

(4) In 2Q06, the subsidiary Bradesco Saúde recorded an extraordinary non-technical provision in the amount of R\$386,846 thousand, in order to cover the difference between the amounts resulting from the investment in monthly fees of Individual Health insurance of readjustments annually authorized by the regulatory body and those calculated based on the readjustment of prices of the sector, which increases the average amount of indemnified events.

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**b) Technical provisions by product**

	Insurance			Life and Private Pension Plans			Certificated Savings plans		
	2006		2005	2006		2005	2006		2005
	December 31	September 30	December 31	December 31	September 30	December 31	December 31	September 30	December 31
Health (1)									
(2)	1,862,409	1,797,897	1,469,309						
Auto/RCF	1,840,208	1,783,274	1,649,258						
DPVAT	155,827	166,296	127,373	85,077	89,031	77,828			
Life	35,456	30,369	32,653	1,547,942	1,432,815	1,093,379			
Basic lines	503,354	493,432	424,764						
Unrestricted benefits generating plan									
PGBL				8,197,715	7,700,606	6,614,375			
Long-term life insurance									
VGBL				18,746,249	16,636,323	13,529,409			
Traditional plans				13,460,958	13,307,612	13,705,298			
Certificated savings plans							2,307,173	2,281,053	2,138,909
<b>Total technical provisions</b>	<b>4,397,254</b>	<b>4,271,268</b>	<b>3,703,357</b>	<b>42,037,941</b>	<b>39,166,387</b>	<b>35,020,289</b>	<b>2,307,173</b>	<b>2,281,053</b>	<b>2,138,909</b>

(1) See Note 21a item 3

(2) It does not include the extraordinary non-technical provision in the Individual Health portfolio in the amount of R\$386,846 thousand (see Note 21a, item 4).

**c) Guarantees of technical provisions**

	Insurance			Life and Private Pension Plans			Certificated Savings plans		
	2006		2005	2006		2005	2006		2005
	December 31	September 30	December 31	December 31	September 30	December 31	December 31	September 30	December 31
Investment fund quotas									



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(VGBL and PGBL)				26,943,964	24,336,929	20,143,784			
Investment fund quotas (except for VGBL and PGBL)	3,812,448	3,680,966	2,660,014	11,525,278	10,196,752	10,406,645	2,055,414	2,068,418	1,838,358
Government bonds	154,168	163,554	661,392	2,291,031	3,376,164	3,390,329			23,465
Private securities	20,114	15,528	13,450	441,943	479,366	612,378	103,931	94,565	92,467
Stocks	1,079	1,030	1,672	869,301	795,365	473,205	197,062	167,215	203,816
Credit rights	499,651	493,500	522,928						
Real estate	18,953	19,051	17,261	1,239	1,264	1,339	10,863	10,930	11,129
Deposits retained at IRB and court deposits	47,176	93,201	58,211	45,185	44,299	26,851			
<b>Total guarantees of technical provisions</b>	<b>4,553,589</b>	<b>4,466,830</b>	<b>3,934,928</b>	<b>42,117,941</b>	<b>39,230,139</b>	<b>35,054,531</b>	<b>2,367,270</b>	<b>2,341,128</b>	<b>2,169,235</b>

**d) Retained premiums from insurance, private pension plans contributions and certificated savings plans**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	December 31 YTD	December 31 YTD
Premiums written	2,474,983	2,298,229	9,159,860	8,341,155
Supplementary private pension contributions (includes VGBL)	2,929,784	2,108,263	8,731,747	7,303,683
Revenues from certificated savings plans	400,226	352,637	1,418,431	1,419,960
Coinsurance premiums granted	(116,267)	(17,069)	(174,279)	(160,129)
Refunded premiums	(26,630)	(28,019)	(113,907)	(79,807)
<b>Net premiums written</b>	<b>5,662,096</b>	<b>4,714,041</b>	<b>19,021,852</b>	<b>16,824,862</b>
Redeemed premiums	(859,879)	(770,322)	(3,210,280)	(2,629,210)
Reinsurance premiums granted, consortia and funds	(175,456)	(136,702)	(632,154)	(548,563)
<b>Retained premiums for insurance, private pension plans and certificated savings plans</b>	<b>4,626,761</b>	<b>3,807,017</b>	<b>15,179,418</b>	<b>13,647,089</b>

**22) Minority Interest in Subsidiaries**

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
Indiana Seguros S.A.	48,073	46,573	41,471
Bradesco Templeton Asset Management Ltda. (1)			8,255
Banco Alvorada S.A.	5,925	5,960	5,234
Baneb Corretora de Seguros S.A.	3,305	3,260	3,010
Other minority stockholders	137	128	89
<b>Total</b>	<b>57,440</b>	<b>55,921</b>	<b>58,059</b>

(1) Company is no longer consolidated since April 2006 due to the partial sale of the investment. The total investment was sold in July 2006.

**23) Stockholders Equity (Parent Company)****a) Composition of capital stock**

Fully subscribed and paid-up capital stock comprises non-par registered, book-entry stocks, as follows:

2006	2005
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	December 31	September 30	December 31
Common stocks	500,823,456	489,914,304	489,914,304
Preferred stocks	500,817,868	489,908,838	489,938,838
<b>Subtotal</b>	<b>1,001,641,324</b>	<b>979,823,142</b>	<b>979,853,142</b>
Treasury (common stocks)	(752,000)	(618,100)	(464,300)
Treasury (preferred stocks)	(6,400)	(6,400)	
<b>Total outstanding stocks</b>	<b>1,000,882,924</b>	<b>979,198,642</b>	<b>979,388,842</b>

**b) Movement of capital stock:**

	Quantity of stocks		
	Common	Preferred	Total
<b>Outstanding stocks held on December 31, 2005</b>	<b>489,450,004</b>	<b>489,938,838</b>	<b>979,388,842</b>
Stocks acquired and cancelled (1)		(30,000)	(30,000)
Stocks acquired and not cancelled	(153,800)	(6,400)	(160,200)
<b>Outstanding stocks held on September 30, 2006</b>	<b>489,296,204</b>	<b>489,902,438</b>	<b>979,198,642</b>
Stocks acquired and not cancelled	(133,900)		(133,900)
Capital increase through subscription	10,909,152	10,909,030	21,818,182
<b>Outstanding stocks held on December 31, 2006</b>	<b>500,071,456</b>	<b>500,811,468</b>	<b>1,000,882,924</b>

(1) At the Annual and Special Stockholders Meeting as of March 27, 2006, it was resolved on the cancellation of 30,000 preferred stocks, acquired by the Company by means of repurchase programs authorized by the Board of Directors, all non-par registered, book-entry stocks, held in treasury, representing its own capital stock, without its reduction.

The Special Stockholders Meeting held on October 5, 2006 resolved to increase the capital stock by R\$1,200,000 thousand, by means of the issuance of 21,818,182 new stocks, all non-par registered, book entry stocks, 10,909,152 of which are common stocks and 10,909,030 are preferred stocks, at the price of R\$55.00 per stock, by means of the private subscription by stockholders from October 19 to November 20, 2006, in the proportion of 2.226746958% on the share position which each one had on the date of the meeting. The stockholders paid up the stocks subscribed on December 7, 2006, which correspond to 96.41% of stocks issued; the remaining stocks equivalent to 3.59% of the total offer were sold in an auction carried out on December 4, 2006 on Bovespa, and the financial settlement also occurred on December 7. The exceeding of the amount destined to the Capital Stock formation, in the amount of R\$18,295 thousand, calculated by the difference between the issuance price and the sale price of stocks in auction, was recorded in the item Capital Reserve Stocks Goodwill. The proceeding was ratified by the Brazilian Central Bank (BACEN) on January 2, 2007.

**c) Interest on own capital/Dividends**

Non-voting preferred stocks are entitled to all rights and benefits attributed to common stocks and, in conformity with Bradesco's Bylaws, have priority to repayment of capital and 10% (ten per cent) additional of interest on own capital and/or dividends, in accordance with the provisions of paragraph 1, item II of Article 17 of Law 6,404/1976, as amended in Law 10,303/2001.

In conformity with Bradesco's Bylaws, stockholders are entitled to interest on own capital and/or dividends, which total, at least, 30% of net income for the year, adjusted in accordance with Brazilian corporate law.

Interest on own capital is calculated based on the stockholders' equity accounts and limited to the variation in the long-term interest rate (TJLP), subject to the existence of profits, computed prior to the deduction thereof, or of retained earnings and profit reserves in amounts that are equivalent to, or exceed twice, the amount of such interest.

Bradesco's capital compensation policy aims at distributing the interest on own capital, at the maximum amount calculated in conformity with the prevailing laws, which is estimated, net of Withholding Income Tax, in the calculation of mandatory dividends of the year provided for in the Company's Bylaws.

At a special meeting held on June 30, 2006, the Board of Directors approved the Board of Executive Officers' proposal for the payment of interim interest on own capital corresponding to the 1<sup>st</sup> half of 2006, at the amount of R\$0.327750 (net of Withholding Income Tax R\$0.278588) per common stock and R\$0.360525 (net of Withholding Income Tax R\$0.306446) per preferred stock, whose payment was made on July 20, 2006.

A special meeting of the Board of Directors held on October 5, 2006 approved the proposal for the payment of supplementary interest on own capital related to the year of 2006, at the amount of R\$0.784333536 (net of tax R\$0.666683505) per common stock and R\$0.862766889 (net of tax R\$0.733351856) per preferred stock, whose payment will be made on December 7, 2006. In complement to the interest on own capital for the year, a distribution of dividends was proposed, at the amount of R\$585,000 thousand, at the ratio of R\$0.568954689 per common stock and R\$0.625850158 per preferred stock, which was paid on December 7, 2006, by the declared amount, with no Withholding Income Tax, pursuant to Article 10 of law 9,249/95.

The calculation of interest on own capital and dividends related to the year of 2006 is shown as follows:

	<b>R\$ thousand</b>	<b>% (1)</b>
Net income for the year	5,054,040	
(+) Goodwill fully amortized, net of tax effects	1,391,757	
<b>(=) Adjusted net income for the year</b>	<b>6,445,797</b>	
(-) Adjusted legal reserve	(322,290)	

<b>Adjusted calculation basis</b>	<b>6,123,507</b>	
Monthly interest on own capital, paid and payable	391,127	
Interim interest on own capital paid in July 2006	336,991	
Supplementary interest on own capital paid in December 2006	806,453	
<b>Interest on own capital (gross)</b>	<b>1,534,571</b>	<b>25.06</b>
Withholding income tax on interest on own capital	(230,186)	
<b>Interest on own capital (net) accumulated in 2006 (paid)</b>	<b>1,304,385</b>	<b>21.30</b>
Supplementary dividends paid in December 2006	585,000	
Supplementary proposed dividends (payable)	40,000	
<b>Total supplementary dividends proposed (paid and payable)</b>	<b>625,000</b>	<b>10.21</b>
<b>Interest on own capital (net) and accumulated dividends in 2006</b>	<b>1,929,385</b>	<b>31.51</b>
<b>Interest on own capital (net) and dividends accumulated in 2005</b>	<b>1,650,450</b>	<b>31.51</b>

(1) Percentage of interest on own capital/dividends over calculation basis.

Interest on own capital and dividends were paid and proposed, as follows:

Description	R\$ thousand				
	Per stock (gross) (1)		Gross amount paid/accrued	IRRF (15%)	Net amount paid/accrued
	Common	Preferred			
Monthly interest on own capital	0.332060	0.365266	339,555	50,933	288,622
Interim interest on own capital	0.285000	0.313500	293,706	44,056	249,650
Supplementary interest on own capital	0.877978	0.965776	903,739	135,561	768,178
Supplementary dividends	0.334531	0.367984	344,000		344,000
<b>Total accumulated on December 31, 2005</b>	<b>1.829569</b>	<b>2.012526</b>	<b>1,881,000</b>	<b>230,550</b>	<b>1,650,450</b>
Monthly interest on own capital	0.098325	0.108157	101,075	15,161	85,914
Supplementary interest on own capital	0.278078	0.305887	285,897	42,885	243,012
Supplementary dividends	0.568955	0.625850	585,000		585,000
<b>Total in 3Q06</b>	<b>0.945358</b>	<b>1.039894</b>	<b>971,972</b>	<b>58,046</b>	<b>913,926</b>
Supplementary propose dividends	0.038060	0.041866	40,000		40,000
<b>Total in 4Q06</b>	<b>0.038060</b>	<b>0.041866</b>	<b>40,000</b>		<b>40,000</b>
Monthly interest on own capital	0.380475	0.418523	391,127	58,669	332,458
Interim interest on own capital	0.327750	0.360525	336,991	50,549	286,442
Supplementary interest on own capital (2)	0.784334	0.862767	806,453	120,968	685,485
Supplementary dividends (2)	0.568955	0.625850	585,000		585,000
Supplementary dividends (3) (4)	0.038060	0.041866	40,000		40,000
<b>Total accumulated on December 31, 2006</b>	<b>2.099574</b>	<b>2.309531</b>	<b>2,159,571</b>	<b>230,186</b>	<b>1,929,385</b>

(2) Adjusted to stock base after stock bonus;

(2) Approved at the Special Meeting of the Board of Directors of October 5, 2006 and paid on December 07, 2006;

(3) Supplementary proposed dividends provisioned on 12.29.2006; and

(4) Stock basis after authorized capital increase on 2.2.2007 is considered.

#### d) Capital and Profit Reserves

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
<b>Capital Reserves</b>	<b>55,005</b>	<b>36,550</b>	<b>36,032</b>
<b>Profit reserves</b>	<b>8,787,106</b>	<b>7,875,574</b>	<b>5,895,214</b>
Legal reserve (1) (3)	1,287,592	1,191,509	1,034,890
Statutory reserve (2) (3)	7,499,514	6,684,065	4,860,324

(1) Formed mandatorily based on 5% of net income for the year, until reaching 20% of paid-up capital stock, or 30% of the capital stock, accrued of capital reserves. After this limit, the appropriation is no longer mandatory. The legal reserve only may be used for capital increase or to offset losses;

(2)

With a view to maintaining the operating margin compatible with the development of Company's active operations, it may be established at 100% of remaining net income after statutory allocations and the balance limited to 95% of paid-up capital stock; and

(3) Distribution only in semiannual balances.

**e) Treasury Stocks**

Banco Bradesco's Board of Directors, at a meeting held on November 22, 2005, resolved to authorize the Company's Board of Executive Officers to acquire up to 10,000,000 non-par registered, book-entry stocks, of which 5,000,000 are common stocks and 5,000,000 are preferred stocks, with a view to being held in treasury and further sale or cancellation, without reducing the capital stock. The authorization was in force for a six (6) month period, between 11.23.2005 and 5.23.2006. At the meeting of the Board of Directors held on May 22 and on November 23, 2006, new authorizations were resolved, with the same quantities and terms. The authorizations will be in force from 5.24.2006 to 11.24.2006, and from 11.27.2006 to 5.27.2007, respectively.

Up to December 31, 2006, 752,000 common stocks and 6,400 preferred stocks were acquired and held in treasury, totaling R\$50,410 thousand. The minimum, weighted average and maximum cost per stock is, respectively, R\$58.23638, R\$66.46916 and R\$79.47560, and the market value of those stocks on December 31, 2006 was R\$81.91 per common stock and R\$85.87 per preferred stock.

**24) Fee and Commission Income**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Checking accounts	546,756	532,045	2,083,499	1,758,550
Income on cards	541,283	513,460	1,757,859	1,300,627
Loan operations	410,181	393,126	1,542,510	1,288,664
Fund management	309,407	326,807	1,245,107	1,047,717
Charging	197,408	191,413	751,518	686,722
Interbank fees	76,232	69,858	289,453	271,395
Collections	68,124	66,335	254,317	205,882
Consortium management	57,956	52,308	202,331	148,560
Custody and brokerage services	42,139	39,292	158,162	125,929
Other	174,266	158,203	613,126	514,833
<b>Total</b>	<b>2,423,752</b>	<b>2,342,847</b>	<b>8,897,882</b>	<b>7,348,879</b>

**25) Personnel Expenses**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Remuneration	708,882	754,360	2,857,037	2,575,321
Bonus lump sum payment				102,927
Social charges	257,507	269,199	1,032,134	954,061
Benefits	344,065	315,929	1,260,690	1,135,918
Training	18,823	16,299	57,872	52,306
Employee profit sharing (1)	69,524	154,799	414,260	286,632
Provision for labor proceedings	61,398	73,947	310,413	204,395
<b>Total</b>	<b>1,460,199</b>	<b>1,584,533</b>	<b>5,932,406</b>	<b>5,311,560</b>

(1) During the year, the amount is equal to 6.4% of the accounting net profit without the full goodwill amortization effects of the 3<sup>rd</sup> quarter in the amount of R\$2,108,723 thousand (December 31, 2005 5.2%), according to the labor collective convention of the bankers union.

**26) Administrative Expenses**

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD



Third-party services	343,828	334,482	1,199,353	949,512
Advertising and promotions	223,235	113,826	533,694	438,980
Communication	213,034	202,553	791,668	726,646
Transport	148,312	135,110	535,461	420,218
Depreciation and amortization	129,850	128,675	481,046	469,310
Financial system services	120,964	113,239	458,395	416,507
Rentals	93,934	92,064	349,524	319,844
Data processing	87,199	67,141	267,982	195,670
Assets maintenance and conservation	73,644	74,809	291,161	275,574
Assets leasing	52,179	52,607	215,291	236,271
Security and vigilance	45,343	45,594	173,266	148,421
Materials	44,511	45,075	172,148	173,796
Water, electricity and gas	41,150	36,993	159,849	142,506
Travels	19,299	17,346	71,339	55,890
Other	34,792	47,443	169,853	173,184
<b>Total</b>	<b>1,671,274</b>	<b>1,506,957</b>	<b>5,870,030</b>	<b>5,142,329</b>

**27) Tax Expenses**

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
COFINS Contribution	317,492	301,624	1,273,238	1,096,704
Tax on services ISS	79,085	77,681	298,060	250,818
CPMF Expenses	100,889	69,461	276,772	236,406
PIS/PASEP Contributions	56,947	52,372	219,789	185,766
IPTU Expenses	4,932	5,225	31,167	28,838
Other	24,929	23,921	93,104	79,716
<b>Total</b>	<b>584,274</b>	<b>530,284</b>	<b>2,192,130</b>	<b>1,878,248</b>

**28) Other Operating Income**

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
Other interest income	190,808	184,805	641,891	451,944
Reversal of other operating provisions	115,563	63,957	199,430	230,118
Revenues from recovery of charges and expenses	7,281	44,174	122,563	99,005
Income on sale of goods	11,903	6,601	44,163	44,381
Other	104,855	119,404	412,170	271,520
<b>Total</b>	<b>430,410</b>	<b>418,941</b>	<b>1,420,217</b>	<b>1,096,968</b>

**29) Other Operating Expenses**

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
Other interest expenses	421,855	349,459	1,352,753	887,285
Sundry losses expenses	239,692	237,238	809,290	679,827
Goodwill amortization			241,423	452,863
Cost of goods sold and services rendered	211,365	171,431	704,698	596,937
Expenses with operating provisions	84,769	71,511	384,920	339,770
Other	238,706	183,287	729,724	448,266

<b>Total</b>	<b>1,196,387</b>	<b>1,012,926</b>	<b>4,222,808</b>	<b>3,404,948</b>
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**30) Non-Operating Income**

	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
Result on sale and write-off of assets and investments	(16,052)	12,305	(21,357)	(50,349)
Non-operating provisions recorded (reversed)	(767)	31,902	7,122	(49,890)
Other (1)	(12,219)	(3,637)	5,271	(5,905)
<b>Total</b>	<b>(29,038)</b>	<b>40,570</b>	<b>(8,964)</b>	<b>(106,144)</b>

(1) Recorded, basically for the result in Fidelity operation and the partial sale of the investment in American Banknote, deducted by the goodwill write-off in the 2<sup>nd</sup> quarter of 2006.

**31) Transactions with Parent, Subsidiary and Affiliated Companies (Direct and Indirect)**

The transactions with parent companies, subsidiaries shared control subsidiaries and affiliated companies (direct and indirect) are carried out under conditions and rates compatible with the average practiced with third parties, prevailing on the dates of operations, and are represented as follows:

	R\$ thousand						
	2006		2005		2006		2005
	December 31	September 30	December 31	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YDT	December 31 YDT
	Assets (liabilities)	Assets (liabilities)	Assets (liabilities)	Income (expenses)	Income (expenses)	Income (expenses)	Income (expenses)
<b>Interest on own capital and dividends:</b>							
Bradesco Seguros S.A.	647,481	1,222,190	422,190				
Banco Mercantil de São Paulo S.A.		130,186	80,702				
Banco Alvorada S.A.	156,534	108,749	145,870				
Bradesco Leasing S.A. Arrendamento Mercantil	48,232	77,187	51,725				
Elba Holdings Ltda. Alvorada Cartões, Crédito, Fin. e Investimento S.A.	286,081						
Banco Boavista Interatlântico S.A.	164,241						
Banco Finasa S.A. Cidade de Deus	11,980	39,718	36,422				
Companhia Comercial de Participações	18,933	28,309	67,301				
Fundação Bradesco	(15,904)	(6,636)	(183,534)				
Other parent, subsidiary and affiliated companies	(7,115)	(3,055)	(84,494)				
	159,994	91,153	86,642				
<b>Demand deposits:</b>							
Bradesco Vida e Previdência S.A.	(162)	(48,449)	(11,613)				
Finasa Promotora de Vendas Ltda.	(268)	(11,915)	(1,698)				
Bradesco Leasing S.A. Arrendamento Mercantil	(118)	(53)	(7,873)				
Bradesco Auto/RE Cia. de Seguros	(9)	(6,253)	(5,068)				

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Banco Bankpar S.A.	(18,483)	(2,640)					
Bradesco Seguros S.A.	(3,273)	(91)	(26)				
BRAM Bradesco Asset Management S.A.							
DTVM	(3,497)	(1,193)	(4,378)				
Other parent, subsidiary and affiliated companies	(11,766)	(12,862)	(7,828)				
<b>Time deposits:</b>							
Cidade de Deus Companhia Comercial de Participações	(116,312)	(150,308)	(4,256)	(3,858)	(4,259)	(8,360)	(493)
Bradesco Argentina de Seguros S.A.	(19,040)	(20,176)	(22,372)	(269)	(267)	(991)	(380)
Bradesco Auto/RE Cia. de Seguros	(13,425)	(9,671)	(12,931)	(19)	(13)	(32)	(124)
Bradesco Securities Inc.	(4,522)	(4,622)	(4,869)	(3)	(3)	(10)	(30)
Other parent, subsidiary and affiliated companies	(16,457)	(15,309)	(1,862)	(333)	(516)	(1,267)	(927)
<b>Foreign currency deposits abroad:</b>							
Banco Bradesco Luxembourg S.A.			348				
Banco Bradesco Argentina S.A.	15	7	17				
<b>Investments in foreign currency:</b>							
Banco Bradesco Luxembourg S.A.	49,094	78,831	72,292	454	407	1,719	623

R\$ thousand

	2006		2005		2006		2005	
	December 31	September 30	December 31	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YDT	December 31 YDT	
	Assets (liabilities)	Assets (liabilities)	Assets (liabilities)	Income (expenses)	Income (expenses)	Income (expenses)	Income (expenses)	
<b>Funding/Investments in interbank deposits (a):</b>								
<b>Funding:</b>								
Bradesco Leasing S.A. Arrendamento Mercantil	(28,172,259)	(20,370,433)	(15,083,186)	(669,943)	(659,668)	(2,504,970)	(1,481,342)	
Banco Alvorada S.A.	(4,272,466)	(4,152,349)	(3,168,086)	(129,589)	(139,439)	(502,453)	(353,943)	
Banco Mercantil de São Paulo S.A.		(1,700,872)	(2,924,510)	(18,542)	(58,281)	(287,022)	(421,322)	
Banco Bradesco BBI S.A.	(966,528)	(891,011)	(793,950)	(27,951)	(29,914)	(117,078)	(121,698)	
Banco Finasa S.A.	(193,882)		(240,158)	(59)		(588)	(1,427)	
Banco BEC S.A. Alvorada Cartões, Crédito, Fin. e Investimento S.A.	(2,839,523)	(282,800)	(253,680)	(57,324)	(9,734)	(87,122)	(1,656)	
Zogbi Leasing S.A. Arrendamento Mercantil	(243,793)	(139,533)	(133,739)	(7,110)	(4,738)	(21,957)	(16,664)	
Banco Boavista Interatlântico S.A.	(110,197)	(86,291)	(87,622)	(2,667)	(2,980)	(12,251)	(3,876)	
Other parent, subsidiary and affiliated companies	(162,178)	(164,500)	(60,485)	(4,798)	(9,057)	(17,863)	(5,233)	
<b>Investments:</b>								
Banco Finasa S.A.	19,752,697	18,787,842	16,313,051	698,658	692,461	2,714,709	2,111,115	
Bankpar Banco Múltiplo S.A.		141,839			4,150	4,150		
Other parent, subsidiary and affiliated companies	42,400	58,010		551	121	672	37,458	
<b>Open market funding/investments (b):</b>								
<b>Funding:</b>								
	(262,631)	(254,627)	(228,123)	(8,003)	(8,689)	(34,508)	(1,347)	

Alvorada Serviços e Negócios Ltda. Cia. Brasileira de Meios de Pagamento VISANET	(121,396)	(84,347)	(105,565)	(3,231)	(3,770)	(15,381)	(10,796)
Bradesco S.A. CTVM	(81,748)	(67,632)	(27,698)	(2,157)	(1,616)	(10,245)	(4,014)
Banco Finasa S.A.		(110,366)	(7,909)	(2,720)	(2,261)	(9,455)	(9,869)
Banco BEC S.A.		(3,803)		(43)	(175)	(24,685)	
Bankpar Banco Múltiplo S.A.		(51,608)		(1,069)	(846)	(1,916)	
Banco Bankpar S.A.		(40,007)		(388)	(1,414)	(1,803)	
Other parent, subsidiary and affiliated companies	(49,132)	(44,057)	(48,602)	(2,129)	(1,904)	(9,886)	(8,490)
<b>Investments:</b>							
Banco Bradesco BBI S.A.	599,862	581,609	552,030	18,265	19,818	78,791	90,883
Banco Alvorada S.A.	53,111	51,495	398,436	1,616	1,755	28,132	68,127
Other parent, subsidiary and affiliated companies					4	4	
<b>Derivative financial instruments (swap (c):</b>							
Banco Finasa S.A.	2,431	3,814	28,394	176	472	2,916	3,831
Other parent, subsidiary and affiliated companies			1,132			46	651
<b>Foreign borrowings and onlendings (d):</b>							
Banco Bradesco Luxembourg S.A.	(126,836)	(104,269)	(141,544)	(1,308)	(1,475)	(5,598)	(2,860)
Banco Boavista Interatlântico S.A.	(17,849)	(17,931)	(19,054)	(246)	(236)	(913)	(646)
Other parent, subsidiary and affiliated companies	(445)	(268)					(26)
<b>Services rendered (e):</b>							
Scopus Tecnologia S.A.	(11,638)	(9,060)	(6,161)	(44,221)	(44,378)	(171,385)	(143,746)
CPM S.A.	(11,204)	(5,227)	(5,411)	(13,606)	(19,822)	(73,394)	(41,954)
Other parent, subsidiary and affiliated companies	(7)	41	(5)	(1,664)	(2,154)	(1,652)	4,034





R\$ thousand

	2006		2005		2006		2005	
	December 31	September 30	December 31	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YDT	December 31 YDT	
	Assets (liabilities)	Assets (liabilities)	Assets (liabilities)	Income (expenses)	Income (expenses)	Income (expenses)	Income (expenses)	
<b>Branch rentals:</b>								
Paineira Holdings Ltda.				(9,267)	(10,867)	(41,552)	(8,379)	
Bradesco Seguros S.A. Banco Mercantil de São Paulo S.A.				(6,764)	(6,679)	(27,208)	(27,464)	
Bradesco Vida e Previdência S.A.				(63)	(189)	(5,245)	(14,898)	
Other parent, subsidiary and affiliated companies				(1,654)	(1,388)	(5,922)	(6,052)	
				(9,468)	(7,916)	(27,239)	(14,617)	
<b>Securities:</b>								
Bradesco Leasing S.A. Arrendamento Mercantil	25,772,887	17,793,950	12,172,766	585,289	561,049	2,091,184	1,121,807	
Cibrasec Companhia Brasileira de Securitização	9,721	11,396	16,734	427	627	2,016	2,073	
<b>Liabilities by securities foreign (f):</b>								
Cidade Capital Markets Limited	(20,529)	(20,574)	(27,136)	(261)	(280)	(1,101)	(1,024)	
Banco Boavista Interatlântico S.A.							(19,179)	
<b>Interbank onlendings (g):</b>								
Other parent, subsidiary and affiliated companies	(1,517)			(17)		(124)	(342)	
<b>Securitization transactions (h):</b>								
Cia. Brasileira de Meios de Pagamento VISANET	(434,130)	(464,350)	(571,621)	(7,991)	(9,536)	(37,146)	(72,238)	
<b>Trading and intermediation of</b>								

**amounts:**

Nova Paiol Participações S.A.			(29,518)		(19)	(25,283)
Aquarius Holdings S.A.			(378)	(4,115)	(18,954)	(378)
Other parent, subsidiary and affiliated companies	(1,517)	(277)		(8,188)	1,055	(7,132)

**Subordinated debt:**

Fundação Bradesco NCD Participações Ltda.	(285,000)	(276,233)	(247,286)	(8,767)	(9,500)	(37,713)	(35,668)
NCF Participações S.A.	(81,098)	(74,185)		(2,403)	(2,165)	(6,366)	
Titanium Holdings S.A.	(4,582)	(4,444)		(139)	(21)	(160)	
Cidade de Deus Companhia Comercial de Participações	(27,839)	(26,995)		(844)	(917)	(3,641)	
	(60,870)	(24,668)	(21,988)	(851)	(883)	(3,532)	(5,866)

**Amounts receivable (payable):**

Companhia Brasileira de Soluções e Serviços VisaVale	1,950	3,801	3,697			
Embaúba Holdings Ltda.	5,419	5,419				
Other parent, subsidiary and affiliated companies	37	(5,071)				

- Interbank investments interbank deposits of affiliated companies, with rates equivalent to CDI Interbank Deposit Certificate;
- Repurchase and/or resale pending settlement related to purchase and sale commitments, backed by government bonds, with rates equivalent to overnight rates;
- Swap operations differences receivable and payable;
- Loans raised in foreign currency abroad for export financing, subject to exchange variation and bearing interest at the international market rates;
- Basically contracts entered into with Scopus Tecnologia S.A. for IT equipment maintenance services and with CPM S.A. for data processing systems maintenance services;
- Liabilities with foreign securities fixed rate Euronotes and Eurobonds, subject to exchange variations and bearing interest at rates used for securities placed in the international market;
- Funds obtained for onlendings to rural credit operations, bearing interest and charges corresponding to normal rates practiced for this type of transaction; and
- Transactions for securitization of the future flow of credit card bill receivables from foreign cardholders.

**32) Financial Instruments****a) Risk Management Process**

Bradesco approaches on an integrated basis the management of all risks inherent to its activities, supported by its Internal Controls and Compliance structure. Such multidisciplinary vision enables the improvement of risk management standards and avoids the existence of gaps which may jeopardize its correct identification and measurement.

**Credit Risk Management**

Credit Risk is the possibility that a counterparty of a loan or financial operation might neither intend nor suffer any change in its ability to comply with its contractual liabilities thus may generate any loss for the Organization.

Aiming at mitigation of Credit Risk, Bradesco continuously works in the follow-up of credit activities processes, in improvements, examination and preparation of inventories of credit granting and recovery standards, in the monitoring of concentrations and identification of new components offering credit risks.

Besides, efforts, focused on the use of advanced standards of risk measurement and on the ongoing improvement of processes, have reflected on loan portfolio quality and performance, in both results and strength, to sundry scenarios in the past and future.

**Market Risk Management**

Market risk is related to the possibility of loss from fluctuating rates caused by mismatched maturities, currencies and indices of the Institution's asset and liability portfolios. Such risk has been observed by the market with an increasing severity, with a substantial technical evolution in the last years, aiming at avoiding, or at least minimizing, possible losses for institutions, taking into consideration the increase in the complexity of operations carried out in the country and abroad.

At Bradesco, market risks are managed by means of methodologies and standards adherent and compatible with the national and international market reality, enabling to base the Organization's strategic decisions with high agility and level of reliance.

We present below the Balance Sheet by currency on December 31, 2006 and the position in foreign currency on September 30, 2006 and December 31, 2005:

	<b>R\$ thousand</b>				
	<b>2006</b>			<b>2005</b>	
	<b>Balance</b>	<b>December 31</b>	<b>Foreign (1) (2)</b>	<b>September 30</b>	<b>December 31</b>
		<b>Domestic</b>		<b>Foreign (1) (2)</b>	<b>Foreign (1) (2)</b>
<b>Assets</b>					
<b>Current and long-term assets</b>	<b>262,054,823</b>	<b>236,974,527</b>	<b>25,080,296</b>	<b>26,989,789</b>	<b>24,693,978</b>
Funds available	4,761,972	4,556,757	205,215	444,744	153,133
Interbank Investments	25,989,190	23,535,239	2,453,951	3,853,947	3,134,343

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Securities and derivative financial instruments	97,249,959	91,229,588	6,020,371	6,624,811	7,881,248
Interbank and interdepartmental accounts	19,311,144	19,299,068	12,076	12,141	7,428
Loan and leasing operations	83,466,527	74,328,787	9,137,740	8,493,698	7,162,858
Other receivables and assets	31,276,031	24,025,088	7,250,943	7,560,448	6,354,968
<b>Permanent assets</b>	<b>3,492,450</b>	<b>3,489,083</b>	<b>3,367</b>	<b>401,105</b>	<b>284,249</b>
Investments	696,582	696,582		397,593	282,703
Property, plant and equipment in use and leased assets	2,152,919	2,149,695	3,224	3,026	1,540
Deferred charges	642,949	642,806	143	486	6
<b>Total</b>	<b>265,547,273</b>	<b>240,463,610</b>	<b>25,083,663</b>	<b>27,390,894</b>	<b>24,978,227</b>

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	R\$ thousand				
	2006			2005	
	Balance	December 31	Foreign (1) (2)	September 30	December 31
<b>Liabilities</b>					
<b>Current and long-term liabilities</b>	<b>240,673,011</b>	<b>222,948,869</b>	<b>17,724,142</b>	<b>20,131,007</b>	<b>19,300,466</b>
Deposits	83,905,213	80,454,758	3,450,455	3,735,738	2,600,379
Federal funds purchased and securities sold under agreements to repurchase	47,675,433	46,753,379	922,054	1,489,522	578,995
Funds from issuance of securities	5,636,279	3,460,890	2,175,389	2,521,378	2,731,472
Interbank and interdepartmental accounts	2,231,525	939,581	1,291,944	1,256,622	1,060,399
Borrowings and onlendings	17,419,045	11,322,932	6,096,113	6,040,068	7,532,201
Derivative financial instruments	519,004	472,838	46,166	152,466	72,788
Provisions for insurance, private pension plans and certificated savings plans	49,129,214	49,117,980	11,234	10,739	13,967
Other liabilities:					
Subordinated debt	11,949,457	8,974,049	2,975,408	3,052,078	3,184,631
Other	22,207,841	21,452,462	755,379	1,872,396	1,525,634
<b>Future taxable income</b>	<b>180,460</b>	<b>180,460</b>			
<b>Minority interest in consolidated subsidiaries</b>	<b>57,440</b>	<b>57,440</b>			
<b>Stockholders equity</b>	<b>24,636,362</b>	<b>24,636,362</b>			
<b>Total</b>	<b>265,547,273</b>	<b>247,823,131</b>	<b>17,724,142</b>	<b>20,131,007</b>	<b>19,300,466</b>
<b>Net position of assets and liabilities</b>			<b>7,359,521</b>	<b>7,259,887</b>	<b>5,677,761</b>
Net position of derivatives (2)			(13,108,438)	(11,466,139)	(10,416,239)
Other memorandum accounts, net (3)			(12,488)	(63,317)	(188,696)
<b>Net exchange position (liability)</b>			<b>(5,761,405)</b>	<b>(4,269,569)</b>	<b>(4,927,174)</b>

(1) Amounts expressed and/or indexed mainly in USD;

(2) Excluding operations maturing in D+1, to be settled in currency of the last day of the month; and

(3) Leasing commitments and others, recorded in memorandum accounts.

Bradesco adopts a conservative policy regarding market risk exposure, being VaR (Value at Risk) limits defined by Senior Management, and compliance monitored on a daily basis by an area which is independent from portfolio management. The methodology used to determine VaR has a reliability level of 97.5%. The fluctuations and correlations used by the models are calculated on statistical bases that are used on forward-looking processes, in accordance with economic studies. The methodology applied and current statistical models are validated daily using backtesting techniques.

In the chart below, we show VaR as of December 31, 2006, September 30, 2006 and December 31, 2005:

Risk Factors	R\$ thousand		
	2006		2005
	December 31	September 30	December 31

Prefixed	6,729	13,402	13,589
Internal exchange coupon	2,714	745	28,767
Foreign currency	3,154	5,734	10,129
IGP-M	5,865	7,401	2,152
IPCA	17,108	45,753	21,866
Reference rate (T.R.)	2,292	4,036	10,961
Variable income	1,552	1,198	149
Sovereign/Eurobonds and Treasuries	9,420	16,998	36,695
Other	73	250	5,267
Correlated effect	(15,976)	(18,765)	(59,897)
<b>VaR (Value at Risk)</b>	<b>32,931</b>	<b>76,752</b>	<b>69,678</b>

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

**Liquidity risk**

Liquidity risk management is designed to control the different unhedged settlement terms of the Institution's rights and obligations, as well as the liquidity of the financial instruments used to manage the financial positions.

The knowledge and monitoring of this risk are crucial, since they enable the Organization to settle transactions on a timely and secure manner.

At Bradesco Organization, liquidity risk management involves a series of controls, mainly, the establishment of technical limits, with an ongoing assessment of the positions assumed and financial instruments used.

In the chart below we show the Balance Sheet by Maturity on December 31, 2006:

	R\$ thousand					
	Up to 30 days	From 31 to 180 days	From 181 to 360 days	More than 360 days	Indeterminate	Total
<b>Assets</b>						
<b>Current and long-term assets</b>	<b>139,035,823</b>	<b>36,612,148</b>	<b>21,737,358</b>	<b>64,669,494</b>		<b>262,054,823</b>
Funds available	4,761,972					4,761,972
Interbank Investments	20,497,975	4,227,781	812,321	451,113		25,989,190
Securities and derivative financial instruments (1)	65,319,273	2,698,278	4,836,883	24,395,525		97,249,959
Interbank and interdepartmental accounts	18,907,850	2,055	2,502	398,737		19,311,144
Loan and leasing operations	12,438,887	26,837,984	14,219,227	29,970,429		83,466,527
Other receivables and assets	17,109,866	2,846,050	1,866,425	9,453,690		31,276,031
<b>Permanent assets</b>	<b>32,704</b>	<b>163,518</b>	<b>196,222</b>	<b>1,996,444</b>	<b>1,103,562</b>	<b>3,492,450</b>
Investments					696,582	696,582
Property, plant and equipment in use and leased assts	21,988	109,939	131,927	1,482,085	406,980	2,152,919
Deferred charges	10,716	53,579	64,295	514,359		642,949
<b>Total on December 31, 2006</b>	<b>139,068,527</b>	<b>36,775,666</b>	<b>21,933,580</b>	<b>66,665,938</b>	<b>1,103,562</b>	<b>265,547,273</b>
<b>Total on September 30, 2006</b>	<b>126,466,783</b>	<b>35,999,156</b>	<b>17,297,515</b>	<b>61,993,546</b>	<b>1,434,637</b>	<b>243,191,637</b>
<b>Total on December 31, 2005</b>	<b>113,375,657</b>	<b>29,724,125</b>	<b>15,032,100</b>	<b>49,164,856</b>	<b>1,386,192</b>	<b>208,682,930</b>
<b>Liabilities</b>						
<b>Current and long-term liabilities</b>	<b>134,573,633</b>	<b>14,824,935</b>	<b>11,857,244</b>	<b>78,771,372</b>	<b>645,827</b>	<b>240,673,011</b>
Deposits (2)	51,245,320	5,807,150	3,477,291	23,375,452		83,905,213
Federal funds purchased and securities sold under agreements to repurchase	29,683,675	1,010,056	1,729,448	15,252,254		47,675,433
Funds from issuance of securities	307,315	500,879	1,156,207	3,671,878		5,636,279
Interbank and interdepartmental accounts	2,231,525					2,231,525
Borrowings and onlendings	1,421,556	4,542,911	4,283,230	7,171,348		17,419,045
Derivative financial instruments	500,134	6,642	4,105	8,123		519,004

Provisions for insurance, private pension plans and certificated savings plans (2)	36,446,565	1,313,893	666,894	10,701,862		49,129,214
Other liabilities:						
Subordinated debt	39,955	19,456		11,244,219	645,827	11,949,457
Other	12,697,588	1,623,948	540,069	7,346,236		22,207,841
<b>Future taxable income</b>	<b>180,460</b>					<b>180,460</b>
<b>Minority interest in consolidated subsidiaries</b>					<b>57,440</b>	<b>57,440</b>
<b>Stockholders equity</b>					<b>24,636,362</b>	<b>24,636,362</b>
<b>Total on December 31, 2006</b>	<b>134,754,093</b>	<b>14,824,935</b>	<b>11,857,244</b>	<b>78,771,372</b>	<b>25,339,629</b>	<b>265,547,273</b>
<b>Total on September 30, 2006</b>	<b>113,859,963</b>	<b>13,717,219</b>	<b>12,496,862</b>	<b>80,631,555</b>	<b>22,486,038</b>	<b>243,191,637</b>
<b>Total on December 31, 2005</b>	<b>102,886,488</b>	<b>14,184,336</b>	<b>7,719,422</b>	<b>63,718,294</b>	<b>20,174,390</b>	<b>208,682,930</b>
<b>Accumulated net assets on December 31, 2006</b>	<b>4,314,434</b>	<b>26,265,165</b>	<b>36,341,501</b>	<b>24,236,067</b>		
<b>Accumulated net assets on September 30, 2006</b>	<b>12,606,820</b>	<b>34,888,757</b>	<b>39,689,410</b>	<b>21,051,401</b>		
<b>Accumulated net assets on December 31, 2005</b>	<b>10,489,169</b>	<b>26,028,958</b>	<b>33,341,636</b>	<b>18,788,198</b>		

(1) Investments in investment funds are classified as up to 30 days; and

(2) Demand and savings account deposits and technical provisions for insurance, private pension plans and certificated savings plans comprising VGBL and PGBL products are classified as up to 30 days, without considering average historical turnover.

At Bradesco Organization, liquidity risk management involves a series of controls, mainly with respect to the establishment of technical limits, with constant assessment of the positions assumed and the financial instruments used.



**Capital risk**

Bradesco's capital risk is managed to optimize the risk-return ratio, aiming at minimizing losses, through the implementation of well-defined business strategies and maximizing efficiency in the combination of factors which impact the Capital Adequacy Ratio (Basel).

In the chart below, we show the Capital Adequacy Ratio as of December 31, 2006, September 30, 2006 and December 31, 2005:

Calculation Basis Adequacy Ratio (Basel)	R\$ thousand							
	2006				2005			
	December 31		September 30		December 31			
Capital	Financial	Economic	Financial	Economic	Financial	Economic	Financial	Economic
	(1)	financial	(1)	financial	(1)	financial	(1)	financial
		(2)		(2)		(2)		(2)
Stockholders equity	24,636,362	24,636,362	21,773,355	21,773,355	19,409,274	19,409,274		
Decrease in tax credits								
BACEN Res. 3,059	(59,188)	(59,188)	(149,154)	(149,154)	(99,436)	(99,436)		
Minority interest/other	120,507	56,446	138,979	54,941	5,568	57,033		
<b>Reference stockholders equity</b>								
<b>Tier I</b>	<b>24,697,681</b>	<b>24,633,620</b>	<b>21,763,180</b>	<b>21,679,142</b>	<b>19,315,406</b>	<b>19,366,871</b>		
<b>Reference stockholders equity</b>								
<b>Tier II</b>								
(subordinated debt/other)	10,411,062	10,412,056	10,265,199	10,266,180	6,289,833	6,290,860		
<b>Total reference stockholders equity</b>								
(Tier I + Tier II)	35,108,743	35,045,676	32,028,379	31,945,322	25,605,239	25,657,731		
<b>Risk weighted assets</b>	<b>187,173,212</b>	<b>212,719,711</b>	<b>174,394,170</b>	<b>197,669,240</b>	<b>148,391,646</b>	<b>168,476,982</b>		
<b>Capital adequacy ratio</b>	<b>18.76%</b>	<b>16.48%</b>	<b>18.37%</b>	<b>16.16%</b>	<b>17.26%</b>	<b>15.23%</b>		

**Capital Adequacy Ratio Variation (Basel) R\$ thousand and %**

Movement in the reference stockholders equity:	4 <sup>th</sup> Quarter / 2006		3 <sup>rd</sup> Quarter / 2006		December 31, 2006 YTD		December YT	
	Financial	Economic	Financial	Economic	Financial	Economic	Financial	Financial
	(1)	financial	(1)	financial	(1)	financial	(1)	(1)
		(2)		(2)		(2)		
<b>Starting period</b>	<b>32,028,379</b>	<b>31,945,322</b>	<b>31,144,263</b>	<b>31,016,852</b>	<b>25,605,239</b>	<b>25,657,731</b>	<b>20,843,464</b>	

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Net income for the period	1,702,839	1,702,839	218,816	218,816	5,054,040	5,054,040	5,514,074
Interest on own capital/dividends	(791,307)	(791,307)	(220,664)	(220,664)	(2,159,571)	(2,159,571)	(1,881,000)
Mark-to-market adjustment TVM and derivatives	742,875	742,875	316,214	316,214	1,136,702	1,136,702	49,879
Capital increase by stock and goodwill subscription, incorporation	1,218,295	1,218,295			1,218,295	1,218,295	736,106
Subordinated debt	145,863	145,863	614,938	614,938	4,121,229	4,121,229	626,477
Other	61,799	81,789	(45,188)	(834)	132,809	17,250	(283,761)
<b>End of period</b>	<b>35,108,743</b>	<b>35,045,676</b>	<b>32,028,379</b>	<b>31,945,322</b>	<b>35,108,743</b>	<b>35,045,676</b>	<b>25,605,239</b>
<b>Movement in weighted assets:</b>							
<b>Starting period</b>	<b>174,394,170</b>	<b>197,669,240</b>	<b>166,798,013</b>	<b>187,850,722</b>	<b>148,391,646</b>	<b>168,476,982</b>	<b>111,182,110</b>
Securities	616,173	4,312,015	931,845	2,544,512	2,436,447	11,154,615	(1,696,117)
Loan operations	2,962,999	2,974,908	2,589,257	2,584,395	10,557,162	10,536,231	16,039,027
Check clearing and related services	(313,981)	(313,980)	(75,788)	(75,789)	(44,586)	(44,586)	52,443
Tax credit	232,443	717,948	1,440,024	3,133,173	3,834,438	6,286,776	(2,582,124)
Risk (swap, market, interest and exchange rates)	5,028,662	5,055,562	2,959,853	2,927,253	5,219,071	5,255,271	17,096,858
Memorandum accounts	960,556	971,655	368,920	369,429	4,900,040	4,918,307	1,695,739
Other assets	3,292,190	1,332,363	(617,954)	(1,664,455)	11,878,994	6,136,115	6,603,710
<b>End of period</b>	<b>187,173,212</b>	<b>212,719,711</b>	<b>174,394,170</b>	<b>197,669,240</b>	<b>187,173,212</b>	<b>212,719,711</b>	<b>148,391,646</b>

	4 <sup>th</sup> Quarter / 2006		3 <sup>rd</sup> Quarter / 2006		December 31, 2006 YTD		December 31, 2005 YTD	
	Financial (1)	Economic financial (2)	Financial (1)	Economic financial (2)	Financial (1)	Economic financial (2)	Financial (1)	Economic financial (2)
<b>Starting period</b>	<b>18.37%</b>	<b>16.16%</b>	<b>18.67%</b>	<b>16.51%</b>	<b>17.26%</b>	<b>15.23%</b>	<b>18.75%</b>	<b>16.08%</b>
<b>Movement in the reference stockholders equity:</b>	<b>1.76%</b>	<b>1.57%</b>	<b>0.53%</b>	<b>0.50%</b>	<b>6.40%</b>	<b>5.57%</b>	<b>4.28%</b>	<b>3.65%</b>
Net income for the year	0.98%	0.86%	0.13%	0.12%	3.40%	3.00%	4.96%	4.24%
Interest on own capital/dividends	(0.46%)	(0.40%)	(0.13%)	(0.12%)	(1.45%)	(1.28%)	(1.69%)	(1.44%)
Mark-to-market adjustment TVM and derivatives	0.42%	0.38%	0.19%	0.17%	0.77%	0.67%	0.04%	0.04%
Capital increase by stock and goodwill								
subscription, incorporation	0.69%	0.62%			0.82%	0.72%	0.66%	0.56%
Subordinated debt	0.09%	0.07%	0.37%	0.33%	2.77%	2.45%	0.57%	0.48%
Other	0.04%	0.04%	(0.03%)		0.09%	0.01%	(0.26%)	(0.23%)
<b>Movement in weighted assets:</b>	<b>(1.37%)</b>	<b>(1.25%)</b>	<b>(0.83%)</b>	<b>(0.85%)</b>	<b>(4.90%)</b>	<b>(4.32%)</b>	<b>(5.77%)</b>	<b>(4.50%)</b>
Securities	(0.07%)	(0.38%)	(0.11%)	(0.22%)	(0.38%)	(1.29%)	0.36%	(0.52%)
Loan operations	(0.34%)	(0.25%)	(0.29%)	(0.22%)	(1.52%)	(1.08%)	(3.00%)	(2.07%)
Check clearing service and related services	0.04%	0.03%	0.01%				(0.01%)	(0.01%)
Tax credit	(0.02%)	(0.05%)	(0.16%)	(0.27%)	(0.41%)	(0.53%)	0.37%	0.31%
Risk (swap, market, interest and exchange rates)	(0.52%)	(0.40%)	(0.31%)	(0.24%)	(0.54%)	(0.41%)	(2.24%)	(1.72%)
Memorandum accounts	(0.10%)	(0.08%)	(0.04%)	(0.03%)	(0.56%)	(0.44%)	(0.24%)	(0.18%)
Other assets	(0.36%)	(0.12%)	0.07%	0.13%	(1.49%)	(0.57%)	(1.01%)	(0.31%)
<b>End of the year</b>	<b>18.76%</b>	<b>16.48%</b>	<b>18.37%</b>	<b>16.16%</b>	<b>18.76%</b>	<b>16.48%</b>	<b>17.26%</b>	<b>15.23%</b>

(1) Includes financial companies only; and

(2) Includes financial and non-financial companies.

#### b) Market value

The book values, net of provisions for mark-to-market adjustments, of the main financial instruments are summarized as follows:

R\$ thousand

Portfolios	Book Value	Market Value	Unrealized Income (Loss) without tax effects			
			In the Result		In Stockholders Equity	
			2006	2005	2006	2005
	December 31	December 31	September 30	December 31	September 30	December 31

Securities and derivative financial instruments (Notes 3c, 3d and 8)	97,249,959	98,248,757	3,490,708	2,234,394	1,590,779	998,798	829,243	793,018
Adjustment of securities available for sale (Note 8cII)			2,491,910	1,405,151	797,761			
Adjustment of securities held to maturity (Note 8d item 7)			998,798	829,243	793,018	998,798	829,243	793,018
Loan and leasing operations (1) (Notes 3e and 10)	96,219,153	96,512,679	293,526	554,090	263,202	293,526	554,090	263,202
Investments (2) (3) (4) (Notes 3h and 13)	696,582	698,193	1,611	124,625	260,535	1,611	124,625	260,535
Treasury stock (Note 23e)	50,410	62,146				11,736	1,926	109
Time deposits (Notes 3k and 16a)	34,924,541	34,905,518	19,023	68,341	20,351	19,023	68,341	20,351
Funds from issuance of securities (Note 16c)	5,636,279	5,650,228	(13,949)	(17,099)	27,704	(13,949)	(17,099)	27,704
Borrowings and onlendings (Notes 17a and 17b)	17,419,045	17,382,729	36,316	41,223	60,766	36,316	41,223	60,766
Subordinated debt (Note 19)	11,949,457	12,562,933	(613,476)	(378,994)	(625,128)	(613,476)	(378,994)	(625,128)
<b>Unrealized income (loss) without tax effects</b>			<b>3,213,759</b>	<b>2,626,580</b>	<b>1,598,209</b>	<b>733,585</b>	<b>1,223,355</b>	<b>800,557</b>

- (1) Includes advances on foreign exchange contracts, leasing operations and other receivables with loan concession features;
- (2) This refers to stocks of publicly-held companies not considering the increment in investments in affiliated companies;
- (3) The investments in American Banknote and Arcelor, which were transferred to Current Assets in the 2<sup>nd</sup> quarter of 2006, had a mark-to-market in the amount of R\$349,735 thousand in December 2005; and
- (4) In 4Q06, the investment in Banco Espirito Santo S/A, whose mark-to-market amounted to R\$179,145 thousand, was transferred to current assets, in December 2006.



Determination of market value of financial instruments:

- Securities and derivative financial instruments, investments, subordinated debts and treasury stocks are based on the market price practiced on the balance sheet date. In case no quotation of market prices are available, amounts are estimated based on the prices quoted by dealers, on price definition models, quotation models or quotations for instruments with similar characteristics;
- Prefixed loan operations were determined by discounting estimated cash flows, using interest rates applied by Bradesco Organization for new contracts with similar features. These rates are compatible with prices practiced in the market on the balance sheet date; and
- Time deposits, funds from issuance of securities and borrowings and onlendings were calculated by discounting the difference between the cash flows under the contract terms and the rates practiced in the market on the balance sheet date.

### **33) Employee Benefits**

Banco Bradesco and its subsidiaries sponsor a supplementary private pension plan for employees and directors, in the modality Unrestricted Benefits Generating Plan (PGBL). The PGBL is a private pension plan of the variable contribution type, which permits the accumulation of financial resources by participants over their professional careers through contributions paid by themselves and the sponsoring company. The related resources are invested in an Exclusive Financial Investment Fund - FIE.

The PGBL is managed by Bradesco Vida e Previdência S.A. and BRAM - Bradesco Asset Management S.A. DTVM is responsible for the financial management of the FIEs funds.

The contributions paid by employees and directors of Bradesco and its subsidiaries are equivalent to 4% of salary, except for participants who in 2001 opted to migrate to the PGBL plan from the defined benefit plan, whose contributions to the PGBL plan were maintained at the levels in force for the defined benefits plan at the time of migration, respecting nevertheless the 4% minimum.

The actuarial liabilities of the variable contribution plan (PGBL) are fully covered by the net assets of the corresponding FIE.

In addition to the aforementioned variable contribution plan (PGBL), former participants of the defined benefits plan are guaranteed a proportional deferred benefit, corresponding to their accumulated rights in the latter plan. For participants of the defined benefits plan, transferred or not to the PGBL plan, retired participants and pensioners, the present value of the plan's actuarial liabilities is fully covered by guaranteeing assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A., which had previously merged Banco BEA) maintains a supplementary pension plan managed by Caixa de Previdência dos Funcionários do BEA - CABEA, which is currently undergoing a sponsorship withdrawal process, with reference date established on November 30, 2002 and whose sponsor's contributions ceased as from December 1, 2002. Participants also no longer contribute as from the same date. The plan's actuarial liabilities are fully covered by the plan's net assets.

Banco Alvorada S.A. (merging company of Banco Baneb S.A.) sponsors supplementary pension plans of both variable contribution and defined benefit types, through Fundação Baneb de Seguridade Social - BASES (for former Baneb employees). The actuarial liabilities of the variable contribution and defined benefit plans are fully covered by the net assets of the plans.

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Banco Bradesco BBI S.A. (current name of Banco BEM S.A.) sponsors supplementary pension plans of both defined benefit and variable contribution types, through Caixa de Assistência e Aposentadoria dos Funcionários do Banco do Estado do Maranhão - CAPOF.

Alvorada Cartões, Crédito, Financiamento e Investimento S.A. (Alvorada CFI) (merging company of Banco BEC S.A. sponsors a defined benefit plan by means of CABEC - Caixa de Previdência Privada do Banco do Estado do Ceará.

Based on the report of the independent actuary, the present value of the actuarial liabilities of the defined benefit plan and of its assets for coverage of these liabilities assumed by Alvorada, Banco Bradesco BBI and Alvorada CFI, were so represented:

	<b>R\$ thousand</b>
	<b>2006</b>
Plans net assets	724,552
Actuarial liabilities	712,081
Supervenience (insufficiency)	12,471

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**Main assumptions used in the actuarial evaluation of Banco Alvorada, Banco BBI and Alvorada CFI:**

Nominal discount rate	10.24% p.a.
Nominal rate of minimum expected return of assets	10.24% p.a.
Nominal rate of future salary growths	7.12% p.a.
Nominal rate of growth of social security and plan benefits	4.00% p.a.
Inflation rate	4.00% p.a.
Biometric table of general mortality	UP94
Biometric table of disability	Table Mercer
Expected turnover rate	0.30/(Time of service + 1)
Probability of going into retirement	100% in the first eligibility for a benefit secured by the plan

The funds guaranteeing the private pension plans are invested in compliance with applicable legislation (government bonds and private securities, listed company's stock and real estate properties).

Bradesco and its facilities abroad provide their employees and managers with a private pension plan with variable contribution, which enables to accumulate financial resources during the professional career of the participant, by means of contributions paid by himself/herself and in equal proportion by Bradesco. The contributions of employees and managers and of Bradesco in its facilities overseas are jointly equivalent to at most 5% of the annual salary of the benefit.

Expenses with contributions made during the period amounted to R\$319,046 thousand (December 31, 2005 R\$279,687 thousand), 4Q06 R\$96,192 thousand (3Q06 R\$73,053 thousand).

In addition, Bradesco and its subsidiaries offer their employees and directors a number of other benefits including: healthcare insurance, dental care, group life and personal accident insurance, as well as professional training, the expenses for which, including the aforementioned contributions, amounted to R\$1.318.562 thousand in 2006 (December 31, 2005 R\$1,188,224 thousand), 4Q06 R\$362,888 thousand (3Q06 R\$332,228 thousand).

**34) Taxes On Income****a) Statement of calculation of taxes on income charges**

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
<b>Income before taxes on income</b>	<b>2,033,001</b>	<b>(233,061)</b>	<b>6,366,979</b>	<b>7,747,360</b>
<b>Total charge of taxes on income at rates of 25% and 9%, respectively</b>	<b>(691,220)</b>	<b>79,241</b>	<b>(2,164,773)</b>	<b>(2,634,102)</b>
<b>Effect of additions and exclusions on tax calculation:</b>				
Equity in the earnings of affiliated companies	10,287	2,580	24,590	25,891
Exchange gain/loss	(32,872)	8,741	(194,293)	(234,284)
	(30,327)	(9,938)	(117,272)	(119,102)



Non-deductible expenses, net of non-taxable income

Tax credit recorded in prior periods	194,231	203,994	398,225	48,709
Interest on own capital (paid and accrued)	119,364	125,383	521,754	522,580
Other amounts	101,955	44,269	227,837	165,853
<b>Taxes on income for the period</b>	<b>(328,582)</b>	<b>454,270</b>	<b>(1,303,932)</b>	<b>(2,224,455)</b>

b) Breakdown of taxes on income result

	<b>R\$ thousand</b>			
	<b>2006</b>		<b>2005</b>	
	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>December 31 YTD</b>	<b>December 31 YTD</b>
<b>Current taxes:</b>				
<b>Taxes on income payable</b>	<b>(577,368)</b>	<b>(536,002)</b>	<b>(3,339,345)</b>	<b>(1,436,284)</b>
<b>Deferred taxes:</b>				
Amount recorded/realized for the period on temporary additions	107,798	826,673	1,824,039	(656,929)
<b>Use of opening balances of:</b>				
Negative basis of social contribution	(5,453)	(9,827)	(38,120)	(51,614)
Tax loss	(21,215)	(30,662)	(120,483)	(140,694)

	R\$ thousand			
	2006		2005	
	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	December 31 YTD	December 31 YTD
<b>Prior periods tax credits were recorded on:</b>				
Negative basis of social contribution	18,393	49,837	68,230	12,311
Tax loss	34,743	113,279	148,022	30,506
Temporary additions	141,095	40,878	181,973	5,892
<b>Constitution/utilization in the period on:</b>				
Negative basis of social contribution	(11,583)	25	(11,558)	3,322
Tax loss	(14,992)	69	(16,690)	9,035
<b>Total deferred taxes</b>	<b>248,786</b>	<b>990,272</b>	<b>2,035,413</b>	<b>(788,171)</b>
<b>Taxes on income for the period</b>	<b>(328,582)</b>	<b>454,270</b>	<b>(1,303,932)</b>	<b>(2,224,455)</b>

**c) Origin of tax credits of deferred taxes on income**

	R\$ thousand					
	Balance on 12.31.05	Acquired balances	Amount recorded	Amount realized	Balance on 12.31.06	Balance on 9.30.06
	Allowance for doubtful accounts	2,035,344		1,741,949	840,514	2,936,779
Provision for civil contingencies	170,705		133,288	50,347	253,646	228,672
Provision for tax contingencies	722,019	31,625	362,592	54,086	1,062,150	947,861
Provision for labor proceedings	253,642	20	314,388	143,964	424,086	436,758
Provision for mark-to-market adjustment of securities and investments	132,767	26,075	17,975	33,608	143,209	142,040
Provision for loss on non-operating assets	60,349		25,952	10,255	76,046	63,091
Mark-to-market adjustment of trading securities	86,928		107,712	86,325	108,315	100,063
Goodwill amortization	345,484		685,460	151,123	879,821	951,380
Other	149,039	2,905	66,743	79,825	138,862	278,007
<b>Total tax credits over temporary differences</b>	<b>3,956,277</b>	<b>60,625</b>	<b>3,456,059</b>	<b>1,450,047</b>	<b>6,022,914</b>	<b>5,769,329</b>
Tax losses and negative basis of social contribution	455,608	101,015	216,252	186,851	586,024	587,898
<b>Subtotal</b>	<b>4,411,885</b>	<b>161,640</b>	<b>3,672,311</b>	<b>1,636,898</b>	<b>6,608,938</b>	<b>6,357,227</b>
Social contribution Provisional Measure no. 2158-35 as of 8.24.2001	798,743	4,559		146,268	657,034	759,395
<b>Total tax credits (Note 11b)</b>	<b>5,210,628</b>	<b>166,199</b>	<b>3,672,311</b>	<b>1,783,166</b>	<b>7,265,972</b>	<b>7,116,622</b>
<b>Deferred tax liabilities (Note 34f)</b>	<b>600,899</b>	<b>1,724</b>	<b>926,378</b>	<b>252,288</b>	<b>1,276,713</b>	<b>1,079,509</b>
<b>Net tax credits of deferred tax liabilities</b>	<b>4,609,729</b>	<b>164,475</b>	<b>2,745,933</b>	<b>1,530,878</b>	<b>5,989,259</b>	<b>6,037,113</b>

<b>Percentage of net tax credits over total reference stockholders equity (Note 32a)</b>	<b>18.0%</b>	<b>17.1%</b>	<b>18.9%</b>
<b>Percentage of net tax credits over total assets</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.5%</b>

**d) Expected realization of tax credits over temporary differences, tax losses and negative basis of social contribution and social contribution tax credit M.P. 2158-35**

**December 31, 2006 R\$ thousand**

	<b>Temporary differences</b>		<b>Tax losses and negative basis</b>		<b>Total</b>
	<b>Income tax</b>	<b>Social contribution</b>	<b>Income tax</b>	<b>Social contribution</b>	
2007	1,671,250	579,177	104,312	22,457	2,377,196
2008	1,753,921	600,334	95,633	26,889	2,476,777
2009	900,293	288,207	115,553	34,994	1,339,047
2010	100,099	35,078	94,415	36,463	266,055
2011	69,692	24,863	21,977	23,875	140,407
2012			4,096	5,360	9,456
<b>Total</b>	<b>4,495,255</b>	<b>1,527,659</b>	<b>435,986</b>	<b>150,038</b>	<b>6,608,938</b>

December 31, 2006 R\$ thousand

## Social contribution tax credit M.P. no. 2158-35

	2007	2008	2009	2010	2011	2012 to 2013	Total
<b>Total</b>	<b>101,834</b>	<b>75,793</b>	<b>102,063</b>	<b>127,318</b>	<b>151,379</b>	<b>98,647</b>	<b>657,034</b>

Projected realization of tax credit is estimated and not directly related to the expected accounting income.

The present value of tax credits, calculated based on the average funding rate, net of tax effects, amounts to R\$6,674,096 thousand (September 30, 2006 R\$6,511,073 thousand and December 31, 2005 R\$4,623,785 thousand), of which R\$5,591,071 thousand (September 30, 2006 R\$5,338,268 thousand and December 31, 2005 R\$3,577,618 thousand) comprises temporary differences, R\$521,858 thousand (September 30, 2006 R\$525,396 thousand and December 31, 2005 R\$400,957 thousand) comprises tax losses and negative basis of social contribution and R\$561,167 thousand (September 30, 2006 R\$647,409 thousand and December 31, 2005 R\$645,210 thousand) comprises tax credit over social contribution M.P. 2158-35.

**e) Unrecorded tax credits**

The amount of R\$401,775 thousand was not recorded as tax credit (September 30, 2006 R\$563,625 thousand and December 31, 2005 R\$196,224 thousand), which will be recorded when they present effective prospects of realization according to studies and analyses prepared by the management and in accordance with BACEN rules.

**f) Deferred tax liabilities**

	R\$ thousand		
	2006		2005
	December 31	September 30	December 31
IRPJ, CSLL, PIS and COFINS on mark-to-market adjustments of derivative financial instruments	835,067	480,418	288,417
Depreciation supervenience	238,863	202,358	132,531
Operations in future liquidity market	35,927	142,442	76,992
Other	166,856	254,291	102,959
<b>Total</b>	<b>1,276,713</b>	<b>1,079,509</b>	<b>600,899</b>

**35) Other Information**

a) Bradesco Organization manages investment funds and portfolios, whose net equity on December 31, 2006 amount to R\$147,107,803 thousand (September 30, 2006 R\$140,222,015 thousand and December 31, 2005 R\$121,182,430 thousand).

b) Banco Bradesco S.A., on January 23, 2007, executed, with the controlling stockholders of Banco BMC S.A. (BMC), a Private Instrument for Commitment of Merger of Stocks and Other Covenants, for the acquisition of BMC

and its subsidiaries BMC Asset Management Ltda. Distribuidora de Títulos e Valores Mobiliários, BMC Previdência Privada S.A. and Credicerto Promotora de Vendas Ltda. The operation comprises the transfer to Bradesco of 100% of the stocks representing BMC's capital stock. The payment will be made upon the delivery, to BMC's stockholders, of stocks issued by Bradesco, corresponding to nearly 0.94% of its capital stock, which will be increase by R\$800 million. The merger will provide Bradesco with an increasing platform in Brazil's most prominent segment of the consumer financing market, as well as with a strengthened presence in the financing of SMEs.

c) At the Board of Directors Meeting as of February 7, 2007, it was resolved:

I To approve the Board of Directors proposal to increase by 10% the amount of the monthly Interest on Own Capital, prepaid to stockholders, in conformity with the Monthly Compensation System, increasing from R\$0.032775000 to R\$0.036052500, related to common stocks, and from R\$0.036052500 to R\$0.039657750, to preferred stocks, to be effective as from the Interest referring to March/2007, to be paid on 4.2.2007, benefiting stockholders who are registered in the Company's records on 3.1.2007.

II To submit to the Company's stockholders at the General Meeting to be called on 3.12.2007, a proposal for an increase in the capital stock in the amount of R\$3,800,000,000.00, increasing from R\$14,200,000,000.00 to R\$18,000,000,000.00, upon the use of part of the balance of the account Profit Reserve Statutory Reserve attributing, free of charge, as a bonus, a new stock, of the same type, for each stock owned. The bonus will depend on the ratification of the process by the Brazilian Central Bank.

**Management Bodies (1)**

Cidade de Deus, Osasco, SP, February 9, 2007

**Board of Directors**

**Chairman**

Lázaro de Mello Brandão

**Vice-Chairman**

Antônio Bornia

**Members**

Mário da Silveira Teixeira Júnior  
Márcio Artur Laurelli Cypriano  
João Aguiar Alvarez  
Denise Aguiar Alvarez Valente  
Raul Santoro de Mattos Almeida  
Ricardo Espírito Santo Silva Salgado

**Board of Executive Officers**

**Executive Officers**

**Chief Executive Officer**

Márcio Artur Laurelli Cypriano

**Executive Vice-Presidents**

Laércio Albino Cezar  
Arnaldo Alves Vieira  
Luiz Carlos Trabuco Cappi  
Sérgio Socha  
Julio de Siqueira Carvalho de Araujo  
Milton Almicar Silva Vargas  
José Luiz Acar Pedro  
Norberto Pinto Barbedo

**Managing Directors**

Armando Trivelato Filho  
Carlos Alberto Rodrigues Guilherme  
José Alcides Munhoz  
José Guilherme Lembi de Faria  
Luiz Pasteur Vasconcellos Machado  
Milton Matsumoto  
Sérgio de Oliveira  
Odair Afonso Rebelato  
Aurélio Conrado Boni  
Domingos Figueiredo de Abreu  
Paulo Eduardo D Avila Isola  
Ademir Cossello  
Sérgio Alexandre Figueiredo

**Departmental Directors**

Adineu Santesso  
Airton Celso Exel Andreolli  
Alexandre da Silva Glüher  
Alfredo Antônio Lima de Menezes  
André Rodrigues Cano  
Antônio Carlos Del Cielo  
Candido Leonelli  
Clayton Camacho  
Denise Pauli Pavarina de Moura  
Douglas Tevis Francisco  
Fábio Mentone  
Fernando Barbaresco  
Fernando Jorge Buso Gomes  
Jair Delgado Scalco  
João Batistela Biazon  
José Luiz Rodrigues Bueno  
José Maria Soares Nunes  
Josué Augusto Pancini  
Laércio Carlos de Araújo Filho  
Luiz Alves dos Santos  
Luiz Carlos Angelotti  
Luiz Carlos Brandão Cavalcanti Júnior  
Luiz Fernando Peres  
Marcelo de Araújo Noronha  
Marcos Bader  
Maria Eliza Sganserla  
Mario Helio de Souza Ramos  
Mauro Roberto Vasconcellos Gouvêa  
Milton Clemente Juvenal  
Moacir Nachbar Junior  
Nilton Pelegriano Nogueira  
Octavio Manoel Rodrigues de Barros  
Ricardo Dias  
Robert John van Dijk  
Roberto Sobral Hollander  
Romulo Nagib Lasmar  
Sergio Sztajn  
Toshifumi Murata

**Regional Directors**

Altair Antônio de Souza

**Compensation Committee**

Lázaro de Mello Brandão  
Antônio Bornia  
Mário da Silveira Teixeira Júnior  
Márcio Artur Laurelli Cypriano

**Audit Committee**

Mário da Silveira Teixeira Júnior  
Hélio Machado dos Reis  
Paulo Roberto Simões da Cunha  
Yves Louis Jacques Lejeune

**Compliance and Internal Controls Committee**

Mário da Silveira Teixeira Júnior  
Milton Almicar Silva Vargas  
Domingos Figueiredo de Abreu  
Roberto Sobral Hollander  
Nilton Pelegriano Nogueira

**Executive Committee of Disclosure**

Milton Almicar Silva Vargas  
José Luiz Acar Pedro  
Julio de Siqueira Carvalho de Araujo  
Carlos Alberto Rodrigues Guilherme  
José Guilherme Lembi de Faria  
Domingos Figueiredo de Abreu  
Luiz Carlos Angelotti  
Denise Pauli Pavarina de Moura  
Romulo Nagib Lasmar  
Jean Philippe Leroy

**Fiscal Council**

**Sitting Members**

Domingos Aparecido Maia  
José Roberto Aparecido Nunciaroni  
Ricardo Abecassis Espírito Santo Silva

**Deputy Members**

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Clemente

Aurélio Guido Pagani  
Cláudio Fernando Manzato  
Fernando Antônio Tenório  
Idevalter Borba  
Luiz Carlos de Carvalho  
Márcia Lopes Gonçalves Gil  
Marcos Daré  
Paulo de Tarso Monzani  
Tácito Naves Sanglard

Jorge Tadeu Pinto de Figueiredo  
Nelson Lopes de Oliveira  
Renaud Roberto Teixeira

**General Accounting Department**

Moacir Nachbar Junior

Account CRC (Regional Accounting Council)1SP198208/O-5

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## Report of Independent Auditors

To the Board of Directors  
Banco Bradesco S.A.

1. We have audited the financial statements of Banco Bradesco S.A. and its subsidiaries, comprising the consolidated balance sheet as of December 31, 2006 and the related consolidated statements of income and of changes in financial position for the year then ended, as well as the statement of changes in stockholders' equity of Banco Bradesco S.A. for the year ended December 31, 2006. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audit in accordance with auditing standards applicable in Brazil, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Bank and its subsidiaries, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements and (c) assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall financial statement presentation.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Bradesco S.A. and its subsidiaries at December 31, 2006 and the consolidated results of their operations and the consolidated changes in their financial position for the year ended December 31, 2006, as well as the changes in stockholders' equity of Banco Bradesco S.A. for the same year then ended, in accordance with accounting practices adopted in Brazil.
4. Our audit was conducted for the purpose of issuing our report on the financial statements referred to in paragraph one, taken as a whole. The statements of cash flows and of added value for the year ended December 31, 2006, which are presented to provide additional information on Banco Bradesco S.A. and its subsidiaries are not specifically required as an integral part of the financial statements, in accordance with accounting practices adopted in Brazil. These statements were subjected to the same audit procedures described in paragraph two and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.
5. In connection with our limited reviews of the Quarterly Information of Banco Bradesco S.A. and its subsidiaries as of December 31, 2006 and September 30, 2006, on which we issued reports without exceptions dated February 9, 2007 and November 1, 2006, respectively, we carried out a review of the balance sheet of Banco Bradesco S.A. and its subsidiaries as of September 30, 2006 and of the consolidated statements of income and of changes in financial position, and of the supplementary information on the cash flows and added value, for the quarters ended December 31 and September 30, 2006 and of the statement of changes in stockholders' equity of Banco Bradesco S.A. for the second half of 2006, which are presented by management to provide additional information on Banco Bradesco S.A. and its subsidiaries. This information is presented for comparison purposes with the financial statements described in paragraphs one and four and is not an integral part of the statutory financial statements, since its presentation is not required in accordance with accounting practices adopted in Brazil.
6. As described in Note 15, the goodwill on investments in associated and subsidiary companies was fully amortized in 2006.
7. The audit of the financial statements for the year ended December 31, 2005, presented for comparison purposes, was conducted by other independent auditors, whose report, dated February 21, 2006, expressed an unqualified opinion on those statements.



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São Paulo, February 9, 2007

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## Summary of Audit Committee Report

### Introduction

The Audit Committee, established in Banco Bradesco S.A. (Bradesco) Special Stockholders Meeting as of 12.17.2003, is composed of four members, appointed by Bradesco's Special Meeting of the Board of Directors held on 3.27.2006, with a term of office until the 1<sup>st</sup> Board of Directors Meeting to be held after the Annual Stockholders Meeting of 2007, and its charter is available on the website [www.bradesco.com.br](http://www.bradesco.com.br), Corporate Governance page.

Bradesco's Board of Directors opted for a single Audit Committee for all the companies composing the Financial Conglomerate, including the ones in the Insurance Group (Grupo Bradesco de Seguros e Previdência), pursuant to CNSP Resolution 118/2004 of the Brazilian Council of Private Insurance, which set forth the operating conditions of the Audit Committee for the Insurance, Certificated Savings Plans Companies and Supplementary Private Pension entities.

Among the Audit Committee's duties, those required by the U.S. Sarbanes-Oxley Act related to bodies of such type are also included.

The Committee has as Coordinator a member of Bradesco's Board of Directors, and the other members, including an expert, do not participate in other Organization's bodies.

It is incumbent upon the Committee to ensure the integrity and quality of financial statements of Bradesco Financial Conglomerate, including the Insurance Group companies, the compliance with the internal and external rules, the effectiveness and independence of the audit activity and the quality and efficiency of internal control systems.

It is the Management's responsibility to prepare the financial statements of the companies composing Bradesco Organization, and it is essential to ensure the quality of processes related to financial information, as well as control activities and risk management.

It is incumbent upon PricewaterhouseCoopers Auditores Independentes (PRICE), as the public accountant of the financial statements to ensure that they accurately represent the equity and financial condition of the conglomerate, pursuant to the fundamental accounting principles, the Brazilian corporate law, the rules of the Brazilian Securities and Exchange Commission - CVM, the National Monetary Council, the Brazilian Central Bank and the Superintendence of Private Insurance - SUSEP.

### Audit Committee's Activities

The Audit Committee, as it is a Board of Directors' advisory body, has been using existing structures at the Organization to establish a direct communication channel and a structured flow of information, with content and frequency, enabling its members to render their opinion on an independent basis about the internal control systems, the quality of financial statements and the efficiency of independent and internal audits.

The Audit Committee's work program for 2006 focused on the risks and on the more relevant processes for Bradesco Organization's businesses.

With the aim of forming an opinion on the quality of the processes under evaluation, as well as on the main inherent risks and on the effectiveness of the corresponding controls, the Committee took part in over 142 meetings duly registered in minutes, involving business, control, and risk management



areas, with internal and independent auditors. By acting in that manner, the Committee ensures that the points considered relevant or critical are checked via different sources.

These meetings are recorded in minutes, to which the subject matters of the presentations or discussions are attached.

The risks that are inherent to the acquisition or restructuring of new businesses are worth of the management's evaluation, mitigation and follow-up. The Committee met with the executives and respective teams of American Express Card (AMEX) and of Banco Bradesco BBI S.A. to get information about the organizational structure, business strategies, assumptions and budget for 2007, risk management, business contingencies, information technology, and the Compliance Agent function, among other issues.

The Committee has also been following up the development of the most important projects within Bradesco Organization, with a view to better assessing its impacts on the quality of internal control system and on risk management upon their implementation. Amongst the projects of the Committee's interest, we point out the ones related to Section 404 of U.S. Sarbanes-Oxley Act, to the New Capital Accord (Basel II), and to the technology areas.

In view of the dynamics and complexity of the local and international financial markets, the Audit Committee structured a continuing education plan for its members, as a way of keeping them updated and helping them be more effective in their functions. Throughout 2006, 86 hours were spent in that activity.

Concerned about improving their own activities and about adhering to the best international practices, the members of the Audit Committee structured a self-assessment process, whose result was discussed with the Board of Directors.

### **Internal Control System**

Bradesco Organization's Internal Control System is adequate to the size and complexity of its businesses and was structured so as to ensure the efficiency of its operations and of the financial reports generating systems, as well as the compliance with the internal and external rules, to which the transactions are subject.

The Internal Control Systems is periodically evaluated in order to identify issues deserving improvement, aiming at better attending to business and at the good risk management practices at Bradesco Organization. Within that context, the works professed by Section 404 of the U.S. Sarbanes-Oxley Act have brought improvements for Bradesco Organization's internal control environment.

At meetings with various areas of the Bradesco Organization, the Audit Committee had the opportunity to offer to those managers suggestions to improve their processes, observing the Management's prompt commitment to the implementation of the necessary improvements.

### **Independent Audit**

The Committee discussed with independent auditors the planning of their services at Bradesco Organization's companies for 2006 and, during the year, the Committee held meetings with teams in charge to understand the results and main conclusions of works carried out.

The Committee considered that the works developed by teams were adequate to the Organization's businesses, encouraging examinations focused on credit risk, market and actuarial controls, especially concerning mathematical/statistical models and respective assumptions adopted by Bradesco Organization.

### **Internal Audit (General Inspector s Department)**

The Audit Committee requested to the Internal Audit to consider, in its planning for 2006, various works aligned with issues included in the Committee s agenda for the year.

The Committee structured a process for assessing the effectiveness of the internal audit activities, which was discussed among that team, under the following aspects:

work strategy and planning;

organizational structure;

ways of reporting;

updating and continuing education; and

self assessment.

During 2006, the Internal Audit reported to the Audit Committee the results and main conclusions of its works. The internal audit team has been developing their works focusing on risks and processes and responding adequately to the requests of the Audit Committee, so that its members may have an opinion about the issues discussed.

### **Consolidated Financial Statements**

In 2006, the Committee held meetings with the General Accounting, Budget, Control and General Inspectorate departments to assess the monthly, quarterly, semi annual and annual financial statements. These meetings analyzed and assessed the aspects of preparing individual and consolidated interim balance sheets and balance sheets, notes to the financial statements and financial reports published jointly with consolidated financial statements.

Bradesco s accounting practices were also considered in the preparation of financial statements, as well as the observance to the fundamental accounting principles and the compliance with the applicable laws.

Prior to the disclosures of the Quarterly Financial Information (IFTs) and semi annual and annual balance sheets, the Committee privately held meetings with PRICE, to assess the aspects of independence and control environment when generating the figures to be disclosed.

Based on reviews and discussions aforementioned, the Audit Committee recommends to the Board of Directors the approval of the audited financial statements related to the year ended on December 31, 2006.

Cidade de Deus, Osasco, SP, February, 9, 2007

Mário da Silveira Teixeira Júnior

Hélio Machado dos Reis

Paulo Roberto Simões da Cunha

Yves Louis Jacques Lejeune

**Fiscal Council's Report**

Banco Bradesco S.A.

The undersigned members of the Fiscal Council of Banco Bradesco S.A., in the exercise of their legal and statutory attributions, having examined the Management Report and the Financial Statements related to the year ended on December 31, 2006, and the technical feasibility study for taxable income generation, brought at present value, which has as purpose the realization of Deferred Tax Assets pursuant to CVM Instruction 371, as of 6.27.2002, Resolution 3,059, as of 12.20.2002, of the Brazilian Monetary Council, and Official Letter 3,171, as of 12.30.2002, of the Brazilian Central Bank, and in view of the unqualified opinion of PricewaterhouseCoopers Auditores Independentes, have the opinion that the aforementioned documents, examined based on the current corporate law, fairly reflect the Company's equity and financial position, requesting their approval by the Annual General Stockholders Meeting.

Cidade de Deus, Osasco, SP, February 9, 2007

Domingos Aparecido Maia  
José Roberto A. Nunciaroni  
Ricardo Abecassis E. Santo Silva

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## Glossary

### Glossary of Technical Terms

**Acquirer:** company responsible for affiliating, maintaining and paying establishments of a Card flag. For instance, in Brazil, the only VISA acquirer is VisaNet.

**Activity Based Costing:** is a methodology used to facilitate the analysis of the costs of activities that consume the most significant volume of resources. The volume, relationship between cause and effect and the effectiveness with which the resources are consumed during the activities comprise the objective of the strategic ABC cost analysis, ensuring that indirect costs are directed as a priority to these activities and processes and subsequently to products, services and customers.

**Added value:** value created by the company as a result of its productive activities, representing the level of the company's contribution to society.

**Advisor:** economic/financial consultant.

**Asset management companies:** the main activity of these companies is to manage third-party funds. The companies may be part of a financial group, but must create operating barriers, such as a Chinese Wall to avoid possible conflicts of interest and focus their business on the management of investors' funds.

**Back test:** this method is used to test the validity of the statistical models used, through the comparison of historical data and data generated by the models.

**Basel Capital Accord:** agreement signed by the Basel Committee, Switzerland, in 1988, designed to establish new conditions for the system used to regulate and supervise banking activities (compulsory for G-10 countries). The methodology used seeks to ensure that minimum capital requirements are compatible with the degree of risk of transactions. In June 2004, this agreement was revised and related changes must be implemented by January 2007.

**Basel Committee:** formed by the chairmen of the central banks of the world's 10 most developed economies for purposes of introducing regulations for compliance by G-10 countries.

**Bonds:** government securities or corporate bonds, which are subscribed and traded.

**Brazilian Depositary Receipts - BDRs:** these are certificates comprising securities issued by publicly held companies headquartered abroad, negotiable in the Brazilian market.

**Broker dealer:** a specialized firm, which trades securities for its own account or as an intermediary for third parties.

**Capital adequacy ratio (Basel):** index introduced by the Basel Committee and regulated by the Brazilian Central Bank, which shows the ratio between the bank's stockholders' equity and its risk weighted assets.

**Capital savings:** comprise the capital paid as a lump sum to the beneficiaries indicated in the plan proposal, in the event of decease of the pension plan participant.

**Cash management:** cash administration.

**Chinese Wall:** set of procedures characterized by the clear separation between the management of the treasury funds of the financial institutions and the management of third-party funds. Regulated by the Central Bank of Brazil, it aims to avoid the conflict of interests between the financial institutions in the administration and management of its funds and the administration and management of the funds of its clients.

**Claims:** this is the realization of risk provided for in the insurance contract, which causes material or personal damages to the policyholders or their beneficiaries.

**Claims ratio:** used by insurance companies to measure the proportion of expenses for claims to earned premium. Accordingly, the lower the ratio, the better the insurance company's risk selection strategy.

**Co-insurance:** insurance distributed among various insurance companies, with the related risk distributed in proportion to the corresponding quota held.

**Combined ratio:** ratio used by the insurance companies, according to which the sum of the expenses incurred with claims, administrative expenses and selling expenses are divided by the premium earned. Accordingly, the lower the ratio, the higher the efficiency of the insurance company.

**Commercial paper:** securities issued by publicly held companies for purposes of raising public funds for financing working capital.

**Committee of Sponsoring Organizations COSO:** it is a not-for-profit entity, dedicated to improving the presentation of financial reports based on ethics, efficient internal controls and corporate governance. Its members are representatives from the industry, accounting firms, investment companies and the New York Stock Exchange.

**Compliance:** adherence to a set of laws, rules and instructions introduced by either governmental or internal bodies.

**Compulsory deposits:** this compulsory reserve is the percentage of demand deposits and the terms under which banks are obliged to deposit at the Brazilian Central Bank (BACEN). The National Monetary Council (CMN) establishes the required percentage for purposes of limiting the expansion of credit operations in the economy. The compulsory deposit is a classic Central Bank instrument used to control the volume of currency available in the banking system.

**Contingent liabilities:** reflect the uncertainty as to whether, when and for how much an obligation will be paid. In general, the amounts recorded as contingencies are calculated based on the progress of the related lawsuits.

**Corporate finance:** banks act as intermediaries in complex transactions involving corporate mergers, spin-offs and acquisitions. In this segment, in conjunction with specialized consulting firms, the banks use their experience in financial and investment transactions ensuring that they are made feasible through the use of funds, which are obtained either locally or from abroad.

**Corporate governance:** system by which companies are managed and monitored, involving relationships between stockholders, the board of directors, the executive board, the independent auditors, audit committee and fiscal council. Good corporate governance practices are designed to increase the company's value, facilitating access to capital and ensuring that it will continue as a going concern on a perennial basis.

**Corporate Sustainability Index (ISE):** Bovespa index which reflects the return of a portfolio composed of companies' stocks with the best performances regarding all dimensions related to corporate sustainability, i.e., economic-financial, social, environmental and corporate governance.



**Correspondent banks:** these are commercial companies or service providers contracted by banks to operate in banking services authorized by the Brazilian Central Bank (BACEN). Since they are usually located in different commercial outlets, the correspondent bank can offer extended hours, often on a 24-hour basis.

**Courier:** messenger service, available for use by customers, to carry out a number of bank services, including check deposits, bill payments, checkbook delivery, among others, with no need for customers to leave the home or office.

**Covenants:** commitments contained in any formal debt agreement establishing that certain acts must be fulfilled, while others must not be executed. These commitments are designed to protect the lender's interests and involve matters such as working capital, dividend payment and the ratio of indebtedness.

**Coverage of technical reserves:** is the allocation of assets, by insurance, private pension plans and savings bonds companies, in particular financial assets, in sufficient amount to cover technical reserves. These assets must offer diversity, liquidity, security and profitability. See Guarantees of technical reserves.

**Coverage ratio:** measures the ratio between the amount of the allowance for loan losses (PDD) and the amount of non-performing loans (D to H rated credits)

**Credit scoring:** is a method using statistical tools to measure the probability of loss on a credit operation based on historical data.

**Consigned loan:** this is a line of personal credit for companies' employees whose loan installments are deducted from payroll.

**Cross selling:** sale of related merchandise and services.

**Depository Receipts (DRs):** are deposit receipts issued by a foreign institution (Depository), guaranteed by shares of a local company. Derivatives: financial instruments used by companies, substantially for protection purposes and classified in 4 categories: futures market, swap, forward market and options.

**Earned premium:** the portion of an insurance premium retained which corresponds to the period of risk time passed, i.e., it is the deferral of the retained premium for the period counted from the date of the insurance coverage.

**Equator Principles:** it is a set of social-environmental measures, based on criteria defined by the International Finance Corporation (IFC), used in the evaluation and concession of financing of infrastructure projects known as project finance.

**Eurobonds:** securities with notional value expressed in U.S. dollars or other currencies and which the banks issue through institutions abroad, the resources of which will be used to finance credit operations in Brazil. These are medium to long-term securities at fixed or floating rates and with premium or discount, depending on market demand. The eurobond market is an important source of capital for multinational companies and governments, including those located in developing countries.

**Euronotes:** are long-term notes, issued by governments and major companies and traded in the international financial market.

**Exchange coupon rate:** is the difference between the internal interest rate and the expected Brazilian exchange rate devaluation and, in general, is compatible with the composition of the remuneration offered by exchange bills in investments pegged to the variation in the U.S. dollar, i.e., the interest rate in U.S. dollar paid to an investor who assumes the risk of investing in another currency.

**Exchange exposure:** assets and liabilities subject to exchange risks as a result of local currency valuation or devaluation as compared to other currencies.

**Financial holding company (FHC):** status granted by the U.S. Federal Reserve – FED, which permits the subsidiary company of a foreign financial institution to carry out its activities under the same conditions as local US banks. This status is awarded subsequent to a detailed analysis of key factors determined by US banking legislation. For purposes of obtaining FHC status, the institution must comply with 3 main requirements: a) it must be properly capitalized, b) properly managed and c) submit a proper request for FHC status to the Federal Reserve Board – FRB.

**Financial intermediation:** is a bank's main activity. The bank obtains funds from customers with resources available for investment, which are lent to borrowers. Other activities such as leasing and exchange transactions also comprise financial intermediation.

**Financial margin:** this is the difference between interest income and expense generated by investments, funds obtained, credit and leasing operations and foreign exchange transactions. Non-interest income also comprises financial margin, derived from securities, treasury transactions and credit recoveries.

**Floating funds:** permanence of third-party funds in banks for a specific period without remuneration.

**Global Compact:** initiative of the United Nations in which encourages participant entities to commit with guiding its actions in the sense of contributing to the development of a more inclusive and sustainable economy, broadening its scale in the social-environmental area. It is based on values aiming at promoting institutional education. The power of transparency and dialog is used to identify and disclose new practices which have as base the universal principles. It is comprised of 10 principles related to human rights, labor, environmental protection and bribery.

**GoodPriv@cy:** it is an international data privacy and protection seal, which comprises requirements for data protection and privacy management within the corporations.

**Greenfield:** implementation of new projects, i.e., those that are not characterized as expansion.

**Guarantee of technical reserves:** see coverage of technical reserves.

**Hedge:** an instrument used to offset risk investments subject to price and rate fluctuations.

**Holding:** it is the company holding share control over another company or a group of subsidiary companies.

**Home broker:** relationship channel between investors and brokerage houses, for stock market trading purposes through the online transmission of buy and sell orders via internet, permitting real time access to price quotations and share portfolio monitoring, among other resources.

**IBOVESPA:** this is the most important Brazilian stock market performance index, as it portrays the behavior of main stocks traded on BOVESPA. It is established from an imaginary Reais investment in a theoretical number of stocks (portfolio). Each stock composing this portfolio has a certain weight, which varies according to its liquidity. Frequently, both the composition and weights change so that the index may accurately represent the stock market. Its basic purpose is to work as a market behavior average index. Hence, the stocks composing this index account for more than 80% of the number of trades and financial volume traded on the spot market. As the stocks integrating this

portfolio are highly representative, it is possible to affirm that if most of stocks are climbing, the market, measured by Bovespa Index, is bull, and if it is declining, it is a bear market.

**Interbank accounts:** comprise checks which are being cleared between banks and other notes, such as bank docket payments, as well as restricted deposits at the Brazilian Central Bank (deposits in foreign currency, deposits for exchange contracts, payment of funds for rural credit, credits subject to the National Housing System – SFH, etc).

**Interbank deposits:** securities negotiated in the interbank market between financial institutions.

**Interdepartmental accounts:** comprise the amounts, which are in transit between the bank's branches and departments or other group member companies (brokerage firms, insurance companies, supplementary private pension entities etc.).

**Investment advisory service:** these are consulting services for investors and include financial advice, preparation of financial reports and management of customer funds. The services are provided by consultants who are properly registered at the regulatory organs.

**Investment grade:** in the establishment of investment alternatives to international investors, companies and countries are rated by the international risk rating agencies, such as Moody's, Standard & Poor's and Fitch, among others, normally in three risk levels: Investment Grade; Investment Risk; and Default. Investment grade is the safest grade, in which there is maximum trust of markets. It is when a country or a company is better evaluated by investors and manages to raise funds with lower interest rates, for it is considered of low risk.

**Leasing:** this is an alternative medium, or long-term, financing method, documented through an agreement in which the leasing company purchases the assets, which are then ceded for use by the lessee in exchange for payment in installments.

**Libor:** it is the preferential interest rate charged on foreign currency loans and prevailing in the international financial market. It is used among first-tier banks.

**Market-making:** the maintenance of buy and sell offers for a specific securities and preparation to buy or sell standard lots at publicly quoted prices.

**Market share:** percentage sales or inventories in a specific segment of a certain company. It could also be the share that a specific brand holds in the market in which it operates.

**Mark-to-market:** method used to adjust a security or portfolio based on present market values.

**Merchant banking:** activities carried out by a financial institution including investment bank activity, advisory services, and intermediary services in mergers and acquisitions.

**Microcredit:** is the granting of limited loan amounts to small informal business owners and microcompanies, with difficult access to the traditional financial system, especially since they are unable to offer real guarantees. This credit is used for production purposes (working capital and investment) and its main features are less bureaucracy, access by all customer income brackets and a quick and efficient approvals process.

**Mobile banking (WAP):** this technology allows banks to offer their customers banking services (balances, statements, institutional information consultation, rates and prices) via mobile communication equipment, such as cell phones. An option in addition to other channels, such as the Internet, magnet strip cards, branches and call centers.

**Money laundering:** method by which funds derived from illegal activities are incorporated into the economic system. The main purpose is to disguise the illicit origin of the funds using transactions, which cannot be traced.

**Operating efficiency ratio:** ratio between administrative expenses (personal + administrative) and operating income. Lower the ratio, better the efficiency of the Financial Institution.

**Overnight:** one-day investments, which are guaranteed by government securities or corporate bonds, comprising a transaction between two institutions involving a sale, with a repurchase commitment.

**Over-the-counter market:** in which transactions are not carried out in the stock exchanges. Not only shares, but also assets, including derivatives, can be traded in this market. Since they attend certain customer specifications, not provided for in stock exchange trading, over-the-counter trades are also known as tailor-made transactions.

**Own position:** securities maintained in stock, available for trading, derived from definitive purchases or repurchases, recorded as fixed income securities.

**PGBL (Unrestricted Benefits Generating Plan):** this is a supplementary private pension product destined to accumulate funds and converting them into future income. PGBL is very flexible, since amongst other facilities, it allows that funds invested in this plan may be redeemed at any time (observing the grace period). It is interesting to participant, submitting income tax return, as it is possible to deduct the contributions amount from the income tax calculation basis up to the limit of 12% of annual gross income. Upon receipt of redemption or yield, income tax will be withheld at source over total received, pursuant to prevailing laws (progressive or regressive tables).

**Plano remido:** in the health Insurance Line products, this is a plan in which insurance holders do not have the obligation to pay premiums to the insurance company, which, in turn, still has the obligation to pay benefits to the holder.

**Privatization currency:** government securities generally traded with discount and accepted by the government in payment for the acquisition of state-owned companies.

**Project finance:** is the combination of contracts which involve a specific business venture, inter-relating all the operating agents and the guarantees related thereto. Project finance is a technical model in which the project is the center of gravity of the interaction between the related agents. Project finance is generally used in major engineering projects.

**Purchase and sale commitments:** a financial investment through which the bank sells government securities or corporate bonds to the customer, and whereby the bank is committed to repurchase and the customer to resell the related securities within the terms established in the contract.

**Qualified custody service:** this consists of the physical and financial settlement of assets and their safekeeping, as well as the administration and information on related income. The custody service also comprises the financial settlement of derivatives, swap contracts and forward transactions.

**Quality certification (ISO International Organization for Standardization):** is the combination of activities carried out by an independent commercial body designed to certify, publicly and in documental form, that a determined product, process or service complies with specific requirements. ISO certification improves the company's image, facilitating purchase decisions by customers and consumers.

**Rating:** it is a classification mechanism of the credit quality of a company or a country. The rating aims to classify the risk of a company or country verifying if they are able to comply with the financial liabilities. This classification is made by rating agencies which, periodically, review their opinions about the rating of the company or country previously evaluated. See Rating agencies.

**Rating agencies:** companies experienced in analyzing the risk of public and private, financial or non-financial institutions. Based on detailed analyses, these agencies attribute a score (rating) to the companies or countries under analysis. This score serves as a risk indicator for investors. See Rating.

**Reinsurance:** is the ceding by the insurance company to the reinsurer of that portion of a liability which exceeds the limit of its capacity to retain risks. Reinsurance is a form of risk distribution and is contracted with IRB-Brasil Resseguros S.A., which has the monopoly on reinsurance in Brazil.

**Retained premium:** is the portion of an insurance premium which remains with the insurance company in the exact proportion of its retention, i.e., the portions ceded as co-insurance and re-insurance are excluded from the premium issued, as well as refunds and cancellations.

**Retrocession:** is the transaction used by the reinsurer to cede to the local or international market, the liabilities which exceed the limits of its capacity to retain risks, i.e., retrocession is the reinsurance of reinsurance.

**SANA (Automatic System of Stocks Negotiation):** structured system aiming at facilitating the participation of small individual investors in the stock market, assuring easy purchasing and selling of stocks in the Stock Market, in small lots, through computer terminals. The system can also be used in public offerings intermediation.

**Sarbanes-Oxley** (see Sarbanes-Oxley Act)

**Sarbanes-Oxley Act, Section 404:** established to restore confidence in the financial information disclosed by companies listed in the U.S. stock exchanges. The U.S. politicians, Sarbanes (senator) and Oxley (federal congressman) drew up legislation to provide improved orientation on the following: clarity in the presentation of financial information, corporate governance, internal controls process and independence of the independent auditors and increased assurance procedures. Pursuant to Section 404, both companies and their auditors must identify all key controls for each of their processes and test thoroughly the effectiveness and management appraisal capacity of these controls.

**Securitization:** is the financial transaction whereby a loan and other debts are converted into securities which are negotiable in the market.

**SMS:** short message service, used in cell phones. The service allows the user to send and receive text messages containing different types of information.

**Social responsibility:** is the philosophy whereby certain companies conduct their business as a partner, co-responsible for social development. The socially responsible company is capable of assimilating the interests of different

stakeholders (stockholders, employees, service providers, suppliers, consumers, community, government and environment), ensuring that these interests are fully integrated into the planning of its activities, in the pursuit to meet the demands of all segments, not just those of the stockholders or owners.

**Sovereign risk:** this is an index calculated by the US investment bank J. P. Morgan used to measure the degree of risk to which a foreign investor is exposed when investing in a particular country. Technically, this risk is the surcharge payable in relation to the guaranteed return on US treasury bonds, since the US is considered to offer less risk to investors. Every 100 points represent 1% of additional interest as compared to US interest.

**Spread:** this is the difference between the interest rate charged to the borrower by the bank and the rate paid to customers for the use of the funds invested.

**Stock guide:** this is a report used as a guide for those interested in accompanying the performance of the secondary share market and an important tool for use in capital market area studies. Its content is updated periodically and includes information on all major listed companies. The inclusion of companies in this report is directly related to their share liquidity. The companies are grouped under different sectors, facilitating a comparative analysis of their performance (share behavior and profitability) in their own activity segment and between the different sectors.

**Stress testing:** a technique used to assess the response of an asset and/or liability portfolio to extreme variations in the prices, interest and exchange rates which affect these portfolios. The purpose of the stress test is to quantify possible loss on the portfolio in the event of an adverse market situation.

**Structured transactions:** a combination of two or more financial instruments (e.g. a purchase and sale commitment + Swap), designed to take advantage of market opportunities or secure protection against financial risks.

**Subordinated debt:** this is an instrument customarily used by financial institutions for obtaining funds since it is classified as tier II capital for purposes of calculating the capital adequacy ratio (Basel) and accordingly increases their credit granting capacity. In the event of bankruptcy, this debt is the ultimate obligation payable by the financial institution and is subordinate to the payment of all other creditors.

**Subordinated perpetual debt:** this is a security without maturity, which pays interest on a periodical basis on dates set out in advance. It includes an exclusive redemption option for the issuer after the term contractually determined has elapsed as from the issuance date.

**Supplementary private pension plan:** it is an instrument used to accumulate resources over the years in the form of savings to be withdrawn during retirement. This plan is supplementary to the government retirement pension scheme.

**Sustainability:** assumes that the companies will commit with the economic-social-environmental tripod, i.e., value generation, environmental care and social development.

**Swap:** financial derivative with a view to promoting the swap (simultaneously) of financial assets between economic agents involved.

**Tag Along:** right assured by law through which the minority stockholders holding common stocks have the power of selling their stocks for a predetermined percentage, when a publicly-held company's control is sold.

**Technical reserves:** these are liabilities recorded by the insurance companies to guarantee the payment to policyholders of claims occurred or which will occur in the future as a result of the risks assumed. For the supplementary private pension entities and savings bonds companies, these liabilities comprise the amounts accumulated with funds derived from the cost of the benefits contracted, for payment purposes of such benefits. All technical reserves are calculated established on actuarial bases.

**Third-party position:** securities with repurchase commitments not subject to resale commitments, i.e., they are the institutions own portfolio securities related to the open market, recorded as fixed income securities subject to repurchase.

**Track record:** accumulated experience.

**Treasury stocks:** own company stocks acquired to remain in treasury or for cancellation.

**Underwriting:** term used internationally to define the launching of stocks or debentures for public subscription, generally carried out by financial institutions authorized by the CVM, via three types of contracts: straight (the financing institution subscribes the total launch and payment is made directly to the issuing company), standby (the financing company is bound to subscribe the securities not acquired by the public) and best-efforts (the financing company does not assume the responsibility to subscribe the securities and returns those that were not acquired by the public to the issuing company).

**Verified by Visa:** electronic means of debit and credit card transactions verification at virtual stores, providing clients with greater protection and security.

**VGBL (Long-term life insurance):** this is a life insurance guaranteeing insured's coverage in case of his/her survival with a view to accumulating funds and converting them into future income. It works as a private pension plan, as it was developed based on PGBL. VGBL is very flexible, since amongst other facilities, it allows that funds invested in this plan may be redeemed at any time (observing the grace period). The most important difference between PGBL and VGBL is the tax treatment given to each one. While in PGBL income tax is levied over the total redeemed or received as income, in VGBL the taxation occurs only over financial investments yields, according to prevailing laws (progressive or regressive tables). VGBL is more indicated for those participants submitting simplified income tax return. In addition, this is an option for those insured who already exceeded the limit of income tax deduction in a supplementary private pension plan (12%) and who are planning to invest a bit more in his/her future.

**V@R (value at risk):** is the expected maximum potential loss of an asset and/or liability portfolio with pre-established confidence level and over a specific time horizon.

**Web point:** this is a self-service terminal providing access to Internet Banking services.

**WebTA:** is the online transfer of files between the Bank and its corporate customers with security, efficiency and economy, using cryptography and data compaction.

**Wireless:** this technology permits connection between equipment with no direct physical link. For example, internet access by cell phones is made feasible through the use of wireless technology.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 16<sup>th</sup>, 2007

BANCO BRADESCO S.A.

By:                                 
                               /s/ Milton Almicar Silva  
                               Vargas

**Milton Almicar Silva Vargas**  
**Executive Vice President and**  
**Investor Relations Officer**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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